

Setting up a new Business: The main requirements

Below are some of the main issues of which to be aware when you are starting a business in Ireland. We have made every effort to be as informative as possible and information is correct at time of print. It is very beneficial to attend a Start Your Own Business course prior to commencing your enterprise as this will cover all of the issues below and more!

See www.localenterprise.ie/Offaly/Training-Events/Online-Bookings/

1. Register your business for tax

You are obliged to register with the Revenue Commissioners when you start business. If applicable, please discuss this with any grant providers to which you may to apply before registering.

If you are currently working in PAYE and starting a very small part time venture, you may not have to register for income tax with Revenue. You will have to pay tax on your part time self employed income. *Generally, if you are in a job and are earning from your part time venture a profit of less than €5,000 per year and sales of less than €30,000 per year, you will have the option to submit a tax return via MyAccount. In this tax return you will declare any income earned and pay tax accordingly. Note, every individual is different, so it always best to check with Revenue or your financial advisor.*

<https://www.revenue.ie/en/self-assessment-and-self-employment/guide-to-self-assessment/register-it-self-assessment.aspx>

<https://www.revenue.ie/en/self-assessment-and-self-employment/guide-to-self-assessment/index.aspx>

There are different types of taxes for which you can register, depending on whether you will start as a sole trader or company and depending on your business activities. For example:

REGISTER FOR TAX TYPE:	SOLE TRADER	COMPANY
Income Tax	YES	Directors will need to register for Income Tax

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Corporation Tax	NO	YES
VAT	Possibly – see below	Possibly – see below
Employer	If you take on employees	If you take on employees or employ Directors

NOTE: Always get one to one professional advice if you are unsure

REGISTERING FOR TAXES:

Income Tax

If you are starting as a sole trader and you wish to register for income tax only, you have the option of contacting a professional Accountant or Bookkeeper to do this for you. If you wish to do it yourself, you have two online options :

1. Use MyAccount to register for income tax only.
2. You can also register for income tax, VAT and/or as an Employer using the Revenue Online Service (ROS)– www.ros.ie. If you register with ROS, you will be able to interact more directly with the Revenue including registering for taxes, checking which and when tax returns are due, paying taxes, checking balances, submitting returns and emailing Revenue directly.

If you are not eligible for eRegistration, then you must complete a [Form TR1](#)

Non-resident sole traders must complete a Form TR1

If you are setting up as a company, company Directors must register for income tax

VAT

Where your turnover is below the VAT thresholds, you are not generally obliged to register for VAT. Remember you may, however, voluntarily elect to register for VAT. You will need to register for VAT if your projected annual turnover exceeds **or is likely to exceed** the VAT thresholds.

In general, the VAT thresholds are €85,000 for persons supplying goods and €42,500 for persons supplying services. There are other thresholds to be aware of and can be found at this link

<https://www.revenue.ie/en/vat/vat-registration/who-should-register-for-vat/vat-thresholds.aspx>

You can voluntarily register for VAT before reaching these levels of sales if you wish. To register for VAT you can either ask your Accountant to do this for you or you can register using the ROS system mentioned above.

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Employer:

You need to register as an employer if/when you take on employees. To register as an Employer you can either ask your Accountant to do this for you, or you can register using the ROS system mentioned above. When you become an Employer you will have responsibilities and obligations to administer a payroll system and pay employee tax deductions to the Revenue monthly. (Note you will also have employment law duties. If you have no experience in this area it would be worthwhile gaining some quality training in employment law and HR management – check Offaly LEO website for same)

2. Choose a Business Structure for you Start - Up

Business structures available include Sole Trader, Partnership or Company. The most common type of company chosen is a private company limited by shares. There are other options available, and it would be wise to get advice if you are considering these.

Sole Trader:

A sole trader is the easiest structure to begin a business. Legally the business and owner are same legal entity. The sole trader needs to register for relevant taxes (see above), register business name (see below) and if you chose to do so, register domain name (see below). In general, it is not expensive to start a business using this legal structure. It is also the least expensive structure to run on an annual basis. Assuming the business does not build up huge debts or get into legal difficulties it also the easiest structure to disband should you decide not to proceed with the business later. Sole traders can have employees. They must comply with Health and Safety, GDPR, employment legislation and other legal obligations which may be specific to your industry. They have unlimited liability. This means that if the business gets into financial difficulty or builds up large debts, the owner will be totally responsible for those debts.

Partnership

A partnership is where two or more people go into business together. It is like two sole traders melding together as same tax rules, registration obligations and limited liability rules apply. We strongly recommend you get legal advice if you are setting up business with another person/people and that a formal partnership agreement should be in place.

Company

The most popular type of company chosen by startups is private company limited by shares. Companies are registered with the Companies Registration Office (see link below). It costs more to start a company, cease a company and run a company. A company is a separate legal entity to the owner of the company. The company has to register for taxes as outlined above. It must comply with Health and Safety and Employment legislation just as Sole Traders and Partnerships must. A company must comply with company law which outlines how companies should be governed and

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managed. To set up a company you need minimum two people. There are specific rules relating to roles of those involved in a company. See <https://cea.gov.ie/>

A private limited company offers founders limited liability. If the company gets into financial difficulty, the owner of the company in most cases does not get into financial difficulty. However, if the Owner has provided a personal guarantee for a company loan (e.g., company overdraft), they will be personally liable in the event of the company being unable to pay the debt.

