

The structure for Your business has to be chosen with care and with reference to the business owners and personal circumstances.

There are different structures you may find suit best your circumstances:

- Self Employed
- Partnership
- Limited Liability Partnership
- Limited Company
- PLC

There are many different factors to consider but the one major factor that is likely to encourage You to set up a Limited Company is the tax saving that can be made by Company as opposed to becoming self employed.

The savings depend on profit and individual circumstances, but this table will give You an indication of the savings in tax and national insurance you are likely to make:

<b>Annual Profits</b>	<b>Total tax if trading as Limited Company</b>	<b>Tax &amp; NI sole trader</b>	<b>Saving</b>
£20,000.00	£2,900	£4,400	£1,500
£30,000.00	£4,800	£7,400	£2,600
£40,000.00	£6,700	£10,500	£3,800
£50,000.00	£10,700	£14,600	£3,900
£60,000.00	£14,700	£18,700	£4,000
£70,000.00	£18,600	£22,800	£4,200
£80,000.00	£22,500	£26,900	£4,400
£90,000.00	£26,400	£31,000	£4,600
£100,000.00	£30,400	£35,100	£4,700

<b>ADVANTAGES:</b>	<b>DRAWBACKS</b>
<p>1. The "limited" part of a limited Company means that the Company's liability to any creditor is limited to the assets that are in the Company. What this means is that should you get into financial difficulty with the Company, your personal assets (such as your house) will be safe.</p> <p>The only exceptions to this are if you have given any personal guarantees for any lending the Company has (the bank may insist on this), or if you have taken more out of the Company than you were entitled to. This basically means that you have to keep enough money aside within the Company for your tax and VAT.</p> <p>2. Public and customer perception is that a Limited Company is a more substantial entity than just being a sole trader. You may find that this leads to the chance of bigger assignments or higher rates</p>	<p>1. Accountancy fees will increase. You can add on around another £500-1000 a year minimum in additional accountancy fees.</p> <p>2. More complex regulations – as well as the Inland Revenue, you will now have to deal with Companies House (your accountant will take care of this for you usually), and face stiffer penalties for missing any deadlines.</p> <p>3. Accounts are visible by the general public. Your accountant will usually submit an abbreviated set of accounts to Companies House which does keep to a minimum the amount of information which is available for public record.</p>