

Corporate Law Briefings

Forming a business

1. Involve your **professional advisers** (eg your lawyer and your accountant) from the outset.
2. Consider whether you will be in sole **control** of the business or will share ownership or involve external investors.
3. Consider whether a company or limited liability partnership will offer worthwhile financial flexibility, **protection** of personal assets and credibility with customers, suppliers and lenders.
4. Consider whether the **administrative** burden and costs, and the disclosure requirements, of a company or limited liability partnership will be justified.
5. Investigate the likely effect of different business forms on your **tax** and National Insurance position.
6. **Choose** the most appropriate business form: sole trader, partnership, LLP or limited company.
7. Draw up an agreement with the key individuals involved covering, for example, strategy, remuneration, responsibilities and 'what if' scenarios covering topics such as an exit plan or how you would raise further finance.
8. Choose a **trading name**; check that it is permitted, and neither it, nor a confusingly similar name, is already being used by another, similar business. Check the Intellectual Property Office for names registered as trade marks, Companies House to check that it is not already registered as a limited company or limited liability partnership name, and the 'whois' domain name search facility on the Internet to check it has not been registered as a domain name.
9. Use a solicitor, accountant or company **formation** agent for the legal formation of a company or limited liability partnership.
10. Check any **legal** requirements (eg licences) with your local authority and organise insurance.
11. Contact HM Revenue and Customs to organise tax and National Insurance (and PAYE if you will be an employer); if necessary, register for VAT with your VAT office
12. Organise **systems** to keep records and ensure that you can comply with statutory requirements (eg filing annual returns).

Cardinal Rules

Do:

- take advice on the most appropriate **business form**
- use a **professional** to form a company or limited liability partnership
- check any **legal requirements**
- keep records to comply with **statutory requirements**

Don't:

- form a company unnecessarily without considering **other options**
- enter into business with **partners** without a clear agreement
- forget to inform the tax and local **authorities**

Contact:

- HM Revenue & Customs; 08459 15 45 15, www.hmrc.gov.uk

Northampton: 01604 258558
Corby: 01536 276727
Milton Keynes: 01908 396230
Kettering: 01536 520111



- Companies House; 0870 33 33 636, www.companieshouse.gov.uk

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