

“MAKING  
THE  
NUMBERS  
TALK”



INCORPORATION PLANNING



## INCORPORATION PLANNING SERVICE

Stafford & Co provide specialist accountancy services tailored to the needs of small businesses that want professional accountancy support at competitive rates.

### WHEN IS THE RIGHT TIME TO INCORPORATE MY SOLE TRADER/PARTNERSHIP BUSINESS?

Stafford & Co produces FREE comprehensive reports which identify the pros and cons of different company structures including: Limited companies, Limited liability Partnerships, Partnerships and Sole Traders. This easy to use report clearly demonstrates how you can minimise tax liabilities.

[Click here to request a FREE report:](#)



# HOW DO I DECIDE ON THE BEST STRUCTURE?

Deciding whether to remain as a sole trader or incorporate your business into a limited company could save you lots of money in tax. Stafford & Co work closely with start-up companies to ensure as your business grows your company structure doesn't cost you money.

## Sole Trader/Partnership

You may take cash from the business, as you are taxed upon business profits rather than the cash drawn.

No formation costs.

Not required to submit annual accounts. They are only necessary for HMRC to calculate the individuals' personal tax liabilities. Partners of LLP's must comply with the Partnership Act. There are no conduct guidelines for Sole Traders to comply with.

Unrestricted amount of borrowings and cannot create floating charges against company assets.

A business does not exist separately from the Sole Trader/Partners.

Limited Liability Partnerships are available.

## Limited Company

Whatever the Directors / Shareholders take from the business they will suffer tax / National Insurance. The company will be taxed on its profits.

Initial set-up cost in the form of a Memorandum and Articles of Association is required.

Companies are ruled by the Companies Act, Directors must comply with this Act.

A company must:

- keep accounting records
- produce & file accounts
- submit an annual return
- keep statutory books

Companies House information is publicly available.

May have greater borrowing potential; can use current assets as security by creating a floating charge; however personal guarantees may be required.

Shares in a company are generally transferable, therefore ownership may change but the business continues.

A company has limited liability.

5438  
54



## Q: WHAT CAN HAPPEN IF I DON'T SEEK ADVICE FROM A CHARTERED ACCOUNTANT?

- A:
- Tax Enquiry
  - Increased Tax Liability
  - Increased Tax Penalties
  - Too much time managing finance and accounting processes
  - Failure to comply with statutory obligations

## Q: WHAT DO I NEED TO DO BEFORE I INCORPORATE?

A: Speak to Stafford & Co to make the best decisions for your business.



## IS INCORPORATION AN EASY PROCESS?

Yes, working with Stafford & Co makes incorporation easy & effective.

Our team of Chartered Accountants guide you through the 39 step process, we will:

- Ensure we transfer assets at the right time in the tax year to minimise liability
- Identify & minimise stamp duty
- Consider Goodwill transferred and capital gains tax implications

A thorough process makes incorporation easy, missing a step could cost you money unnecessarily.

The Stafford & Co incorporation service takes you through the key decisions that need to be made at the outset, and ensures the most tax efficient steps are taken to transfer your business as smoothly as possible.



# INCORPORATION PLANNING: HOW MUCH TAX WILL I NEED TO PAY?

How much tax you pay depends on your company's structure and profit level. The chart below shows how important it is to choose the right business structure.

Profit Levels :	30,000	40,000	50,000	100,000	150,000
Income required (Drawings, Salary or Dividends)	£24,000	£32,000	£40,000	£80,000	£120,000
Total Tax Dependent on Company Structure :					
Sole Trader	£6,532.35	£9,432.35	£13,310.60	£28,884.00	£53,126.00
Limited Company Salary Route	£8,170.88	£12,014.08	£15,857.28	£21,884.00	£41,126.00
Limited Company Dividend Route	£4,508.68	£6,508.68	£8,749.18	£10,240.50	£23,685.12
Possible tax saving due to incorporation	£2,023.67	£2,923.67	£4,561.42	£18,643.50	£29,440.88

For example purposes only. Based on 2011/2012 tax rates. This start-up business accountancy service brochure provides information for example purposes only. Stafford & Co work closely with each small business to determine the best structure and advice to help you achieve your unique objectives. Any information contained in this document is generic and not specific to your company.

