

Limited Companies

A limited company is a company 'limited by shares' or 'limited by guarantee'.

Limited by shares

Limited by shares companies are usually businesses that make a profit. This means the company:

- is legally separate from the people who run it
- has separate finances from your personal ones
- has shares and shareholders
- can keep any profits it makes after paying tax

Limited by Guarantee

Limited by guarantee companies are most often formed by non-profit organisations such as sports clubs, workers' co-operatives and membership organisations, whose owners wish to have the benefit of limited financial liability.

Choose a company name

You must choose a name for your business if you are setting up a private limited company.

We strongly recommend checking that the domain name for your website/emails is available to purchase before registering the Limited company.

Your name cannot be the same as another registered company's name. If your name is too similar to another company's name or trademark you may have to change it if someone makes a complaint.

Your name must end in either 'Limited' or 'Ltd'.

Check the companies house register.

https://find-and-update.company-information.service.gov.uk/company-name-availability?_ga=2.195709164.1327290269.1608541249-575251005.1588181496

Check existing trademarks.

<https://www.gov.uk/search-for-trademark?step-by-step-nav=37e4c035-b25c-4289-b85c-c6d36d11a763>

Choose Directors and a Company secretary

You must appoint a director, but you do not have to appoint a company secretary.

Register your company

You will need to register an official address and choose a SIC code – this identifies what your company does.

Check the rules for company addresses.

<https://www.gov.uk/limited-company-formation/company-address?step-by-step-nav=37e4c035-b25c-4289-b85c-c6d36d11a763>

Check what your SIC code is;

<https://www.gov.uk/government/publications/standard-industrial-classification-of-economic-activities-sic?step-by-step-nav=37e4c035-b25c-4289-b85c-c6d36d11a763>

Register your company with Companies House. Limited companies must apply to HMRC for a Unique Tax Reference. Most people can register for Corporation Tax with HMRC at the same time as registering with Companies House.

If not the follow this link

<https://www.gov.uk/limited-company-formation/set-up-your-company-for-corporation-tax?step-by-step-nav=37e4c035-b25c-4289-b85c-c6d36d11a763>

The Limited company must pay Corporation Tax on its profits and submit a Corporation Tax Return every year.

A Limited company pays their Directors either via Payroll, Dividends, or both. The Director's/Shareholders will have to submit Personal Tax Returns every year.

Apply with HMRC for a Unique Tax Reference (UTR);

<https://www.gov.uk/register-for-self-assessment>

Payroll

If a payroll is required, then the Limited company will need to set themselves up as an Employer;

<https://www.gov.uk/register-employer>

VAT

You must register for VAT if your turnover is over £85,000. You can register voluntarily if it suits your business, for example if you sell to other VAT-registered businesses and want to reclaim the VAT.

Working in construction industry

Register with HMRC for the Construction Industry Scheme (CIS) if you are working in the construction industry as a subcontractor or contractor.

FURTHER IMPORTANT INFORMATION:

Find out what directors are responsible for;

<https://www.gov.uk/running-a-limited-company?step-by-step-nav=37e4c035-b25c-4289-b85c-c6d36d11a763>

Check who can be a director of a company secretary;

<https://www.gov.uk/limited-company-formation/appoint-directors-and-company-secretaries?step-by-step-nav=37e4c035-b25c-4289-b85c-c6d36d11a763>

Decide who the shareholders or guarantors are

You need at least one shareholder or guarantor, who can be a director.

Check if you'll need to issue shares or set a 'guaranteed amount';

<https://www.gov.uk/limited-company-formation/appoint-directors-and-company-secretaries?step-by-step-nav=37e4c035-b25c-4289-b85c-c6d36d11a763>

Find out how dividends from shares are taxed;

<https://www.gov.uk/tax-on-dividends?step-by-step-nav=37e4c035-b25c-4289-b85c-c6d36d11a763>

Identify people with significant control (PSC) over your company

For example, anyone with voting rights or more than 25% of the shares.

<https://www.gov.uk/guidance/people-with-significant-control-pscs?step-by-step-nav=37e4c035-b25c-4289-b85c-c6d36d11a763>

Prepare documents agreeing how to run your company

You need to prepare a 'memorandum of association' and 'articles of association'

<https://www.gov.uk/limited-company-formation/memorandum-and-articles-of-association?step-by-step-nav=37e4c035-b25c-4289-b85c-c6d36d11a763>

Check what records you'll need to keep

<https://www.gov.uk/running-a-limited-company/company-and-accounting-records?step-by-step-nav=37e4c035-b25c-4289-b85c-c6d36d11a763>

LLP'S Limited Liability Partnership

You can set up ('incorporate') a limited liability partnership (LLP) to run a business with 2 or more members. A member can be a person or a company, known as a 'corporate member'.

An LLP pay their Partners/Members with drawings.

Each member pays tax on their share of the profits, as in an 'ordinary business partnership', but is not personally liable for any debts the business cannot pay.

In a partnership, you, and your partner (or partners) personally share responsibility for your business. This includes:

- any losses your business makes
- bills for things you buy for your business, like stock or equipment

You will need to:

- choose a name
- have a registered address - this will be publicly available
- have at least 2 'designated members'
- have an LLP agreement that says how the LLP will be run
- register the LLP with Companies House

Check the rules if you are setting up a Limited partnership. The rules are different for setting up an ordinary business partnership or a private limited company;

<https://www.gov.uk/guidance/set-up-and-run-a-limited-partnership>

Choose a name

Your name cannot be the same as, or too similar to, another registered company's name.

