



Starting a Business: The FAQs



Oifig Fiontair Áitiúil
Local Enterprise Office
Mhaigh Eo · Mayo

www.localenterprise.ie/mayo

Starting a Business: The FAQ

When starting a new business, there are a series of steps to be taken. This booklet aims to answer the most common questions that people have at start-up.

1. What are the basic steps to setting up a business in Ireland?

- ▶ Register for tax
- ▶ Register your business name
- ▶ Set up a new business bank account

2. Should I set up as a Sole Trader, Partnership or Limited Company?

Sole Trader

This is the most common status for a new business – it means just what it says, you are running the business alone and are responsible for all aspects of the business.

Partnership

A partnership is formed when two or more persons come together and agree to run the business in partnership with each other – they are jointly responsible for each aspect of business.

Limited Company

Any person may form an incorporated company by subscribing his/her name to a Memorandum of Association and complying with the requirements of the Companies Acts. The liability is limited to the amount, if any, unpaid on the shares held by its members. For further information, please contact Local Enterprise Office Mayo to speak with a Business Advisor.

3. How do I register for Tax?

All of the forms you are required to fill out are available to download on the website of the Revenue Commissioners at www.revenue.ie. Firstly, contact the Revenue Commissioners through your local tax office. Provide them with the information required to register your business for the relevant taxes [PPS Number].

You must complete one of the following forms depending on the legal structure you choose:

- ▶ Form TR1, if you are a sole-trader or partnership
- ▶ Form TR2, if you are a limited liability company
- ▶ Form Prem Reg-Employers (PRSI/PAYE) Registration Form, if you are becoming an employer.

4. Do I have to register for VAT?

Taxable persons are obliged to register for VAT (Value Added tax) where their annual projected turnover exceeds or is likely to exceed:

- ▶ €75,000 in respect of the supply of goods
- ▶ €37,500 in respect of the supply of services

You may also be obliged to register for VAT if you receive taxable services from abroad or if you are a foreign trader doing business in the State. If you are involved in buying or selling goods within the EU you will need more detailed information and should refer to the comprehensive 'Guide to Value Added Tax' which is available from any tax office or visit the revenue website www.revenue.ie.

5. How do I register for VAT?

To register for VAT, you must complete Form TR1 for sole-traders / partnerships and TR2 for a limited liability company which can be downloaded directly from the revenue website www.revenue.ie.

The Revenue Commissioners published a "Starting a Business" guide and other leaflets, which may be obtained from any tax office or from the Revenue Forms and Leaflets Service at [01] 878 0100. The most popular forms may also be downloaded from the Revenue website [www.revenue.ie].

6. How do I register my business name?

You can register your business name with the Companies Registration Office (CRO). This can be done online at www.cro.ie

- ▶ For individuals (sole-trader) – Form RBN1 must be completed
- ▶ For partnerships – Form RBN1A must be completed
- ▶ For a limited company – Form RBN1B must be completed

7. Can I register a business name which differs from my own name and conduct business under that name while remaining a sole trader?

Yes, once all documentation (letterhead paper, business cards, invoices etc.) has your full name and contact details.

8. If I register my business, must I then produce annual accounts?

No, you are only obliged to produce accounts for your business once you have registered for tax.

