



Guide to Setting up a Limited Company

Operating through a limited company

How do I form the Company?

There are several ways in which a company can be formed. The most common routes are through a company registration agent or through an accountant or lawyer. You choose your own business name and specify the objects of the company. The company will then be created to your own requirements within about five to seven working days. The charge for our company start-up service includes all advice given as to the appointment of company officers and shareholders and completion of the initial registration form for VAT, PAYE/PRSI and Corporation Tax purposes.

What Documents will I receive?

Certificate of Incorporation: The birth certificate of the company setting out where and when it was incorporated, and its registered number.

Memorandum and Articles of Association: The constitution of the company setting out the objects for which the company is formed and any restrictions on the conduct of its day to day business.

What forms do I need to complete?

- Form B10 - Appointment of Director and Secretary.
- Form B2 - Notification of Registered Office.
- Form A1 - Issue of Shares.
- Form TR2 - Application for registration for Corporation Tax, VAT and PAYE/PRSI
- Form 12A - Application for a certificate of tax-free allowances

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How do I open a bank account?

It is recommended that the contractor open two bank accounts in the name of the company:

- A current or cheque account for the day to day transactions of the company.
- A deposit or high interest account which will be used to save funds for payment of VAT and tax bills (effectively a tax reserve account). Generally speaking the best approach to opening a company bank account is to go along and see your own personal bank manager as he will be able to proceed quickly with the paperwork without the need to look for references, etc.

Alternatively, if you are not on good terms with your own bank or have just arrived from overseas, OSK will be able to refer you to a "user friendly" bank manager who will be aware of the freelance contractor "one man" company.

What Expenses can I claim?

As a freelance contractor your limited company is allowed to deduct from its income most expenses incurred in the conduct of its business or performance of its duties.

The question of what qualifies as a tax-deductible expense is generally straightforward. However there are some grey areas which often only become clearer when the Revenue Commissioners specifically decide that a particular expense is or is not a deductible expense.

Some categories of expense such as company cars or mobile phones are fully deductible but carry an associated benefit in kind tax charge on the contractor, while others such as accountant's fees can be deducted without question.

Often the particular circumstances of the contractor (e.g. residence, contract location, contract length, nature of work) can make it straightforward to determine how an individual will fare in his attempt to claim deductions.



How is the Company money distributed?

By Remunerating Yourself

The contractor should pay himself a regular salary at a rate normally agreed at our initial meeting. Any funds left in the company at the end of the financial year should be paid out by way of additional remuneration.

By Paying Third Party Expenses

Certain expenses can be met directly from the company's bank account (e.g. accountant's fees, pension contributions, training etc.).

By Reimbursing Expenses to Yourself

There will be a few expenses which, by necessity, must be paid directly by the contractor from his personal funds, but which relate to company expenditure. The contractor should regularly reimburse himself in respect of this expenditure (either monthly or quarterly) in the same manner in which he would claim expenses from an independent employer. An expenses reimbursement claim supported by receipts should be submitted to the company and a cheque written to the contractor for the total claim.

By Paying Tax Liabilities

The payroll taxes and VAT may both be paid to the Revenue by Direct Debit from the Company's bank account. At the start of the year we will work out the amounts that should be paid and we will fill in the direct debit forms on your behalf. Paying by direct debit means that the liabilities are always paid on-time and it reduces the paperwork as you only need to file one VAT and one PAYE return at the end of the year.

This fact sheet provides a general guide only and specific advice should be sought before any action is taken.



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Imelda is a Chartered Tax Advisor and Trust & Estate Practitioner with over 25 years experience advising clients in Ireland. She has extensive expertise in personal and international tax, covering income, business, and capital taxes, as well as relocations, remittance basis of taxation, and planning for non-domiciled individuals.

She also specialises in cross-border inheritance tax and estate planning, particularly UK/Irish tax matters and foreign assets, and has presented on taxation and accountancy issues for small and medium-sized businesses.