



INCORPORATION IS IT RIGHT FOR MY BUSINESS?

For anyone starting up his or her own business, an understanding of business incorporation is a must. While there are both pros and cons in taking this step for your business, you want to be sure that whichever side you fall down on, you are making an informed decision that will ultimately result in the flourishing of your endeavors.

The first stage in establishing any business entity is to decide the legal structure this will take. These structures range from sole proprietorship to several types of corporation, and the form you select will depend largely on your business intentions. A small business, owned by a single person, is generally run as a sole proprietorship, and though there are few tax benefits to operating in this way, there is also far less paperwork involved in establishing operations. Incorporation is most suited to larger operation, owned by two people or more, who wish to protect their personal assets, enjoy a multitude of tax benefits and find new ways to raise capital in the future.

Undoubtedly, incorporation involves legal fees and time-consuming paperwork, and there is plenty of reading to do on how a corporation should properly be run. There are, however, many advantages associated with committing to the process. Business incorporation legally separates the owner of a business from the business itself, ensuring that personal assets will be protected in the event of business bankruptcy. As abhorrent as the notion might be, friends who become business partners sometimes fall into difficulties that can have personal implications – business incorporation ensures that no one partner will have access to another's personal equity.

On another personal note, incorporation ensures that a business will continue to exist after the death of a partner, although there are steps that may be taken to ensure this happens outside of the incorporation set up. Incorporation is, however, necessary if you intend to create capital for your business by selling stocks, and many government and other types of contract are only offered to incorporated companies.

Incorporation is a wise decision for many businesses, and yet many shy from taking the necessary steps, for fear of the costly and arduous process involved. It is, however, not the fearsome prospect it might at first seem, and there are many specialist companies in existence to help you through the process. Contact one of these today for a full explanation of the process and make an informed decision about whether incorporation is right for your business.

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