Companies House and the Department for Business, Energy and Industrial Strategy (BEIS) are carrying out this survey to understand business owners' reasons for setting up their business as a company or sole trader. Your responses will help us understand what matters most to business owners and the importance of limited liability and its role in encouraging company formation.

The survey will take about 15 minutes to complete. The answers you give will be treated in confidence and <u>no personally identifiable information</u> will be collected in the survey. The data will be analysed at an aggregate level and it will not be possible to identify any particular individual, business, or address in the results. Further information about our use of the survey data is provided in our privacy note.

At the end of the survey, you will be able to enter a free draw to win an Apple iPad Pro (terms of the free draw).

Are you an owner of a small business?

Note: For the purpose of this survey, a small business is defined as having 0 – 9 employees. If you own more than one business, please answer for your main business in terms of what you spend most time and effort on. Before making your choice please also consider this information (rollover the image to expand).



Select only one answer

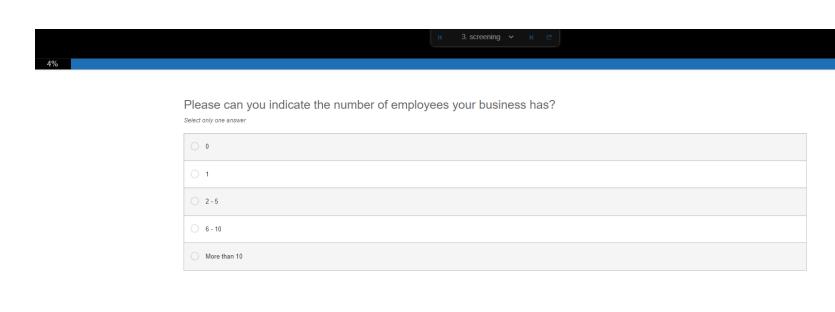
Yes – owner of business operating as a sole trader

Yes – owner (i.e. main shareholder or joint shareholder) of a small business operating as a limited company

Yes – partner of small business operating as a partnership

No – not a business owner

On't know

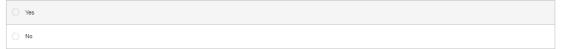


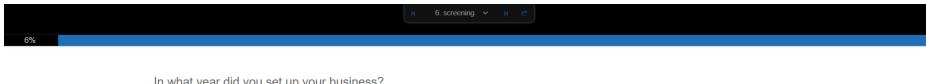
Are you involved in the management and decision-making in the company?

○ Yes		
○ No		



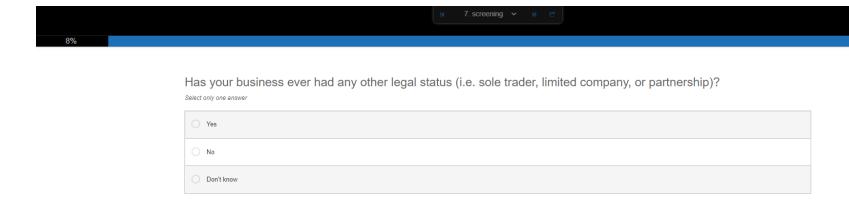
Are you the only owner (i.e. shareholder) of the company?





In what year did you set up your business?

Select only one answer -- select one --



What other legal status has your business had? Please select all that apply.

Select all that apply

Sole trader

ı	imited	company

Partnership

Other (please specify)

Don't know

next

Please can you indicate the size of your business by revenue (annual turnover)?

<£10,000 per year
£10,000 - £30,000 per year
£30,001 - £85,000 per year
£85,001 - £150,000 per year
£150,001 - £250,000 per year
£250,001 - £500,000 per year
£500,001 - £1,000,000 per year
£1,000,01 + per year

Where is your business located? If your business has more than one site in the UK, please answer for the site where you are based.

	East Midlands
C	East of England
C	Greater London
C	North East
C	North West
	Northern Ireland
C	Scotland
	South East
	South West
) Wates
C	West Midlands
C	Yorkshire and the Humber
C	Isle of Man and Channel Islands

Which industry sector does your business operate in (Standard Industrial Classification)?

