



**Micro
Finance**
Ireland

Business
Support
Loans

Choosing the right business type



Microfinanceireland.ie

Sole Trader

Sole traders own and manage their own business. The business is owned and controlled by the sole trader, who makes all the decisions. If you choose to operate your business as a Sole Trader, you are in effect 'self-employed' and you do not have a business partner. You are personally responsible for the business.



Being a Sole Trader is relatively simple to set it up and there is no need to file an annual return with the CRO. However, you are personally liable for all aspects of the business. Any profits generated by the business are deemed to be personal income for a Sole Trader and subject to income tax, PRSI and USC etc.

Your main legal duty is to register as a self-employed person with The Revenue Commissioners ([Click here for more information](#)).

If you wish to use a business name e.g. John Doe trading as Doe Gardening Services, you must also register your business name with the Companies Registration Office ([CRO](#)).

[If you are setting up a business or are in operation for less than 18 months, our start up loan is available to help you get your business up and running. Find out more here](#)

Partnership

A partnership is where you set up your business with 1 or more people known as 'partners'. This option can increase the skillset of the business, it spreads the risk and can lessen the level of funding any one individual needs to invest in the business.



Each partner is jointly responsible for running the business, and each partner must pay income tax, PRSI and USC on their share of the profits and is equally responsible for any debts or other liabilities the business may incur. Registering with Revenue and registering a business name is similar to that outlined above for a sole trader.

A key challenge of partnership is to avoid serious conflicts of opinion amongst partners. A recommended approach is to discuss and agree on a format for managing the business and for dealing with differences if and when they arise. This should result in a Partnership Agreement and ideally your Partnership Agreement should be reviewed by a Solicitor.

Limited Companies

Limited Companies (Ltd.) are businesses registered with the CRO that are owned by investors called shareholders. A Limited Company is viewed as being a separate legal entity to the Owners /Shareholders of the company.

In general, this means if the company fails, the creditors can only make a claim on the assets of the company and not on the personal assets of the Shareholders and or Directors of the business. It should be noted; that banks and other commercial funders may often seek a Personal Guarantee from a Director or Shareholder of a Limited Company when offering lending facilities to a company.

Features of a limited company



How to set up at Limited Company



To set up a Limited Company, you must register with the Companies Registration Office (CRO). Your company will be obliged to register any business name and file its company returns online using the CRO's CORE (Companies Online Registration Environment).

Appointment of directors

You can form a limited company and appoint yourself as a Company Director provided that you are:

Over the age of 18

Not currently declared bankrupt

Not disqualified from acting as a Company Director by a court

Not a restricted person



Info for all business types

Registering your business for tax



If you are trading as a **sole trader**, your PPS number will be your reference number for tax purposes.



If you are trading as a **limited company**, the Revenue Commissioners will issue a company number for the business.



If you are trading as a **partnership**, the Revenue Commissioners will issue a specific reference number for the partnership

While there are some exceptions, generally registering for tax must be done using Revenue's online service '[ROS](#)'.

Regulatory requirements

A business is required to be fully compliant with a number of legal regulations, such as the Revenue Commissioner requirements and the Companies Registration Office requirements.



As a business owner you are required to be familiar with all regulations that apply to your business and you will find useful information on the Department of Enterprise Trade & Employment [website](#).



Sources of support

Local Enterprise Office

➤ <https://www.localenterprise.ie>

Revenue Guides for small business

➤ <https://www.revenue.ie/en/starting-a-business/index.aspx>

➤ <https://www.revenue.ie/en/starting-a-business/initiatives-for-startup-businesses-and-smes/index.aspx>

Dept. Trade, Enterprise & Employment – Business Regulation

➤ <http://www.businessregulation.ie/key-regulations/useful-tools-and-guidance/>

Office of Director of Corporate Enforcement

The CEA replaces the Office of the Director of Corporate Enforcement (“ODCE”) and assumes its role in the investigation and enforcement of company law offences.

➤ <http://www.businessregulation.ie/key-regulations/useful-tools-and-guidance/>