

# Deciding on your Business Entity

What type of Business or company will you set up as?

## Unlimited Liability Businesses

- \* Sole Traders
- \* Partnerships

## Limited Liability Companies

- \* Private Limited Companies (Ltd)
- \* Limited Liability Partnerships (Llp)
- \* Public Limited Companies (Plc)

Or is your Business 'Community-Focused' ?

- \* Not-for-profit companies
- \* Community Interest Companies (CICs)

## Business Structures

Unincorporated/Full liability

**Sole Trader** & **Partnership**

Business owners draw money from profits of the business

Owners pay Class 2 & Class 4 National Insurance

Self-assessment income tax returns completed annually. Tax is based on the net profits of the business

HMRC

[www.hmrc.gov.uk](http://www.hmrc.gov.uk)  
08459 15 45 15

Incorporated/Limited liability

**Limited Company**

Directors are salaried  
Income tax paid on gross salary  
Monthly tax returns are required

Employees and Employer pay Class 1 National Insurance

Company pays corporation tax on net profits

Shareholders may receive a dividend on profits

Companies House

[www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)  
0870 33 33 636



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