If you start your business as a private limited company, your company will have to submit annual accounts and returns to Companies Registration Office. See www.cro.ie/en-ie/. These will be available to the public to purchase for a small fee.

Some people decide to start an unlimited private company. Unlike a limited company, if an unlimited liability company cannot pay its debts, the owners are responsible for paying the debts. Non-Designated unlimited companies don't need to file accounts with the CRO

Note, it is a legal requirement to register your company ownership details with the Central Registration of Business Ownership. See www.rbo.gov.ie

3. Register your business name

3.1 Companies Registration Office

If you set up as a sole trader and you plan to trade under a name other than your own name, you must register your business name with the Companies Registration Office (CRO – www.cro.ie). For example, if Ms. Mary Murphy traded as Murphy Hairdressers instead of Murphy or Mary Murphy, she would need to register this business name.

It costs €20 to register a business name on-line or €40 to register by post. www.cro.ie/Registration/Business-Name. Sole traders need to complete a form RBN1

3.2 Domain Name

It is advisable to check if your chosen business name is available to purchase as a domain name and purchase it immediately. If you decide you wish to set up a website for your business now or a later stage you will need this domain name.

4. Insurance

The main insurance that businesses take out is Public Liability. This covers the business in the event of a claim by a member of the public. If you are employing people, it is recommended that you take out Employer's Liability for coverage against claims from staff.

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Other types of insurance include Product Liability, Cyber Insurance, Fire, Burglary, Theft, Motor, and Professional Indemnity. You should discuss with your insurance professional which aspects are applicable to your business.

If you are running your business from home, ensure you inform your home insurance company of this fact.

5. Banking

It is recommended to set up a separate bank account for your business. If you use your business account for all your business receipts and business payments it will allow you to track your finances easily, especially in the beginning. It is also very useful for your bookkeeping and year end accounts. There are many different options including traditional banks, online banks and credit unions. Some of the banks will offer up to two year free banking for start-ups. Shop around.

6. Health & Safety Requirements

All employers, those who control workplaces to any extent, or provide workplaces for use by others, and the self-employed are required to prepare risk assessments and a safety statement.

If three or fewer people are employed and a code of practice relating to safety statements, prepared by the Health & Safety Authority, exists for a sector or work activity, then compliance with that code is sufficient. However, a risk assessment must always be prepared for that place of work.

For more information and advice on this area, contact the Health & Safety Authority on 1890 289 389 or visit their comprehensive website www.hsa.ie.

Every business will need to prepare a Health and Safety Statement. There you will find a free and easy to use tool called BeSMART developed for small business. This guided step-by-step process will assist you in generating your own risk assessment and safety statement. See BeSMART.ie

7. Planning permission

Any premises will need commercial planning permission. To find out more or if in any doubt as to whether or not you require planning permission you should contact Offaly County Council on 057 9346800 to discuss further.

8. GDPR – General Data Protection Regulations. Data protection law covers most situations in which information about somebody (the ‘personal data’ of a ‘data subject’) is used in some way (‘processed’) by some other person or organisation (the ‘controller’), other than in a purely personal context. When you are collecting and holding personal data on others (for example customers) you must comply with GDPR rules. See www.dataprotection.ie/en/organisations/data-protection-basics

9. Business Planning and Personal Development: It is strongly recommended to prepare a plan for your venture so that you can check the viability of your idea,

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identify pitfalls and opportunities ahead of you. During this process you can conduct and analyse market research, draft your costings, establish your pricing strategy and set out your goals for the future. It also helps you to figure out if this is the career move for you!

Business plan templates are available from the Offaly LEO Start Your Own Business course mentioned at the beginning of this information leaflet.

Remember your business can never grow beyond you, so expanding your knowledge and contacts through research, training and networking is an ideal way to progress and develop your idea.

10. Cybersecurity: In today's world we must all be mindful of the cyber threats to start ups and micro enterprises. They can easily damage trust, reputation not to mention possible regulation breaches and the possible financial impacts. Consider strong security over passwords and access (e.g. 2FA – two factor authentication), device and software security, data protection and back-ups, online and networking security, legal and regulatory compliance and cyber insurance. See National Cyber Security Centre <https://www.ncsc.gov.ie/>

Contact LEO Offaly regarding seminars, conferences, webinars and other supports in this area.

11. Getting support: There are many supports available for start -ups in Ireland. Offaly Local Enterprise Office offer many supports including training, grants, mentoring and networking events. See [Local Enterprise Office Offaly Website](#).

Other useful links:

- National Enterprise Hub: <https://www.neh.gov.ie/>
- Revenue www.revenue.ie
- Department of Social Protections <https://services.mywelfare.ie/en/>
- www.gov.ie
- Companies Registration Office www.cro.ie
- Data Protection Commission <https://www.dataprotection.ie>
- Corporate Enforcement Authority <https://cea.gov.ie>
- Offaly Local Development Company <https://offalyldc.ie/>
- Tullamore Chamber www.tullamorechamber.com
- Offaly County Council www.offaly.ie
- Citizens Information <https://www.citizensinformation.ie/en/>
- New Frontiers www.newfrontiers.ie
- Money Guide Ireland <https://www.moneyguideireland.com/>
- Health and Safety Authority www.hsa.ie
- BeSMART.ie
- Microfinance Ireland <https://microfinanceireland.ie/>

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