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**Would being
a limited
company
benefit you?**

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Do you have a pension or another form of income and are also working self-employed (such as being a sub-contractor)?

If so, did you know that all of your income will be combined, which could push you into a higher tax bracket?

A limited company is a separate legal entity, and therefore only shows the profit for the activities of that company. It does not include other incomes (such as a pension).

The difference between a sole trader and a limited company (in a nutshell)

If you are a sole trader, the business owner and business are tied together as one entity. Any money that comes in, even if it from different places, is seen as taxable together.

With a limited company, the business is separate and distinct from you. If you are the sole director and the sole shareholder, the entity is still legally separate from you as an individual.

This means that your pension is taxed separately than your income.

Tax and money

Sole traders and limited companies are taxed at different rates.

Sole traders pay 20-45% income tax, compared to limited company owners that pay 19% corporation tax.

Should you transition your business from sole trader to a limited company?

Being a sole trader is a good option for small business owners and self-employed people to start their businesses. However, many have valid reasons to transition to a limited company.

You must consider becoming a Limited Company if...

- Your profits are higher, and you want to be more tax efficient
- You have incomes from other sources, such as a pension
- You have assets to protect
- You want to be seen as more legitimate and professional to customers

It's not an easy decision to make, Eazitax will give you guidance before making your decision. We will discuss your options and advise you on the best course of action.

As a client of Eazitax we will sort your paperwork, deal with HMRC, and help you switch. It's the *EASIEST* decision you will make for your business. BUT it doesn't suit everybody, let us give you best advice.

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