



**Setting Up A New Business**



THE ADMIN SIDE OF STARTING A NEW BUSINESS

# Why Register A Business?

- Business Name Protection
- Tax Deductions
- Financial Assistance
- Business Bank Account
- Legal protection



# Types Of Business Entities

1

Non-profit companies: A company incorporated for public benefit or other object relating to one or more cultural or social activities, or communal or group interests.

2

For-profit companies: A business/organisation whose primary goal is making money, this includes anything from retail stores to restaurants to insurance companies to real estate companies. These can be private or public companies

3

Personal liability companies: Company directors and past directors are jointly liable for any debts and liabilities arising during their periods in office. The company name ends with the word 'Incorporated' or 'Inc'.

4

Public companies: A public company can be traded on at least one stock exchange. It has more than 50 shareholders and its shares can be offered to the public. The company name ends in 'Limited' or 'Ltd'

5

Private companies: these companies also issue shares, but the shares are not publicly available. They will also need a board that must comprise at least one director. The name of a private company must end with the expression 'Proprietary Limited' or '(Pty) Ltd'.

# Company Structure

Your company structure is the first consideration you need to make when you want to register a new company, which you can do at the CIPC. The preferred choice of a legal entity for most businesses is a private company (Pty Ltd)

Most suppliers and Government Departments require businesses to be registered as a company to apply for their Tenders and Contracts.

You protect your personal life and assets from your business when you register a company. If one runs a business, it is necessary to operate in a safe legal structure where your business assets and risks are separated from your personal ones.

You look more professional when you operate under a registered company name. There are, however, several compliance obligations on companies that you should get familiar with

# Company Name Considerations

## When Choosing A Name: Company Registration

- Choose a first, second and third option in case your first choice is already registered. If you have access to the Internet, you can check this by using the name search function on [www.cipc.co.za/home](http://www.cipc.co.za/home). Reserve this name by filling in form CK7. Then complete the founding statement form (CK1) in duplicate. Obtain written consent from a certified financial accountant to act as your accountant.

## Consider the following:

- Uniqueness of Name (Google this)
- Domain Availability (Website and Email address)
- Social Media Availability (Ideally, you want to have your Company Name, domain / website url and Social Media names to all be the same. When it is not possible to align everything, you can get a “shelf” company and then “Trade As” or a company name that is aligned to your business offer, and “Trade As”)

# How to Register a Company in South Africa

To open a business bank account, you need to provide all your business details to the bank so they can 'FICA' your business (this means checking that you are properly established and conducting your business in the proper manner). This means you will have to have registered your company

The most common form of registration is through the CIPC website ([www.cipc.co.za](http://www.cipc.co.za)). To register a company online, the entrepreneur needs to register as a customer on the CIPC website ([www.cipc.co.za](http://www.cipc.co.za)). You can also use professionals to assist in the company registration process

You will need:

- Proof of residence (usually a certified copy that is not more than 3 months old)
- ID or Passport (issued in South Africa)
- Your company registration document and MOI

The CIPC will provide you with various documents including a company registration document, and you will need to complete and record other documents including resolutions, director appointments, and shareholder agreements or a Memorandum of Incorporation (MOI)

# Legal Documents

- If there is more than one shareholder (i.e. a person that owns shares in the company) make sure you have a **legal contract** in place. Who has the final decision if you don't agree and how is profit and loss shared? If the relationship sours, what are the buy-out and exit terms?
- Develop some legal documents to manage employees, client and suppliers
  - Service Level Agreements (SLA's) for clients and suppliers
  - Payment Terms
  - Cost Estimate (Quote) and Invoice Template (ensure payment terms are clearly stipulated on both the Cost Estimate and Invoice)
  - Employee Contracts (even for project-based services or for consultants)





# VAT & PAYE

Irrespective of whether you trade as a sole proprietor (yourself) or a private or public company, remember that you will also need to register for:

- Tax – based on the taxable turnover of a business. It is applicable to sole proprietors (individuals), partnerships, close corporations, companies and co-operatives. If you own the company but your salary is variable, then you will be liable for provisional tax, income tax, capital gains tax, secondary tax on companies (STC) and dividends tax.
- PAYE, UIF – these are payments due as tax on employees (PAYE) and contributions payable to the Unemployment Insurance Fund (UIF) by a company for each employee
- VAT (Value Added Tax) – takes effect when turnover in the company reaches R1m. You (if you are a sole proprietor) or the company must register for and pay VAT



# Funding Support

Government has established several institutions mandated to deliver a wide range of key services, including both financial and non-financial support services, to small enterprises.

Government institutions that offer support to SMMEs include the following:

- Small Enterprise Development Agency (seda) <http://www.seda.org.za/>
- Small Enterprise Finance Agency (SEFA);
- National Empowerment Fund (NEF);
- Industrial Development Corporation (IDC);
- National Youth Development Agency (NYDA);
- Land Bank;
- Mafisa; and
- [Provincial agencies](#)





The Creative Side  
Of Starting A New  
Business

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# Creative Check List

- Develop A Logo
- Develop A Corporate Identity
- Build A Website ([www.wix.com](http://www.wix.com) or similar platform – DIY – get your company email address at the same time)
- Launch on Social Media (LinkedIn plus ... ) – make sure your Page Names are the same across all platforms
- Get marketing!