Your name must end in 'Limited Liability Partnership' or 'LLP'. You can use the Welsh equivalents if your LLP is registered in Wales.

We strongly recommend checking that the domain name for your website/emails is available to purchase before registering the Limited company.

Check the Companies House register;

https://find-and-update.company-information.service.gov.uk/?_ga=2.228721116.1327290269.1608541249-575251005.1588181496

Register your LLP with Companies House.

LLP's companies must apply to HMRC for a Unique Tax Reference for the partnership and also for a personal Unique Tax Reference (UTR);

<https://www.gov.uk/register-for-self-assessment>

Payroll

If a payroll is required, then the Limited company will need to set themselves up as an Employer;

<https://www.gov.uk/register-employer>

VAT

You must register for VAT if your turnover is over £85,000. You can register voluntarily if it suits your business, for example if you sell to other VAT-registered businesses and want to reclaim the VAT.

Working in construction industry

Register with HMRC for the Construction Industry Scheme (CIS) if you're working in the construction industry as a subcontractor or contractor.

PARTNERSHIPS

A Partnership pays their directors with Drawings.

The Partnership must pay tax on its profits ie. profits of the business income minus expenses

The Partners will have to submit Personal Tax Returns.

Choose a company name Naming your partnership

You can trade under your own names, or you can choose another name for your business. You do not need to register your name.

You must include all the partners' names and the business name (if you have one) on official paperwork, for example invoices and letters.

Business names

Business partnership names **must not**:

- include 'limited', 'Ltd', 'limited liability partnership, 'LLP', 'public limited company' or 'plc'
- be offensive
- be the same as an existing trademark.

Your name also cannot contain a 'sensitive' word or expression, or suggest a connection with government or local authorities, unless you get permission.

Example to use 'Accredited' in your company's name, you need permission from the Department for Business, Energy and Industrial Strategy (BEIS).

Check which words you need permission to use, and who from;

<https://www.gov.uk/government/publications/incorporation-and-names>

You will need to register your name as a trademark if you want to stop people from trading under your business name.

Apply with HMRC for a Unique Tax Reference (UTR);

<https://www.gov.uk/register-for-self-assessment>

Payroll

If a payroll is required, then the Limited company will need to set themselves up as an Employer;

<https://www.gov.uk/register-employer>

VAT

You must register for VAT if your turnover is over £85,000. You can register voluntarily if it suits your business, for example if you sell to other VAT-registered businesses and want to reclaim the VAT.

Working in construction industry

Register with HMRC for the Construction Industry Scheme (CIS) if you're working in the construction industry as a subcontractor or contractor.

SOLE TRADERS

Set up as a sole trader

If you are a sole trader, you run your own business as an individual and are self-employed.

You can keep all your business's profits after you have paid tax on them. You are personally responsible for any losses your business makes. You must also follow certain rules on running and naming your business.

When you need to set up as a sole trader

You need to set up as a sole trader if any of the following apply:

- you earned more than £1,000 from self-employment between 6 April 2019 and 5 April 2020
- you need to prove you're self-employed, for example to claim Tax-Free Childcare
- you want to make voluntary Class 2 National Insurance payments to help you qualify for benefits.

How to set up as a sole trader

To set up as a sole trader, you need to tell HMRC that you pay tax through Self-Assessment. You will need to file a tax return every year. Apply with HMRC for a Unique Tax Reference (UTR);

<https://www.gov.uk/log-in-file-self-assessment-tax-return/register-if-youre-self-employed>

Your responsibilities

You will need to:

- keep records of your business's sales and expenses
- send a Self-Assessment Tax Return every year
- pay Income Tax on your profits and Class 2 and Class 4 National Insurance - use HMRC's calculator to help you budget for this

You will need to apply for a National Insurance number if you're moving to the UK to set up a business.

Naming your business

You can trade under your own name, or you can choose another name for your business. You do not need to register your name.

You must include your name and business name (if you have one) on official paperwork, for example invoices and letters.

Business names

Sole trader names must not:

- include 'limited', 'Ltd', 'limited liability partnership', 'LLP', 'public limited company' or 'plc'
- be offensive
- be the same as an existing trademark

Your name also cannot contain a 'sensitive' word or expression, or suggest a connection with government or local authorities, unless you get permission.

Example To use 'Accredited' in your company's name, you need permission from the Department for Business, Energy and Industrial Strategy (BEIS).

Check which words you need permission to use and who from.

You'll need to register your name as a trademark if you want to stop people from trading under your business name.

<https://www.gov.uk/how-to-register-a-trade-mark/apply>

Apply with HMRC for a Unique Tax Reference code;

<https://www.gov.uk/register-for-self-assessment>

Payroll

If a payroll is required, then the Limited company will need to set themselves up as an Employer;

<https://www.gov.uk/register-employer>

VAT

You must register for VAT if your turnover is over £85,000. You can register voluntarily if it suits your business, for example if you sell to other VAT-registered businesses and want to reclaim the VAT.

Working in construction industry

Register with HMRC for the Construction Industry Scheme (CIS) if you're working in the construction industry as a subcontractor or contractor.