

Incorporation: Advantages and Disadvantages

Advantages

- 1) Limited liability
- 2) Reduce taxation liabilities
- 3) Reduce NIC liabilities
- 4) Separation of personal and business assets
- 5) Status of Company
- 6) Sale of Company
- 7) More flexibility in taxation and wealth creation planning
- 8) Distribution of income between family members

Disadvantages

- 1) Administrative burden
- 2) Extra professional fees
- 3) Disclosure of accounts to the public
- 4) Running cars and benefit in kind legislation
- 5) Appointment of officers
- 6) Drawing money from the company
- 7) Operating a PAYE Scheme
- 8) Penal Directors loan taxation legislation

Incorporation: Procedure

- 1) Choose name of company.
- 2) Incorporate company and select date to start trading (**Kimberlee & Co**).
- 3) Select date to start trading.
- 4) Chose company director(s), company secretary, shareholders, share structure and issue share capital.
- 5) File necessary forms with Registrar of Companies (**Kimberlee & Co**).
- 6) Order company stationery with appropriate statutory disclosures.
- 7) Notify Inland Revenue of company existence (**Kimberlee & Co**).
- 8) Decide what assets (including goodwill) the business is going to buy.
- 9) Apply for PAYE registration to company name (**Kimberlee & Co**).
- 10) Notify suppliers and customers of change.
- 11) Notify employees of change.
- 12) Open bank account in company name.
- 13) Commence trading.