Find more information about the Standard Industrial Classification here

Agriculture, forestry and fishing
Mining and quarrying
Manufacturing
Electricity, gas, steam and air conditioning supply
Water supply; sewerage, waste management and remediation activities
Construction
Wholesale and retail trade; repair of motor vehicles and motorcycles
Transportation and storage
Accommodation and food service activities
Information and communication
Financial and insurance activities
Real estate activities
Professional, scientific and technical activities
Administrative and support service activities
Public administration and defence; compulsory social security
Education
Human health and social work activities
Arts, entertainment and recreation
Other service activities
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use
Activities of extraterritorial organizations and bodies

How familiar are you with company incorporation?

Before making your choice please also consider this information (rollover the image to expand).

O Very familiar	
Somewhat familiar	
A little bit familiar	
Not at all familiar	
○ Don't know	





efore making your choice please also consider this information (rollover the image to expand).
○ Very likely
Somewhat likely
Not very likely
Not at all likely
O Don't know



Did you seek advice from any of the following when making your decision on the legal status of your business – i.e. whether to operate as a sole trader or limited company? Please select all that apply.

Select all that apply

A business course or instructor
Lawyer / legal adviser
People in the trade / sector
Business adviser
Accountant
Family
Other (please specify)
None of these



Select all that apply

	Tax liability		
	Limited liability (i.e. whether personal and business finances are separate, or not)		
	Administrative requirements		
	Business ambition and market prospects		
1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Growing the business - turnover		
	Growing the business - number of employees		
	Other (please specify)		



How important was the advice you received to making your decision on the legal status of your business (i.e. sole trader or limited company)?

Select only one answer

Very important
Fairly important
Neither important nor unimportant
Not that important
Not at all important



	Very Important	Fairly Important	Not Important	Did not consider	Don't know
Protection of personal finances if the business failed - i.e. limited liability					
owering tax and National Insurance liabilities					
laximising tax-free income (i.e. dividends)	0	0	0	0	0
lusiness reputation and professional status					
pportunities to grow the business	0	0	0	0	0
asier to access business finance					
taking it easier to secure contracts	0	0	0	0	0
equired to set-up limited company to secure work as self-employed intractor					
rofessional (e.g. lawyers or accountants) advice on the best legal atus for your business					
rk life balance					
mily reasons					
ng able to sell the business in the future					
ting able to transfer ownership in the future	0	0	0	0	0
oviding a company pension					
ecuring the company name to stop others from using it	0	0	0	0	0
ade redundant and decided to set up own business					
experience of other people I know in setting up a limited company	0	0	0	0	0
xperience of other people I know in setting up as a sole trader					
Other (please specify)					

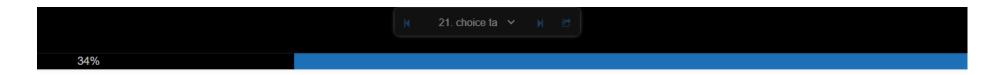
Overall, how important were the following factors to you in making your decision to operate as a sole trader?

Select one response from each row

	Very important	Fairly important	Not important	Did not consider	Don't know
Work life balance	0	0	0	0	0
Professional (e.g. lawyers or accountants) advice on the best legal status for your business					
Be my own boss / only being accountable to yourself					
Most relevant structure to run own business – e.g. no assets, no hire of facility, etc.					
Made redundant and, decided to set up own business					
Ease of setting up the business					
Keep all the profits					
No need to file annual report and accounts					
Easy to change business structure	0	0	0	0	0
Experience of other people I know in setting up as a sole trader					
Other (please specify)					

Please provide a response for 'Other' here if very or fairly important

Enter text below

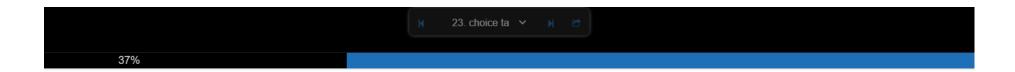


Currently there are around 5.8 million businesses in the UK that employ fewer than 50 people. In comparison, the number of "bigger" businesses in the UK with more than 50 employees is less than 40,000.

- Most small businesses have no employees (approx. 4.5 million; roughly 76%). Most of these are sole traders (approx. 3.3 million), although there is also a sizeable number of limited liability companies with no employees (approx. 1 million).
- Businesses that have employees are mostly limited liability companies. Most employ fewer than 10 people. There are around 0.6 million companies with up to 4 employees and 0.2 million with 5 9 employees. A further 0.15 million companies have between 10 49 employees.

The table below shows the differences between a limited liability company and sole trader.

