



UNDERSTANDING  
**UNINCORPORATED  
BUSINESSES**

**JACKSON  
STEPHEN**  
ACCOUNTANTS / ADVISERS

**A REAL ASSET**

# UNINCORPORATED BUSINESSES

## Are you operating your business under the right ownership structure?

Many owners of unincorporated businesses (sole traders and partnerships, including LLP's) remain unaware of the significant tax and commercial advantages associated with transferring their business operations into a limited liability company ("Incorporation" as it is known).

Incorporation has been a popular form of restructuring for many years, spanning different Governments and tax regimes, and it is arguably still an attractive option now, for reasons outlined below.

There are a host of advantages associated with incorporation which, individually or taken together, can yield significant benefits.

**For example, with most of our designed solutions for trading businesses, we aim to achieve at least a number of the following:**

- Limited liability protection for the owner;
- The immediate realisation of "overlap relief" for the owner (this can also be powerful for cashflow management);
- The replacement of profits which are currently subject to class 2 and 4 national insurance with future profits which suffer no national insurance at all;
- The funding of business working capital out of profits typically taxed in the company at only 20% instead of 45% or more in the unincorporated situation;
- The establishment of corporate status and a low initial value of shareholding on incorporation, which are both conducive to the use of a commercially-effective, share option scheme for key employee(s);
- A structure more typically understood and operated by potential future buyers;
- Increased options as to how a future sale of the business might be structured in the most tax efficient way.

Trading businesses are not the only vehicle for which incorporation can be financially advantageous – it is possible to incorporate investment businesses (property holding businesses, particularly) for short and longer term tax savings as well. Investment businesses typically involve a different method of incorporation, with different (but nevertheless still attractive) consequences.

Incorporation involves a range of commercial, legal and tax technical aspects all of which need proper care and attention to enable the owner to get the most benefit available and to manage the process with minimum administrative fuss.

We at Jackson Stephen LLP have advised upon, designed, and implemented, many different ways of incorporating our clients in a wide range of industries and business circumstances. For a relatively small investment it has been possible to secure significant immediate and ongoing tax savings while creating commercially desirable ownership structures at the same time.

### Contact us for more innovative tax solution booklets:

- Company Structures
- Inheritance Tax
- Private Residences
- Profit Extraction
- Succession Planning
- Trusts
- Key Staff Incentives
- Funding Educational Costs



**KEY CONTACT**

**STEVE CROMPTON**

PARTNER - HEAD OF TAX

**D** 01942 292541  
**M** 07790 840394  
**E** [steve.crompton@jsllp.co.uk](mailto:steve.crompton@jsllp.co.uk)

ATTENTIVE  
AVAILABLE  
FRIENDLY  
SUPPORTIVE  
ON-SIDE  
PROMPT  
KNOWLEDGEABLE  
PROACTIVE  
CARING  
VISIONARY  
FOCUSED  
RECOMMENDED  
ENTERTAINING  
REALISTIC  
PREPARED  
GUIDING  
UNDERSTANDING  
INQUISITIVE  
PASSIONATE  
HELPFUL  
SIMPLE  
USEFUL  
DIRECT  
CLEVER  
TRANSPARENT  
TRUSTWORTHY  
THOUGHTFUL  
COMMUNICATIVE  
FLEXIBLE  
HONEST  
ENERGETIC  
PRACTICAL  
RESPONSIBLE

**JACKSON  
STEPHEN**  
ACCOUNTANTS / ADVISERS

**A REAL ASSET**

James House, Stonecross Business Park,  
Yew Tree Way, Warrington, Cheshire WA3 3JD

**T** 01942 292500

**F** 01942 292501

**E** [info@jsllp.co.uk](mailto:info@jsllp.co.uk)

[www.jacksonstephen.co.uk](http://www.jacksonstephen.co.uk)