

Set up a Business

What you need to do to set up depends on your type of business, where you work and whether you take people on to help.

Register your business

Most businesses register as a sole trader, limited company or partnership.

Sole traders

It's simpler to set up as a sole trader, but you're personally responsible for your business's debts. You also have some accounting responsibilities.

Limited companies

If you form a limited company, its finances are separate from your personal finances, but there are more reporting and management responsibilities.

Partnerships

A partnership is the simplest way for 2 or more people to run a business together. You share responsibility for your business's debts. You also have accounting responsibilities.

Rules for your type of business

You may have other responsibilities depending on what your business does. Check if you need:

- licences or permits, for example to play music, sell food or to trade in the street
- insurance

There are also rules you must follow if you:

- sell goods online
- buy goods from abroad or sell goods abroad
- store or use personal information

Where you work

Check what your responsibilities are if you:

- run your business from home
- rent somewhere to run your business from

If you rent or buy a property, you may have to pay business rates. Small businesses can apply for a discount on business rates and some may pay nothing.

Taking on people to help

If you take on agency workers or freelancers you have some responsibilities, for example their health and safety.

Becoming an employer

There are things you'll need to do if you take on your own employees. You'll have more responsibilities, including:

- running payroll
- paying for their National Insurance - but you can claim an allowance to reduce your bill
- providing workplace pensions to eligible staff