



Together
We Count

Incorporation: Limited Company Formation

Why consider incorporation?

A sole trader or partnership business may consider making the decision to incorporate to a Limited Company for a variety of reasons, including:

- Possible tax savings... and in some cases, these can be very significant.
- Increased credibility, i.e. a limited company may be viewed by suppliers, customers and lenders as more serious.
- A reduction in the risk to personal assets in the future.
- The company is a separate legal entity.

What are the benefits of incorporation?

There are a number of ways that businesses can trade – the most common legal structures for businesses are sole-traders, partnerships, Limited Liability Partnerships (LLPs) and Limited Companies. What are the benefits of operating through a Limited Company?

Here are just some of the benefits of incorporation:

- **Reductions in your tax bills.** Sole traders and partners can pay up to 50% income tax plus additional national insurance on any **profits** that the business makes (even when you don't draw all the profit from your business). In contrast, corporation tax rates are much lower (typically 19% if taxable profits are under £50,000 but rising to 25% for profits over £250,000).
- **Limited Liability** – should a Company fail, the liability of the shareholder is limited to the amount unpaid on the shares, plus the unpaid amount on any personal guarantee agreements held with directors (most commonly on bank loans or overdrafts). Personal **assets of directors will not be at risk if** the business struggles (unless they have loaned money to the Company through directors' loans).

- **Increased credibility** – finance companies, and other stakeholders are often more willing to deal with Limited Companies. Having the word “limited” after the business name, can provide an **enhanced status** to potential customers and can help with winning new contracts and tenders.
- When the Company is set up, different categories of shares can be used which can enable **different levels of payment** to be allocated. This means advantage can be taken of the different personal tax circumstances of individual shareholders.
- Forming a Limited Company requires that accounts are kept in order and that they are filed annually along with corporation tax returns. Whilst this may be a time-consuming process, in most cases, it may make your business **easier to sell** in the future.
- A director can **borrow money from the Company** with no need to pay high interest rates (shareholder consent is needed if the loan exceeds £10,000). Note: There can be a corporation tax charge if the loan remains unpaid after the year-end, or a benefit in kind charge for the director and an NIC charge for the company.
- Tax-free employee **benefits and incentives** can be provided with the company obtaining **tax relief** thereon which isn't possible for the self-employed employer.
If the business property is not owned by the Company, but personally by the director(s), the director can **extract funds** in the form of rent from the Company (with no PAYE or NIC issues).
- As the Company is a separate legal entity from the owner, there is **greater flexibility** e.g. on death, the Company continues to exist as a legal entity.
- The Company has the ability to make pension contributions or pay into a health care scheme on behalf of employees and make other **benefits** available to employees.



- This will require some planning and may require the intervention of an Independent Financial Advisor (IFA), however it's not a complicated process.
- As part of the Company set up, you can **safeguard your privacy** as much as possible by making our office your registered office address if you wish. We can then take care of all paperwork (and will get rid of all junk mail on your behalf). Ask us about this service today.

But setting up a Company is such a hassle...

Trading through a corporate entity often makes so much sense for any serious business and there are so many advantages. Nevertheless, it is a big hassle and there are many pitfalls if done wrong. Here are just some of the pitfalls (things we often see done wrong, wasting time and money):

- Incorporating isn't suitable for everyone and can be an administrative burden.
- Getting the ownership structure wrong has big implications further down the line.
- Adverse tax consequences when not properly considering the impact on business property, cars and other vehicles, and leased assets.

Here are some of the key things you must do:

- You will have to submit your accounts to Companies House each year – in a specific format. You could be charged if they are not submitted on time.
- You will need to deal with corporation tax and have these submitted to HM Revenue and Customs annually.
- Each director is also required to continue to complete a Self-Assessment tax return.
- A yearly Confirmation Statement (CS01) for the Company must be submitted on time, otherwise penalties are charged.
- You need to write up and maintain your company and share register.
- Each time there is a change in directors or shareholders' personal details, Companies House must be made aware of this.
- Completion of dividend vouchers and minutes of meetings kept, each time a dividend is paid to a director.

What We Do

But don't worry. We can sort out all the hassle. And, we'll help you to ensure the common pitfalls saving you time and hours of frustration. The illustration below is a quick reminder of all the issues you need to consider if you want to avoid all the pitfalls and save as much tax as possible:



And to make it easier for you, we have three different packages, so you can pick the one most suitable for your circumstances and budget.

