

	ADVANTAGES	DISADVANTAGES	TAX RESPONSIBILITIES	ACCOUNTING RESPONSIBILITIES
SOLE TRADER	Sole, complete control therefore straightforward decision making	Personally responsible for risks and liabilities of the business	As a sole trader; business profits will be taxed alongside any other personal income.	Need to submit an annual self-assessment return to HMRC and will need to keep accurate and up to date records of all business transactions and accounts
	Fewer restrictions over withdrawal of money	Purchasing business insurance is very important	Required to pay a flat rate of Class 2 National Insurance and income tax as well as Class 4 National Insurance at a percentage on the taxable profits of the business.	
PARTNERSHIP	Share the risks and liabilities with the other partners	Share the business profits with the other partners	Business profits are shared in accordance with the partnership agreement and each partner is taxed on their proportion similar to that of a sole trader.	Need to submit an annual partnership and self-assessment return to HMRC and need to keep accurate and up to date records of all business transactions and accounts.
	Partners shared skills and support	Possibility of disputes between partners		
	Diversity in terms of individuals attributes and what can be brought into the business	Can be held personally responsible for another partners negligence or carelessness		
LIMITED COMPANY	The company can continue beyond the lifetime of anyone member	Additional requirements in terms of administration and deadlines	The company is liable to Corporation Tax on its profits as a published percentage. Potentially monies may be withdrawn by the Company owners through salary and/or dividends which will be subject to tax and National Insurance on the individual. There is potentially tax planning opportunities available to individuals in terms of how they structure the withdrawal of funds.	Need to submit an annual Corporation Tax return for the Company and an individual Tax return for each director. As a limited company, Companies House require an Annual Return form to be completed each year in addition to your annual accounts.
	The company bears its own liabilities therefore protecting the owners			
	Bringing people into the business in a limited company is much easier	Company information publicly available on Companies House		
	You can sell shares in your company to raise money			