9. If I make no income, must I produce annual accounts?

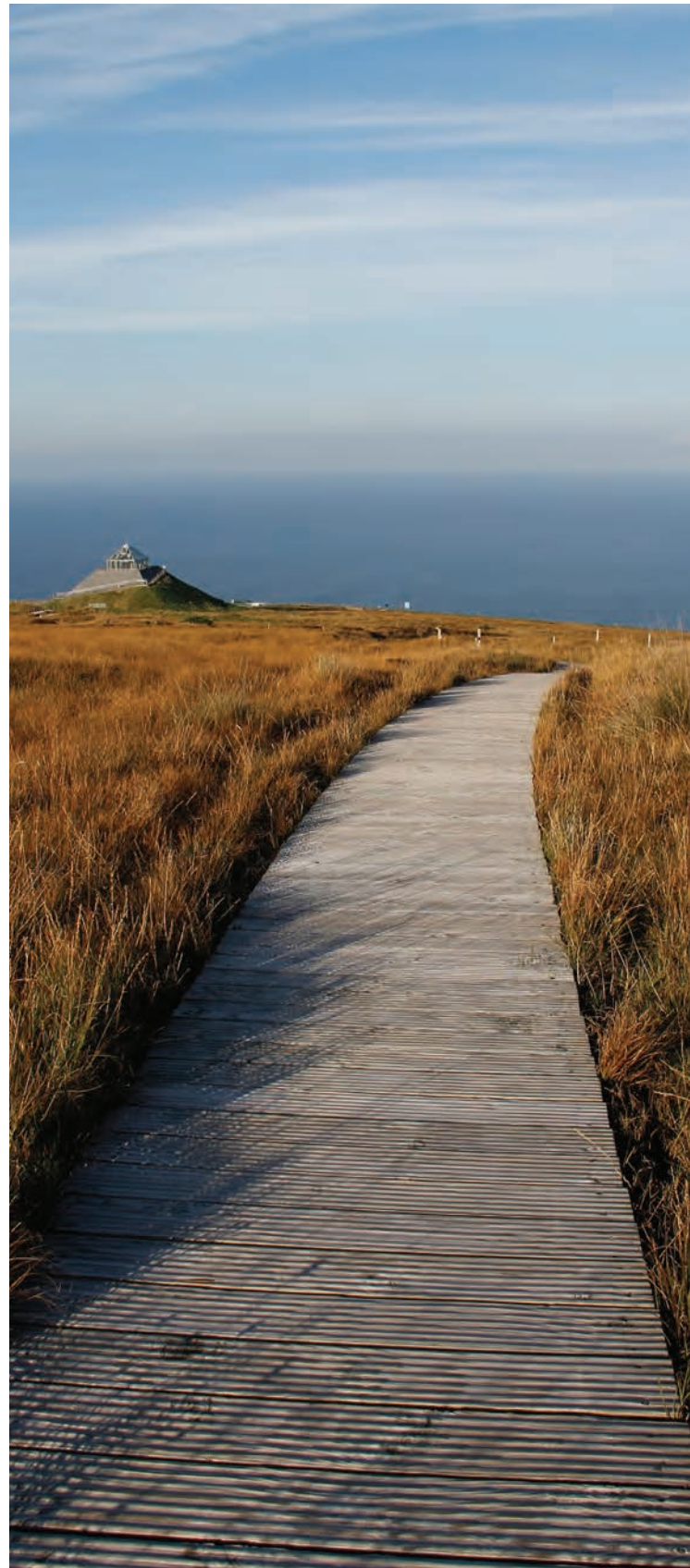
Yes. Once you have registered for tax, and even if your turnover is nil, you must complete your accounts and return to the tax office.

10. If I wish to become an employer how do I do it?

You must register for PAYE/PRSI if you pay:

- ▶ €8.00 per week (€36.00 a month) or more, to an employee who has only one employment
- ▶ €2.00 per week (€9.00 a month) or more, to an employee who has more than one employment

A company must register as an employer and operate PAYE/PRSI on the pay of directors even if there are no other employees.



11. Do I need a licence to operate?

Only if your business is in one of the following categories; Bookmakers / Employment Agencies / Nursing Homes / Pubs / Off-licenses / Street Traders / Taxi Drivers / Providing credit services / Driving Instructors. Other sectors, such as a food business, would require a form of certification/approval/ authorization to operate.

12. Do I need insurance?

When you commence in business, it is advisable to consider both personal and business insurance. The main business insurances are:

- ▶ Employers Liability Insurance – Coverage against claims from staff members
- ▶ Product Liability Insurance – Coverage against loss relating to defective or dangerous products
- ▶ Fire – To cover against loss due to fire
- ▶ Burglary/theft – To replace stolen or damaged goods
- ▶ Public Liability – Coverage against claims made by the members of the public
- ▶ Motor Insurance – Coverage against motor accidents
- ▶ Life Assurance – Coverage for bad health and fatal accidents

Most insurance companies will now provide a combined policy for new and existing businesses. Always shop around to get the best quote and always check out insurers who operate specifically in your industry as they tend to have the best deals.

13. Do I need a Business Plan?

Yes, you do. You can start a business without a business plan, but you will have difficulties in raising finance or accessing support from banks, building societies, Local Enterprise Offices or other institutions. The importance of a comprehensive, well thought out business plan cannot be overemphasised. Much hinges on it: outside funding, credit from suppliers, management of your operation and finances, promotion and marketing of your business and achievement of your goals and objectives.