Your options at a glance

The table below outlines what is included within each of our incorporation set up service levels. Here's a quick overview of who each package is best suited to:

- Premium Set Up** - This is the best option for busy business owners who want to leave everything up to us. Company Secretarial work is time-consuming and cumbersome, so it's included in this package.
- Full Set Up** - This is our most popular option because it covers every important aspect of transferring an existing business into the limited company.
- Essential Set Up** - This option is best for those business owners who are simply looking to get a Company set up and don't need to transfer the trade from an existing unincorporated business.

Your incorporation options in detail

	Premium Set Up	Full Set Up	Essential Set Up
Understanding the critical issues and suitability	●	●	●
Forming your new company	●	●	●
Issue your shares	●	●	●
Remuneration planning review	●	●	●
Taxation compliance set up	●	●	●
Basic company car tax planning review	●	●	●
The practical issues	●	●	●
Auto enrolment compliance review	●	●	●
Cessation planning	●	●	○
VAT transfer planning	●	●	○
Asset planning	●	●	○
Goodwill planning	●	●	○
Ownership structure	●	●	○
Pension review	●	●	○
Employment transfer planning	●	○	○

	Premium Set Up	Full Set Up	Essential Set Up
Directors' employment contracts	●	○	○
Shareholders' agreements	●	○	○
Shareholder and business protection	●	○	○
Full company secretarial work (first 12 months)	●	○	○
Employee benefits review	●	○	○
Group structure review	●	○	○
Join the Together We Count Network	Free	Free	Free
Invitation to post a guest blog on www.togetherwecount.co.uk	Free	Free	Free

Note: The price of this service is fully deductible for tax purposes, which means, in effect, HM Revenue and Customs will refund you a portion of the cost (subject to the rate of tax you pay).

- Included within the bundle
- Not included within the bundle

How you benefit

The following benefits are included within the Essentials, Full and Premium incorporation set up service.

Understanding the critical issues and suitability

Trading through a limited company is not always suitable. You will get a 'jargon-free' plain English explanation of the advantages and disadvantages of incorporation to ensure that trading via a limited company is right for you.

We will also carry out detailed tax calculations to compare the expected level of tax savings if you incorporate your business. Once again, **we want to make sure this is right for you.**

Forming your new company

Once you've decided on your preferred company name, we will carry out a name check (there are rules on what it can and can't include). Providing that name is available we will form the company for you, including:

- Provide the Certificate of Incorporation, in a digital PDF format.

- PDF copy of the company's Memorandum of Association (that's a legal statement signed by all initial shareholders, known as subscribers, confirming they agree to form the company).
- PDF copy of the company's Articles of Association (this is the written rules about running the company).
- Company Register and Minute Book with first entries in PDF format.
- Prepare the Minutes of the First Board Meeting (this is a statutory obligation).
- Copies of all relevant documents filed at Companies House.

And don't worry about the Companies House Filing Fee... **we'll pay that for you.**

Issue your shares

When you register a company, you'll need to make a statement of capital. Your statement of capital contains information about shares known as prescribed particulars. Your prescribed particulars say what rights each type of share gives the shareholder. We'll do all that for you. We will also:

- Complete your Stock Transfer Forms (a necessary step to set up your ownership of the company).
- Email share certificates in a PDF format.

Remuneration planning review

Trading through a company offers numerous opportunities for tax planning and that includes how best to extract cash and profits from your company. We will give you an overview of the different ways to extract cash (some common ways include salary, bonus, dividend and interest on outstanding loan account balances).

There are a number of pitfalls when not done properly (for example, taking a monthly dividend is open to attack from HM Revenue and Customs who may seek to treat it as salary). We will guide you through the pitfalls, which means you can relax knowing you are doing things in the best way.

Before each financial year-end, we will offer to carry out a detailed remuneration planning tax review. As part of that review we will deal with all the statutory paperwork. Although this will be subject to a separate fee, that fee will be based on the tax savings we find... if we can't save you any tax you don't have to pay for our review.

Taxation compliance set up

You will need to make HM Revenue and Customs aware of your new company and – where applicable – register for VAT, set up a PAYE scheme and register for Corporation Tax. It's a hassle. But don't worry... we'll do all of this for you:

- Deal with your VAT registration

- Setting up your PAYE scheme and CIS scheme if applicable
- Registering your company for Corporation tax (there are **penalties if this is done late**)
- Registering for self-assessment tax (where any of the directors are not already registered)

Basic company car tax planning review

The tax position with cars is incredibly complex and changes every year. And the tax on company cars can be very high. The treatment of cars can impact on VAT, PAYE, National Insurance, Corporation Tax and who bears the capital and running costs of the vehicle.