Additional tax benefits could be achieved by sale of good will and use of spouse shareholding.

Stafford & Co work with every customer to identify how you can minimise tax. Each solution is tailor made for your business.



## HOW CAN I EXTRACT PROFITS EFFICIENTLY ...?

HAVE YOU THOUGHT ABOUT...

- Dividends
- Salary
- Director Loan Account
- Family Shareholders
- Share Classes
- Goodwill Payments

The Stafford & Co incorporation program takes you through a 39 step incorporation process; identifying all the issues for consideration and maximising benefits to your company. We give the care and attention to ensure tax savings are maximised and the whole process runs smoothly. Each incorporation program is tailor made to your needs.

OTHER THINGS TO THINK ABOUT...

- Pension Contributions
- Benefits in Kind
- Transferring finance eg bank overdraft, higher purchase agreements
- Changing Banks
- Insurance Providers

Seek advice to minimise tax and maximise efficiency.



## IMPORTANT DATES TO REMEMBER

Stafford & Co helps you minimise tax liability. If we transfer your existing business into a limited company within the current tax year then there will be a final income tax liability for the current trade.

### PERSONAL TAX

Final tax liability is payable over three dates:

- 31st January in the tax year
- 31st July after the tax year
- Balance of final tax liability due 31st January following the tax year.

Final tax liability depends upon a number of factors including:

- The amount of overlap profits available
- Balancing allowances or charges on assets transferred into the company
- Levels of other income and payments on account already made.

### COMPANY TAX

- Limited companies are liable to a corporation tax liability 9 months after the company year end.
- Company year end automatically defaults to the end of the month of incorporation.
- Your accounting period ends 12 months from the month of incorporation.
- The first company tax bill will be payable 9 months after then.





## REASONS TO CHOOSE STAFFORD & CO

“We make the numbers talk”

- You get a FREE comprehensive report identifying pros & cons of different company structures.
- We show you how to manage your records efficiently; range of solutions includes FREE electronic cash book, Sage, book keeping services etc
- Our 39 Step Incorporation Program; Protects your business and your profits
- Our service is tailored to your individual business
- We will help you save tax
- We will help you maximise profit
- We will prompt you of key dates and help you to comply with your statutory obligations
- Professional Chartered Accountants are on hand to provide financial advice
- You will reduce risk of tax enquiry and penalties

We've got nice biscuits in our boardroom!!!



“Stafford & Co. have helped us grow by almost 500% over the last five years. They've worked with us since we started our business, and have continuously provided proactive and valuable recommendations which have significantly improved our business.”

Emma Bounds, Managing Director, Andy Bounds Ltd

“Whenever we have needed to make financial decisions concerning the growth and development of our business Stafford & Co have always provided relevant and practical guidance helping us to increase and more importantly retain our profits.”

Mike & Fiona Cahill, Cahill Dental Care Centre

“Stafford & Co allowed me to keep a better control of my cash flow and has led to a more efficient and profitable business.”

Gary Evans,  
GE Plumbing & Heating Ltd

Contact Us to arrange a meeting.  
You will receive a FREE financial  
report on your business &  
competitive quote.

Email: [info@staffordandcompany.co.uk](mailto:info@staffordandcompany.co.uk)

Call: 0845 33 001 03

SIGN UP TODAY!

# INCORPORATION PLANNING

#### FUTURE LEGISLATION

Before taking any action it should be borne in mind that the current taxing regime for companies may become more costly in the future. Any tax advantages enjoyed now as a result of transferring the trade into a company may be lost.

#### DISCLAIMER

This start-up business accountancy service brochure provides information for example purposes only. Stafford & Co work closely with each small business to determine the best structure and advice to help you achieve your unique objectives. Any information contained in this document is generic and not specific to your company. Stafford & Co cannot be held responsible for changes in your company or personal circumstances, or changes in legislation which may affect our recommendations. Tax legislation frequently changes and we therefore recommend that you ask Stafford & Co to review any information already given if a transaction is delayed, or circumstances change.