Even if you don't need finance, a business plan provides an invaluable framework for planning how your business will proceed and later as a benchmark for assessing the progress of your business. Successful entrepreneurs testify that planning is 90% of the effort required.

Before you begin writing your business plan, consider four core questions:

- ▶ What service or product will your business provide and what needs will it fulfil?
- ▶ Who are the potential customers for your product or service and why will they purchase it from you?
- ▶ How will you reach your potential customers?
- ▶ Why will people buy your products/pay for your services?
- ▶ Where will you get the financial resources to start your business?

Local Enterprise Office Mayo can provide you with a guide to preparing a business plan. Please visit our website www.localenterprise.ie/mayo to learn more and access a business plan template.

14. Why should I conduct market research?

Market Research is necessary in order to establish that a demand exists in the market place for your product or service. Potential investors and business advisors will all look to see how you know that a demand exists for your product or service. Not only that, but market research helps you identify potential customer types to enable you to target them more efficiently with a marketing campaign.

15. Do I require planning permission?

Commercial planning permission or business planning permission is required when operating a business. The use of a private residence for business use is usually subject to planning permission and is known as 'change of use planning permission'. Conditions for planning permission vary from case to case. Contact your Local Enterprise Office Mayo with specific queries or contact your local authority directly on: planning@mayococo.ie or (094) 9047204.

16. What finance options are there available to a start-up company?

There is a wide array of supports available for starting a business in Mayo today, including advice, information, training, mentoring and networking. Sometimes direct grant aid assistance is available for researching a business idea, employing people or investing in capital equipment.

Under a partnership between Microfinance Ireland and the Local Enterprise Offices, business loans between €2,000 and €25,000 for commercially viable proposals are available. The loans are provided and underwritten by Microfinance Ireland and the final decision for all loan applications is made by Microfinance Ireland. Businesses participating in the scheme can avail of a free advice session in relation to their eligibility for Microfinance Ireland support.

For additional advice, please read our Financing your Business guide.

17. Are there grants available for starting a business?

Local Enterprise Office Mayo can assist in the establishment, and/or development, of new and existing enterprises from individuals/sole traders and companies subject to the following eligibility criteria:

- ▶ The enterprise must be in manufacturing or Internationally Traded Services Sectors
- ▶ The enterprise must be in the commercial sphere;
- ▶ The enterprise must demonstrate a market for the product/service
- ▶ The enterprise must have a capacity for growth and new job creation
- ▶ The enterprise must not employ more than 10 people

Please contact Local Enterprise Office Mayo to speak with a business advisor who can talk you through the supports available which are suited to your current business needs.



18. Where can I get funding?

Some sources of funding:

Local Enterprise Offices

- ▶ Priming Grants – 50% of initial investment up to a maximum of €80,000
- ▶ Business Expansion Grants – 50% of investment up to a maximum of €80,000
- ▶ Feasibility Grants – 60% of the investment up to a maximum of €15,000

Enterprise Ireland

Manufacturing and internationally traded services with employees of 10 or more and a turnover in excess of €1.27 million

- ▶ Exploring new opportunities grants
- ▶ Company expansion grants
- ▶ Productivity improvement fund
- ▶ Research and Development Projects
- ▶ Research Technology & Innovation (RTI) Scheme

Other sources of finance:

- ▶ Banks
- ▶ Building Society
- ▶ Credit Union
- ▶ Local Development Companies
- ▶ Private Investors
- ▶ Business Angels
- ▶ Microfinance Ireland

19. How do I apply for grants?

For individuals looking to establish a new business or expand a small existing business, the first step is to contact Local Enterprise office Mayo at (094) 9047555 seeking to discuss their project (in confidence) with a business advisor. They will then talk you through the application process. Following that, a completed application form with supplementary information will be requested. Details on the eligibility criteria are available at www.localenterprise.ie/mayo.

20. What do I do next?

Visit Local Enterprise Office Mayo website www.localenterprise.ie/mayo or call 094 9064299 to discuss your idea further.










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Further information

Local Enterprise Office Mayo www.localenterprise.ie/mayo

Local Enterprise Offices www.localenterprise.ie

This information has been designed as a guide only. Readers are advised to seek professional guidance before making any financial or legal commitment.