There are a variety of ways of treating cars, including:

- Owning the cars privately and claiming an expense for business mileage
- Owning the cars through a separate unincorporated business
- Providing employees with company owned cars
- Using the corporate bulk buying power to secure cheaper car prices for employees
- Making pool cars available

With every option, there are issues that need careful consideration. The great news is, whenever there is a complex tax position there are always opportunities to save tax.

As part of this basic review we will provide a summary report setting out the pros and cons of each option.

Note: If you would like us to carry out detailed calculations and help you to implement the most appropriate strategy, this is outside the scope of this Incorporation set up service. However, as with all of our tax planning services, under our 'No Surprises' fixed fee policy we will give you a fixed price and we guarantee that fixed price will be significantly less than the total tax savings.

The practical issues

A limited company is a separate legal entity. That means there are numerous statutory rules you must be aware of. Don't worry, we'll explain your obligations in respect of:

- Your required accounting records to ensure you comply with HM Revenue and Customs requirements.
- Your required statutory records to ensure you comply with the Companies Act. For example, every company must deliver an CS01 to Companies House at least once every 12 months. The company's director(s) and the secretary are responsible for ensuring the CS01 is filed on time. It is a **criminal offence** not to deliver the company's CS01 within the permitted timescales, for which Companies House may **prosecute the company and its officers and even strike the company off the register**.

- What you must show on your company letterhead, invoices and other documents.
- We'll let you know exactly who you need to inform, now that you're a limited company.

Auto enrolment compliance review

Since April 2012, all UK employers are legally obliged to automatically enroll all eligible workers into a qualifying pension scheme by a specific deadline ('staging date'). Where this applies you must by law create and maintain detailed records of correspondence with workers, workforce assessments, joiners and leavers and pension payments. This is one of the most onerous challenges to face businesses in recent years and the financial penalties for breach can be severe.

As part of this service we will review your position and advise to help ensure you are complying with this onerous legislation and minimise your exposure to penalties.

In the event that you are not fully compliant with the law we will as part of our 'No Surprises' fixed fee policy give you a fixed price for any additional work required to ensure you fully comply with the law.

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Finding an accountant can be a difficult & stressful process, Together We Count took care of everything and were able to give excellent advice with starting up a new limited company. All of my questions were answered and Aaron was always happy to quickly respond to all of my concerns.

Aaron is an expert in his field of accounting especially so with plumbing & heating companies. Aaron has been able to help me see the light after being let down by my previous accountant. He has helped with setting up software to help in the general running of the business and even given valuable knowledge with winning more work. I have now managed to take on my first new member of staff and Together we count have taken care of all the paper work involved to get payroll set up.

I would highly recommend anyone who is looking for a new accountant to get in touch with Together We Count even if they are not local to you! Everything has been done virtually whether it was via Zoom, email or WhatsApp. Thanks again, looking forward to the next year in business!

-- Lewis, Plumbing and Heating Business Owner

The following benefits are included within the Full and Premium incorporation set up service only.

Cessation planning

When you transfer your trade from an unincorporated business (sole trader or partnership) to a limited company it is usual for the existing unincorporated business to cease trading. However, there are tax-planning opportunities and we want to make sure you pay the minimum amount of tax.

The date your existing business ceases to trade has a big impact on the timing of your self-assessment tax payments. Sometimes it's better to delay the cessation of the unincorporated business. And sometimes there are good reasons not to completely stop trading.

VAT transfer planning

If your existing unincorporated business is VAT registered you have the option to transfer your existing VAT number. This is called a transfer of going concern (TOGC) and has many implications.

We will review your VAT position and advise the best option for you, including whether one of the available VAT schemes is appropriate for your new company.

Asset planning

If you have assets in your existing unincorporated business – whether owned or leased – you must consider the implications of transferring them to the new limited company. You could face unexpected capital gains tax bills or balancing charges in respect of capital allowances. And then there are Stamp Duty Land Tax considerations where property is concerned.

For example, property can be owned by the limited company, owned by a pension scheme or owned personally by the directors/shareholders. There can be very big tax savings from getting the ownership right from the outset. We'll carry out a planning review and advise you on the best treatment of any property.

We'll also advise you on other assets and any lease agreements you have.

Goodwill planning

Very often the biggest asset being transferred on incorporation of an existing business is goodwill. This transfer is deemed to be at market value because the disposal is made to a connected party. This has the potential to trigger a big capital gains tax (CGT) charge and unexpected tax bill. Fortunately, there are a number of CGT reliefs and planning opportunities.

We will carry out a goodwill planning review to identify the best available tax reliefs and quantify the possible level of tax savings.

Ownership structure

There are so many things to consider when setting up your share structure. For example, whilst it might seem a good idea to offer other people a minority stake it may cause problems later if you want to remove shareholders. Another consideration is whether you want to reward different shareholders in different ways. You might want to consider different classes of shares (for example, B shares which do not carry voting rights).

