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Corporate Forms and Incorporation

The overall desirability of the UK as a place to set up shop – both online or otherwise - is due in part to the minimal restrictions imposed upon the formation and running of a company. Indeed, there are currently over 3 million registered companies in the UK, and more than 450,000 new companies are registered each year. In the UK, companies are registered, or incorporated, at Companies House, and companies with no activity, or 'shelf companies', are permitted. UK companies can be incorporated in just one day.

The main corporate forms in the UK are:

1. **Limited liability companies (Limited or Ltd):** In this form of company, the personal assets of the directors and shareholders are protected. The liability of the individual shareholders is limited to the amount – if any – outstanding on their shares. Only one director is required and there need only be one share, which can be of any currency.
2. **Public limited companies (PLCs):** This form of company has more regulation imposed upon it than a limited liability company. It must have a minimum share capital of £50,000, a quarter of which is required to be paid up. A minimum of two directors is required and they will share certain statutory responsibilities. A minimum of two shares is also required.
3. **Limited liability partnerships (LLPs):** Partners of an LLP should be registered at Companies House, and also have their liability limited to a stated amount. Unlike the above corporate forms, however, in an LLP the individual partners are subject to personal taxes on their shares of capital gains and profits. LLPs are governed by the Limited Liability Partnership Act 2000 and by the terms agreed to internally in any LLP member's agreement.
4. **Sole traders and partnerships:** Both of these corporate forms have unlimited liability, so the partners or individuals may become liable for all the debts and liabilities of the business. In a partnership, each partner will be individually responsible for all such debts and liabilities.