	Limited liability company	Sole trader
Business owner	Company shareholder(s)	Self-employed
Limited liability	Company is separate legal entity from business owner's individual finances	No legal separation – business owner responsible for any losses
Set-up	Register with Companies House and file annual accounts, confirmation statements and notify changes One-off incorporation fee paid plus fee for filing annual returns	Register for self-assessment tax with HMRC
Business tax	Corporation tax on company profit £85,000 turnover threshold for VAT	£85,000 turnover threshold for VAT
Tax paid by business owner	Combination of income tax, national insurance and dividend tax Example: At £30,000 earnings per year, total tax paid is approx. £4,900	Example: At £30,000 earnings per year, total tax paid is approx. £5,500
Employment	Can hire employees	Can hire employees



How aware were you of the differences between a sole trader and a limited liability company?

○ Very aware	
○ Fairly aware	
Not really aware	
Not at all aware	
○ Don't know	

Thinking about differences between sole traders and limited liability companies, how important would you say the following are in deciding on the legal status of a business (i.e. sole trader or limited company)?

Select one response from each row

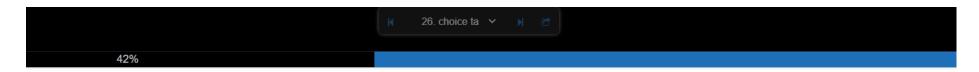
Enter text below

	Very important	Fairly important	Not important	Don't know
Cost of registering as a limited company (incorporation fee)	0	0	0	0
Time to complete incorporation process				
Requirement to file accounts and other records with Companies House	0	0	0	0
imited liability for business owner				
Corporate tax rates				
Dividend tax rates				
Personal tax rates (income tax and national insurance)				
Access to credit for business				
Reputation of business				
Status as a business owner				
Protection of company name	0	0	0	0
Other (please state)				

Please provide a respon	se for 'Other' here	if very or fairly	important
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In the next set of questions, you will be presented with some choices about how your business could be formed and operate. The choices will set out different options in terms of the following:

Limited liability	Protection for the business owner(s) (i.e. shareholders), separating the business as a legal entity from their personal finances.
Public record	Requirements to file annual accounts and other information about changes to the business each year, which are made publicly available by Companies House.
Tax paid by business owner	The difference in tax liability for the business owner. Depending on the legal status of the business, this will be a combination of income tax, national insurance, dividend tax. In the choice questions, this is shown as the change (increase or decrease) in the current amount of tax paid by the business owner.
Business name protection	Incorporation means that a company cannot register a name which is the same as another company. This is a form of protection for a company name (it is not, though, a trademark, which is a different form of protection).
Annual fee for business registration	Annual fee charged – for initial registration and then paid each year subsequently when submitting required filings to Companies House.

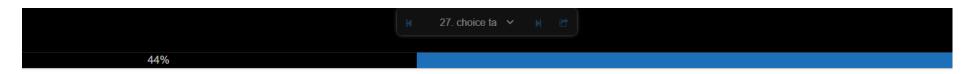


The purpose of these questions is to help us understand which aspects of company incorporation are most important to business owners.

For example, it could be that business owners would prefer to change some parts of the legal status of the business but not others. You will see options like this in the choices shown to you. Your responses will help inform decisions about company incorporation that Companies House and the Department for Business, Energy and Industrial Strategy (BEIS) could make in the future.

The next few screens explain the choices you will be offered in more detail. Please take time to read each screen as it will help you answer the choice questions.

Please also be assured that the purpose of this exercise is not to understand how much money can be charged for company incorporation. Your choices will help us understand what matters most to business owners. The amount of money your business is prepared to pay for incorporation provides an indication of its value to small businesses.



You will be asked the option for the legal status of your business – Option A, Option B, or Option C – that you would prefer most as a business owner. You will be asked to make 9 choices in total, each time choosing between 3 alternatives. For example:

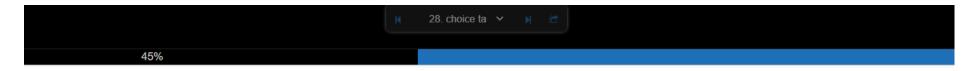
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	Option A	Option B	Option C (Sole trader)
Limited Liability	No limited liability No separation of business and business owners' personal finances	Limited liability Business is a separate legal entity to business owner(s)	No limited liability No separation of business and business owners' personal finances
Public record	Annual filing of business ownership information and accounts required	No public record requirements	No public record requirements
Tax paid by business owner - change from current amount paid	Increase approx. £1,000 more per year	Decrease approx. £1,000 less per year	No change Same as current amount paid per year
Business name protection	Business name protected	No protection of business name	No protection of business name
Annual fee for business registration	£250 per year	£100 per year	N/A (no fee/registration)
Which option do you prefer?	0	\circ	0

prev

next



In each choice Option A and Option B will offer you changes from the current legal status of your business. Option C will always be to operate as a sole trader.

