

Are you a **barrister** who's interested in becoming more **limited**?

Historically, Barristers have only been allowed to practice within a sole trader structure. However, as you may already be aware, the Bar Standards Board was approved on 5th January to start accepting applications from Barristers to form companies, become a partnership or set up a Limited Liability Partnership (LLP) without having to change regulators.

The current change only permits registration of Barrister Only Entities. The next stage is for the Bar Standards Board to seek authority from the Legal Services Board to authorise Alternative Business Structures which will allow Barristers to also have non-Barristers as shareholders. This next step is expected to happen later in 2015.

What are the advantages of practising through a limited company?

As well as offering 'limited liability status', trading via a limited company can offer significant tax savings when compared to self-employment. It will not be suitable for all, but typically a Barrister generating a profit of at least £50,000 would benefit from converting to a limited company. Once trading as a limited company, there will be greater flexibility to draw income as a salary or via dividend payments.

Ad Valorem have experience looking after Barristers and have helped many other clients transfer their businesses to limited companies. We pride ourselves on offering a personal service and will happily assist you in exploring whether incorporating would be beneficial to you. We can then help you with the move from sole trader to limited company. The timing of any decision to move is important – a limited company is subject to corporation tax though it is generally not payable until 21 months after incorporation. Accounts will need to be prepared at the point of ceasing self-employment and careful consideration will need to be taken, when deciding to start drawing a salary and dividends, to ensure you minimise any overlap with your final self-employment profits.

Once you have made the decision to change we can assist you with the steps you will need to take – incorporating the company, registering for VAT, setting up a payroll, registering for Corporation Tax.

If you are interested in considering this or other ways in which we can help you with your tax and business affairs, please contact our Senior Tax Consultant, Delyth Barnett delyth@advaloremgroup.uk

complete financial know how

01908 219100 | mail@advaloremgroup.uk | advaloremgroup.uk