Getting the share structure wrong at the outset can cause very big problems at a later date. We'll take you through all the key considerations and recommend a structure which best meets your needs, both now and in the future (for example, when you eventually want to retire or sell the company).

"A successful man is one who can lay a firm foundation with the bricks that others throw at him."

-- David Brinkley

Pension review

Pension regulations are continually changing and getting increasingly complex. There are 3 types of review that should be carried out on a regular basis:

- A state pension review to ensure that the owners of the business are maximising their entitlement to state pension and whether any action is required to maximise the return for individuals.
- A personal pension review to ensure that personal pensions are on track for the individual's retirement requirements. The review should be undertaken by an appropriate Financial Adviser and may well cover the performance of funds, charges and future needs.
- A business pension review to ensure that the employing business is being compliant with the New Work Place Pension rules, has in place a suitable pension for employees and is getting value for money for it.

As part of this review we will carry out some calculations and a review to ensure the business owners have contributed enough state contributions and advice on whether or not to make additional voluntary contributions.

"A man should never neglect his family for business."

-- Walt Disney

Working in conjunction with our financial adviser we will ensure businesses are being compliant with the law, and that both businesses and individuals are making the correct contributions for both their obligations and the individuals' future needs. The financial adviser will ensure that the pensions in place are suitable, value for money and performing as required.

The following are included within the Premium incorporation set up service only.

Employment transfer planning

If you have employees in your existing unincorporated business and you want them to remain as employees in your new limited company then you must be aware of the complex TUPE regulations. We will advise you on your obligations in relation to your employees.

Directors' employment contracts and shareholder agreements

It's really important to have well drawn up agreements at the outset that deal with all the things that can go wrong in the future (for example, if shareholders fall out, someone wants to exit/sell/retire or the consequences of divorce). When things go wrong, without properly drawn up agreements, legal fees to resolve problems are **usually in excess of £15,000** and can reach 6-figures.

Shareholder and business protection

Business owners often overlook business and shareholder protection and yet this can cause major problems in the event of the ill health or even death of a key person. For example, should one of the business owners pass away, then their business interests could pass to a relative of the deceased or an individual named in their Will and who has no experience of, or no interest in, the day to day running of the business. The new owner may wish to run it in a way that is unacceptable to the other existing owners or even want to sell their share rather than becoming involved in the business.

The protection cover can enable shareholders to 'buy-out' the shares of a business colleague who has died or become too ill to carry on working. It can form part of an arrangement that is designed to ensure that control of the company stays in the hands of the current owners and that the family that inherits the shares receive their full value.

Working in conjunction with our financial adviser we will look at the best way to structure protection for the business owners and ensure that the current legal set up and statutory records are suitable for the proposed solution. The financial adviser will identify and implement the appropriate policy for the required protection.

Full company secretarial work (first 12 months)

The Companies Acts 1985 and 2006 include legislation on company secretarial requirements. It's a hassle and the government keeps changing the rules. And your statutory books can be inspected at any time. We can take all this hassle away from you and deal with all of the following:

- Writing up, maintaining and storing your company's statutory register and share register, including dealing with share transfers – so you know this important job is done properly.
- Dealing with all company secretarial work, including preparing minutes of meetings.
- Dealing with the allotment or transfer of shares for up to 10 shareholders.
- Preparing the CS01 and all statutory forms for filing at Companies House, for example appointment and resignation of company directors, change of accounting reference date – so you never have to pay fines or penalties for being late or getting things wrong.
- Completed resolutions in accordance with the Companies Acts to dispense with the holding of annual general meetings, the laying of accounts before the company and the appointment of auditors on an annual basis (if required).

- Answering any questions you have, at any time, on any aspect of your responsibilities under the Companies Acts – so that you always have complete peace of mind.

Employee benefits review

As well as looking into the best way for the owners of the business to extract cash in the most tax efficient way we will also look into tax savings for both the company and other employees through a detailed review of employee benefits.

Employee benefits are ways of remunerating your employees in a way that can save the company National Insurance and benefit them. This can include the provision of childcare vouchers, company mobile phones, computers and salary exchange arrangements.

Group structure review

A corporate structure is often a very efficient trading structure for saving tax as well as limiting liability. However, further tax savings – as well as sound commercial reasons – can often be realised using either a ‘Group’ structure or making use of LLPs. We can review:

- The current and future needs of the current business owners and how the current structure meets them.
- The current level of business profits, and expected changes to profit levels.
- How the current business structure will meet the future needs of the business owners and the expected changes in profits.
- Whether changes to the business structure can commercially be made, possibly splitting down the business, reorganising business interests, setting up new companies, or limited liability partnerships.
- Whether the overall tax burden can be significantly reduced by the changes.