When thinking about each option, please consider all of the pros and cons and what would be the best legal status for your business - not just now, but also your expectations for the future of your business (i.e. the next 3 to 5 years). Please also consider:

- · Your business's overall income and expenses
- · Any money your business pays will not be available to spend elsewhere, and
- · Other costs may go up or down affecting the amount of money your business has to spend in general

Finally, please bear in mind that there are other aspects to running your business, such as the insurance cover your business has and any pension benefits that you may receive as a business owner. Please make your choices on the basis that these other aspects would remain unchanged regardless of the option you choose.

45%

	Option A	Option B	Option C (Sole trader)
Limited Liability	Limited liability Business is a separate legal entity to business owner(s)	No limited liability No separation of business and business owners' personal finances	No limited liability No separation of business and business owners' personal finances
Public record	Annual filing of business ownership information and accounts required	No public record requirements	No public record requirements
Tax paid by business owner - change from current amount paid	Decrease approx. £1,000 less per year	Increase approx. £1,000 more per year	No change Same as current amount paid per year
Business name protection	No protection of business name	Business name protected	No protection of business name
Annual fee for business registration	£5,000 per year	£1,000 per year	N/A (no fee/registration)
Which option do you prefer?	0	0	\circ

	Option A	Option B	Option C (Sole trader)
Limited Liability	Limited liability Business is a separate legal entity to business owner(s)	No limited liability No separation of business and business owners' personal finances	No limited liability No separation of business and business owners' personal finances
Public record	No public record requirements	Annual filing of business ownership information and accounts required	No public record requirements
Tax paid by business owner - change from current amount paid	Increase approx. £2,000 more per year	Decrease approx. £1,000 less per year	No change Same as current amount paid per year
Business name protection	No protection of business name	Business name protected	No protection of business name
Annual fee for business registration	£1,000 per year	£50 per year	N/A (no fee/registration)
Which option do you prefer?	0	0	\circ

49%

	Option A	Option B	Option C (Sole trader)
Limited Liability	Limited liability	No limited liability	No limited liability
	Business is a separate legal entity to business owner(s)	No separation of business and business owners' personal finances	No separation of business and business owners' personal finances
Public record	Annual filing of business ownership information and accounts required	No public record requirements	No public record requirements
Tax paid by business owner - change from current amount paid	Increase approx. £500 more per year	Decrease approx. £1,000 less per year	No change Same as current amount paid per year
Business name protection	No protection of business name	Business name protected	No protection of business name
Annual fee for business registration	£15 per year	£500 per year	N/A (no fee/registration)
Which option do you prefer?	0	0	0

54%

	Option A	Option B	Option C (Sole trader)
Limited Liability	No limited liability No separation of business and business owners' personal finances	Limited liability Business is a separate legal entity to business owner(s)	No limited liability No separation of business and business owners' personal finances
Public record	No public record requirements	Annual filing of business ownership information and accounts required	No public record requirements
Tax paid by business owner - change from current amount paid	Increase approx. £1,000 more per year	Decrease approx. £500 less per year	No change Same as current amount paid per year
Business name protection	Business name protected	No protection of business name	No protection of business name
Annual fee for business registration	£1,000 per year	£2,500 per year	N/A (no fee/registration)
Which option do you prefer?	0	\circ	0

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55%

	Option A	Option B	Option C (Sole trader)
Limited Liability	Limited liability Business is a separate legal entity to business owner(s)	No limited liability No separation of business and business owners' personal finances	No limited liability No separation of business and business owners' personal finances
Public record	No public record requirements	Annual filing of business ownership information and accounts required	No public record requirements
Tax paid by business owner - change from current amount paid	Decrease approx. £3,000 less per year	Increase approx. £2,000 more per year	No change Same as current amount paid per year
Business name protection	No protection of business name	Business name protected	No protection of business name
Annual fee for business registration	£500 per year	£100 per year	N/A (no fee/registration)
Which option do you prefer?	0	\circ	\circ

