

Sole Trader or Limited Company?

Many of our clients who operate as Sole Traders ask us about the benefits of registering as a Limited Company.

CloudAccounts has put together the following list of pros and cons of operating as both a Sole Trader and a Limited Company to help you understand the right decision for you.

Contact us directly for a confidential discussion about your business, and we will offer our opinion on whether a Sole Trader or Limited Company would be the better type of business for you to establish, depending on your circumstances.

Sole Trader

| Pros ✓ | Cons ✗ |
|---|---|
| Straightforward to establish - you just need to register a business name. | No limited liability. The sole trader is fully responsible for the debts of the business. |
| Easy and cost effective to maintain. | Taxes are calculated at personal tax rates instead of the corporation tax rate of 12.5%. |
| Far less compliance and bureaucracy. | Any registered business name can be copied. |
| Easier to close a sole trader business than a limited company. | |
| Year end accounts are not made publicly available. | |

Limited Company

| Pros ✓ | Cons ✗ |
|---|---|
| Limited liability - if the business fails the shareholders liability is limited to the amount that was paid for shares. | Additional costs to form a limited company. |
| Low corporation tax of 12.5% on profits - the tax rate that Ireland is renowned for. | Costs involved in order to close the company if necessary. |
| Your registered business name cannot be copied. | Compliance and bureaucracy is greater for a limited company. An annual return (B1) must be filed every year with the Companies Registration Office (CRO). |
| A limited company can often be deemed to be more credible by banks, suppliers and other stakeholders in your industry. | Company accounts are made public through the CRO. |