Given there are a number of variables and a number of solutions then only once a detailed review is undertaken can an ideal solution be identified.

Popular add-ons

There are a number of additional services we can offer to save you time, save you tax and remove the risk from overlooking your statutory obligations. Here are our most popular services when setting up a new limited company.

Goodwill planning implementation

If our initial goodwill planning review indicates an opportunity to save tax we will give you a fixed price for implementing the planning. This will include valuing goodwill, negotiating with HM Revenue and Customs to agree the valuation, and submit the appropriate CGT relief claims.

Our fixed price will always be less than the tax you save, which means if our planning is unable to save you tax we won't charge you a penny.

Company car tax planning

If you would like us to carry out detailed calculations and help you to implement the most appropriate strategy, this is outside the scope of this Incorporation set up service. However, as with all of our tax planning services, under our 'No Surprises' fixed fee policy we will give you a fixed price and we guarantee that fixed price will be significantly less than the total tax savings.

"The way to get started is to quit talking and begin doing."

-- Walt Disney

Full company secretarial work

We will carry out your company secretarial work free of charge for the first year as part of our premium Incorporation set up service. If our essential or full set up packages are more appropriate we can still carry out the full company secretarial work for a very small additional price.

Registered office

Every UK limited company must have a registered office address. It must be a physical location in the UK at which official documents can be served. Although your registered office can be the address you trade from, many business owners choose to use the address of their accountant (since the accountant usually deals with company services, such as the completion of the CS01).

For a small monthly investment, we'll make your life much easier. It's payable on monthly Direct Debit so you can spread the payment and easily manage your cash flow.

Payroll

Even if you don't have any other employees you will need to have a PAYE scheme set up because the directors of the company are employees. We will set up your PAYE scheme as part of our incorporation service.

Many of our clients choose to let us then run the monthly payroll. Let us know if you'd like us to take away that hassle for you.

Auto enrolment

In the event that you are not fully compliant with the law we will as part of our 'No Surprises' fixed fee policy give you a fixed price for any additional work required to ensure you fully comply with the law.

Making You Count

Need some extra help in starting up your business?

Unfortunately, the odds are firmly against you. But don't worry. Our business Start Up service is designed to help you overcome the hurdles that trip up most new businesses, and to help it become highly successful.

Based upon many years of helping entrepreneurs build successful businesses our Start Up service gives you access to the knowledge and advice you need to do things right from the start.

Tax return preparation

Here we will deal with the personal Self-Assessment tax returns of the business owners. We will calculate the tax due for each business owner, help them manage their personal tax affairs and carry out a personal tax planning review.

Bookkeeping

Did you know we offer a full bookkeeping service? Talk to us if you are interested in this. Not only does this save a very significant amount of time, when we do the bookkeeping we will prepare your end of year statutory accounts **completely free of charge when selecting certain packages.**



How we go beyond compliance

Your financial welfare can be split into the following categories:

Business

Compliance

- Tax returns
- VAT returns
- CIS returns
- Company secretarial
- Year-end accounts

Running your business

- Management accounts
- Payroll
- Auto-enrolment
- Bookkeeping
- Budgets
- Hr & Employment Law
- Training
- Credit control
- Board meetings
- Finance director
- Company formations

Save

- Tax planning
- Banking
- Business cost reduction

Grow

- Business plans
- Cash flow forecasts
- Company valuation
- Profitability analysis
- Securing finance
- Acquisitions
- Sales training
- Business advisory
- Business coaching
- Price consulting

Individual

What if's

- Business insurances
- Revenue investigations
- Other business
- Investigations e.g. Fraud

Personal

- Pensions
- Savings/investments
- Wills/inheritance
- Protection
- Mortgages
- Income planning
- Personal tax planning
- Separation/divorce
- Annual reviews
- Family agreements
- Wealth management
- Wealth preservation
- Personal insurances
- Power of attorney
- Executor/trustee
- Capital gains tax
- Legal services
- Client account banking

Other

- Exit strategy
- Shareholders agreements
- References
- Business systems
- Liquidations
- Company reorganisations
- Mediator





Together We Count

You Count, I Count, We Count

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 **ProActivTax**



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Together We Count aim to ensure you:

- Achieve more profits
- Pay less tax
- Have reduced costs
- Have more cash
- Have less stress
- Are prone to less risk
- Save more time
- Increase your wealth
- Have a better lifestyle
- Have greater security