	Option A	Option B	Option C (Sole trader)
Limited Liability	No limited liability No separation of business and business owners' personal finances	Limited liability Business is a separate legal entity to business owner(s)	No limited liability No separation of business and business owners' personal finances
Public record	Annual filing of business ownership information and accounts required	No public record requirements	No public record requirements
Tax paid by business owner - change from current amount paid	Decrease approx. £1,000 less per year	Increase approx. £2,000 more per year	No change Same as current amount paid per year
Business name protection	Business name protected	No protection of business name	No protection of business name
Annual fee for business registration	£15 per year	£1,000 per year	N/A (no fee/registration)
Which option do you prefer?	0	0	0

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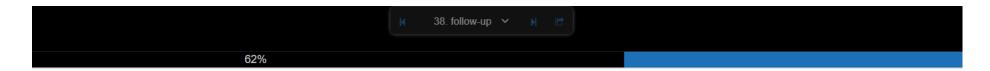
59%

	Option A	Option B	Option C (Sole trader)
Limited Liability	No limited liability No separation of business and business owners' personal finances	Limited liability Business is a separate legal entity to business owner(s)	No limited liability No separation of business and business owners' personal finances
Public record	No public record requirements	Annual filing of business ownership information and accounts required	No public record requirements
Tax paid by business owner - change from current amount paid	Increase approx. £500 more per year	No change Same as current amount paid per year	No change Same as current amount paid per year
Business name protection	No protection of business name	Business name protected	No protection of business name
Annual fee for business registration	£1,000 per year	£2,500 per year	N/A (no fee/registration)
Which option do you prefer?	\circ	\circ	\circ

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60%

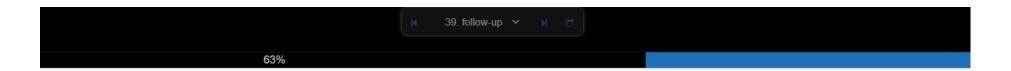
	Option A	Option B	Option C (Sole trader)
Limited Liability	Limited liability Business is a separate legal entity to business	No limited liability No separation of business and business owners'	No limited liability No separation of business and business owners'
	owner(s)	personal finances	personal finances
Public record	Annual filing of business ownership information and accounts required	No public record requirements	No public record requirements
Tax paid by business owner - change from current amount paid	Increase approx. £1,000 more per year	Decrease approx. £2,000 less per year	No change Same as current amount paid per year
Business name protection	No protection of business name	Business name protected	No protection of business name
Annual fee for business registration	£0 per year	£1,000 per year	N/A (no fee/registration)
Which option do you prefer?	\circ	\circ	0



Considering the information and instructions provided, how easy or difficult was it to answer the choice questions?

Select only one answer

○ Very easy
C Fairly easy
Neither easy nor difficult
Capital Service Control of the Contr
○ Very difficult

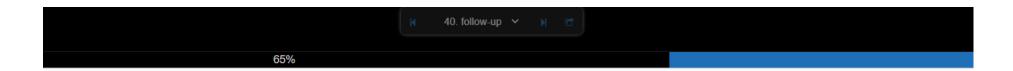


Were the choice questions difficult because...?

Select only one answer

It was hard to decide what you preferred
Not enough information was provided to make the choices
The instructions for the choice questions were not clear
The options shown were not credible for your business
Other (please state)

next



How important was each feature of the options that you were presented to the choices that you made?

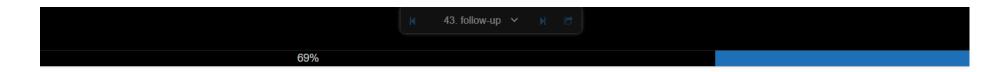
	Very important	Quite important	Not very important	Not at all important	Don't know
	(considered it in all choices)	(considered it in most choices)	(ignored it in most choices)	(ignored it in all choices)	
Limited Liability	0	0	\circ	0	0
Public record	0				0
Change in tax paid by business owner					
Business name protection	0				0
Annual fee for business registration					



You selected 'Sole trader' in most of your choices. What was the main reason for this?

