

**Sole trader, partnership and Limited Company –   
The Benefits and Drawbacks**

Every business must have a legal structure. We’ve set out a few of the benefits and drawbacks of some of the most common legal structures to help you consider which might be most appropriate for you.

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| **Legal structure** | **Benefits** | **Drawbacks** |
| **Sole trader** | Complete control Simple to set up and account for  Greater privacy  You take all rewards | Perceptions of unincorporated businesses  Credit rating/raising finance  Personal tax position |
| **Partnership(s)** | Greater level of expertise  Shared risks, responsibilities and workload  Simple to set up Greater privacy | Disputes of power Share of rewards Personal liability of all partners Perceptions of unincorporated businesses  Credit rating/raising finance  Personal tax position |
| **Limited company** | Limited personal liability  Prestigious, trusted status, professional appearance, positive image  Easier to sell the business - often seen as higher in value Can be easier to raise finance | Statutory requirements Information in the public domain  Likely to be more complex business (regulatory requirements), which will make the business more expensive and to run |