



DECIDING ON A BUSINESS STRUCTURE

When you start a business, you must decide on an ownership structure, i.e. a sole trader, partnership or limited company. You need to choose the structure that best meets your needs. In making your decision, you should take into account the potential risks and liabilities of your business, the time and costs involved in establishing and maintaining the structure and the tax implications of each option.

Sole Trader

A sole trader is a business owned by one person. It is easy to set up with minimal costs. You will need to register with your local tax office by complete the STR form and you may need to register a business name with the Companies Registration Office if it differs to your own name.

The business income is personal income and many business expenses can be offset against it for tax purposes. The main disadvantage is that you have no protection if your business fails as all your assets become available to pay off your creditors.

Partnership

A partnership is an agreement between two or more people to go into business together. There can any number of partners in the business and it is not necessary for all of them to work full-time in the business.

It is worth considering organising an agreement between all partners outlining the obligations of each partner.

Private Limited Company

A limited company is a legal entity separate from its shareholders. The shareholders are only liable, in the event of the business becoming unable to pay its debts, for any amount outstanding on the share capital they subscribe. On the downside, the need to adhere to Companies Act legislation can be costly and time consuming. Among the formalities involved in incorporating a company is the need to set up Memorandum and Articles of Association.

We recommend you seek professional advice from an accountant or solicitor when choosing a legal structure for your business.

Business Name Registration

Registration of a business name is obligatory if an individual, partnership (composed of individuals or bodies corporate or a combination of both) or body corporate carries on business under a name other than their own.

RBN1 Form (Sole Trader)
RNB1a Form (Partnership)
RBN1b Form (Body Corporate)

On registration of your business name, you will be issued with a Certificate of Business Name. Typically, this Certificate will be needed to open a business bank account.

Who to Contact

Companies Registration Office
Parnell House
14 Parnell Square
Dublin 1

Tel: (01) 804 5200
Lo call: 1890 220 226
Web: www.cro.ie
Email: info@cro.ie