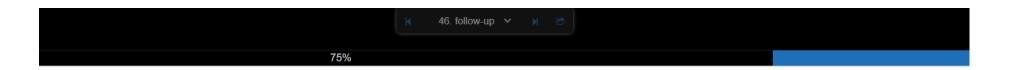
Operating as a sole trader is the best option for my business
I think I am better off financially as a sole trader
I think I would pay less tax as a sole trader
The requirement to file annual accounts and company information would be too much effort
Limited liability legal status would not benefit me or my business
I object to paying money to register my business
I don't think that business owners should pay to get limited liability status
I would have liked to chosen options with limited liability status buty the fee was too much
The alternative options shown were not relevant to me and my business
The alternative options shown were not credible
Other (please state)

I think that switching to sole trader would be the best option for my business
I think I would be better off financially as a sole trader
I think I would pay less tax as a sole trader
I think it would be less effort to operate as sole trader (i.e. no requirement to file annual accounts and company information)
I don't think that limited liability legal status benefits me or my business
I object to paying more money to register my business and file annual returns
I don't think that business owners should pay more money to get limited liability status
I would have liked to chosen options with limited liability status buty the fee was too much
The alternative options shown were not relevant to me and my business
The alternative options shown were not credible
Other (please state)



If the legal status of your business was to change from a limited liability company to sole trader, do you think you would (personally) pay more or less tax per year?

I think I would pay more tax per year
I think I would pay less tax per year
I think I would pay about the same amount per year
○ Don't know



How likely do you think it is that your responses to this survey will be taken into consideration by Companies House and the Department for Business, Energy and Industrial Strategy (BEIS) to inform decisions that...

	Very likely	Likely	Unlikely	Very unlikely	Don't know
Influence the options that are available to set up and run a business					
Result in changes to what business owners pay to set up and run a business					

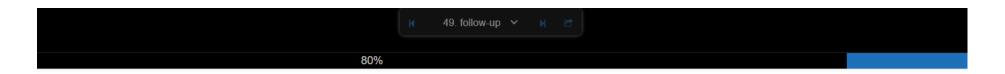
To what extent do you agree or disagree with the following statements?

Select one response from each row

	Strongly agree	Tend to agree	Neither agree nor	Tend to disagree	Strongly	Don't know
	Strongly agree	Telia to agree	disagree	rend to disagree	disagree	Don't know
Company incorporation is too easy. It should be made more restrictive to reduce the number of businesses that are limited companies.						
Company incorporation is good for businesses and good for the economy, it should be encouraged by the government.						
The decision to operate as a limited company or sole trader has little impact on the success of a business and business owners should not put too much time and effort to deciding whether to incorporate or not.						
A limited company is more professional than an unincorporated business (i.e. sole trader).						
An owner of an unincorporated business has more control than an owner of a limited company.						
The benefits to a company of filing annual accounts for public record (e.g. transparency, credibility) outweigh the costs (e.g. administrative burden).						

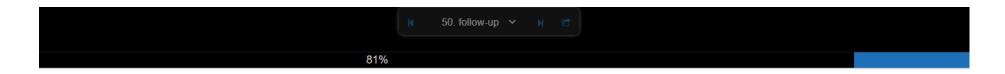
How important do you think the legal status of business (i.e. sole trader or limited company) is to the following factors that influence the success of the business?

	Very important	Somewhat important	A little bit important	Not important	Don't know
The financial security of the business	0	0	0	0	0
The reputation of the business					
The reputation of the business owner or director					
The level of risk assumed by the business owner or director					
The ability to secure work and contracts					
The ability to recruit staff					



Overall, how has your business been impacted by the COVID-19 (coronavirus) pandemic and restrictions placed on the day-to-day activities of businesses and households?

	Not impacted	Impacted	Prefer not to say	Don't know
Reduced employee numbers permanently – i.e. redundancies				
Reduced sales / revenue / turnover for this year				
Reduced employee numbers temporarily – including furlough				
Impacts on suppliers / contractors	0	0	0	0



Which, if any, COVID-19 (coronavirus) business support schemes has your business taken up? Please select all that apply

Select all that apply

Job Support Scheme	
Expansion of Job Support Scheme	
Job Retention Bonus	
Coronavirus Job Retention Scheme	
VAT Deferral New Payment Scheme	
Other	
None	

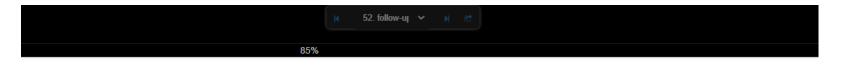
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Please specify which business support scheme

