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TAX CONSULTANCY

## Incorporation of a Business

*Would it be better to run your business through a company? As well as considering whether this could save you and your family/business partners tax, would it make sense commercially?*

### Overview:

If you decide to incorporate your business, it will become a separate legal entity, with the owners becoming directors or shareholders. Some potential commercial and tax benefits may be gained, however.

### Main considerations and tax issues:

- It is important to weigh up any tax savings against extra administration and governance.
- The level of personal expenditure that the owners will need to fund from the business, must be considered.
- What is the Capital Gains Tax position on chargeable assets being transferred to the company (typically goodwill and property)?
- Business Asset Disposal Relief (formerly Entrepreneurs' Relief) on goodwill sold to the company is no longer available, so "holdover" or "incorporation" reliefs from CGT should be considered.
- Stamp Duty Land Tax may be a barrier to transferring valuable business property to the company.
- Certain tax exemptions need to be considered: stock, capital allowances on plant and machinery etc.
- The VAT position. Transfer of Going Concern provisions often apply.
- There maybe more flexibility for a company to make pension contributions.
- Some reliefs are only available to companies such as R&D tax relief/Land Remediation relief.
- The long-term Inheritance Tax position of the owner may be impacted especially where property is involved.
- Involvement of adult children in the business? Structuring of shareholdings and rights etc.
- Various practical boxes to tick, e.g., company headed paper, accounting software, advising suppliers/customers of new entity, employees/employment law (TUPE) etc.
- Limitation of liability vs accounts on public record.

**N.B. The above is based on current tax legislation but should not be construed as formal tax advice.**



To find out more about our tax consultancy services contact Tax Director Jon Miles.  
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## About Us

We are the largest independently-owned accountancy practice based solely in Bath. We specialise in advising owner managed businesses, private individuals and their families. And pride ourselves on providing great service and innovative solutions.

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