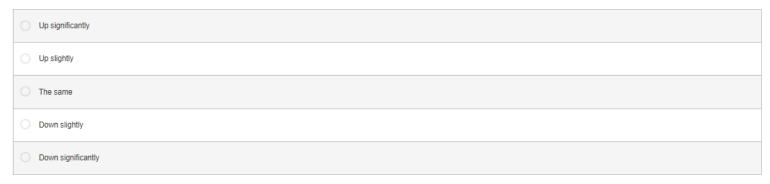
Select all that apply

Statutory Sick Pay to employees
Defer your Self-Assessment payment
Business rates relief (retail & hospitality)
Business rates relief (nursery)
Self-Employment Income Support Scheme
Coronavirus Business Interruption Loan Scheme
Coronavirus Future Fund
Coronavirus Bounce Back Loan
Coronavirus Large Business Interruption Scheme
COVID-19 Corporate Financing Facility
Coronavirus Local Restrictions Support Grant
Local Authority Discretionary Grants Fund
Other
None of these



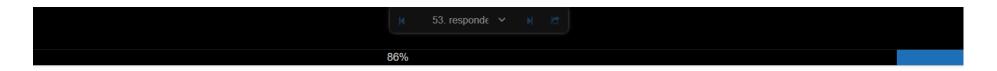
How has your business revenue changed since this time last year?

Select only one answer



How confident do you feel about the outlook for your business in the coming 12 months?

○ Very confident
Somewhat confident
Not so confident
Not at all confident
O Don't know



Please could you now answer some final questions about yourself. This information will help us check that we have surveyed a range of business owners across the UK.

next

In total, how many businesses do you / have owned and run?

A) Currently trading (including the business that you are answering this survey on behalf of).

Sole trader

Select only one answer

-- select one --

Sole trader

Select only one answer
-- select one --

Select only one answer

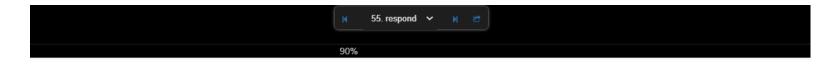
-- select one -
Limited liability company

Select only one answer

-- select one -
Partnership

Select only one answer

-- select one -
Other



Please can you indicate your age

Select only one answer



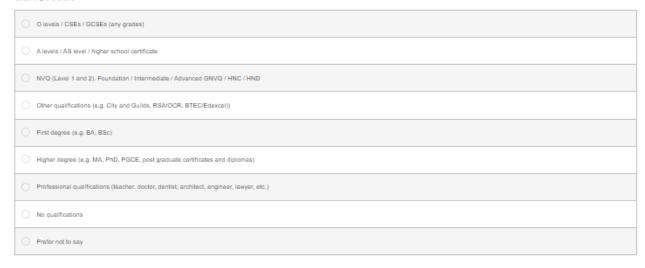
Please indicate your gender

O Male			
C Female			
Prefer to ident	ify another way		
O Prefer not to s	ay		



At what level did you complete your education? If you are still studying, which level best describes the highest level of education you have obtained until now?

Selectionly one answer



Which the following best describes your ethnic group?

White British		
White Irish		
Mixed - White and Black Caribbean		
Mixed - White and Black African		
Mixed - White and Asian		
○ Indian		
O Pakistani		
Bangladeshi		
○ Black Caribbean		
○ Black African		
Chinese		
Other		



Please can you indicate the range your earnings from your business - income from salary and business profits before tax and other deductions - falls in?

<u>Please note this information will be used to check that we have surveyed a range of people. It will be not be possible to identify any particular individual or address in the results.</u>

Per Month: Up to £499 (Per Year: Up to £5,999)
Per Month: Up to £500 - £1,583 (Per Year: Up to £6,000 - £18,999)
Per Month: Up to £1,584 - £3,500 (Per Year: Up to £19,000 - £41,999)
Per Month: Up to £3,501 - £5,333 (Per Year: Up to £42,000 - £63,999)
Per Month: Up to £5,334 - and over (Per Year: Up to £64,000 - and over)
Don't know
Prefer not to say



Finally, considering all the information that you have been given, overall, how easy or difficult was it to answer the questions in this survey?

Select only one answer



And, did you think this survey was (select all that apply):

Select all that apply

Interesting
Easy
Too long
Difficult to understand
Educational
Unrealistic / not credible
Other (please state)
None of these



That's the end of the survey. Thank you for your time and help, it is very much appreciated.

Please confirm that you wish to be entered into the free draw for an iPad Pro:





Thank you for your interest in this research but unfortunately you do not qualify for this survey. Please click the button below to exit the survey.

submit answers and finish