



6 Steps To Begin Your New Future

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Introduction

Have you woken up one morning with a brilliant new idea or concept and want to try making a success or career out of it? Maybe like Mark Shuttleworth or Sir Richard Branson? But were slowed down or stalled by not knowing exactly what steps to take and who to contact?

Well this article will hopefully show you the way to your new future, where you are able to fulfil your dreams, bring your excellent idea to life and get your business up and running quickly and at minimal cost to you. It will take you through a step-by-step process for registering your business, important legislation to be aware of and list some important contact details and websites for you to have a look through for further assistance.

****Word of Advice:***

If you are serious about this venture and don't want another entrepreneur to steal or use your idea then get a Trademark or Patent to protect it!

Step 1: Deciding on a Legal Structure and Name for your Business

Your initial step along this journey is to decide on a legal structure for your business. Do you want to be the sole owner (Sole Proprietorship)? Maybe you have or would like a partner to share the work load and responsibilities (Partnership)? Or perhaps you don't want any legal or financial responsibility placed on you (Corporation)?

Each of these forms has their own positive and negative characteristics and it is up to you to decide which will best suit your personal and business needs. Have a look at the table on the following page which compares each of the basic forms and see which you prefer.

At this time it would be wise to start thinking about some possible names for your business. I would recommend that you don't just create one because there are thousands of companies out there already and there is a great chance someone else will already have a company with that name or something too similar for you to use it. Therefore, I would suggest coming up with four or five and try being as unique and original to save yourself the disappointment of not being able to use your favourite. The topic of reserving company names or perhaps not settling on one by the time you actually register your business is covered in the next step.

Form of Organization	Initial Requirement & Costs	Liability Of Owners	Continuity Of Business	Transfer Of Ownership	Control	Raising Capital	Income Taxes
Sole Proprietorship	Minimum & Generally No Fees	Unlimited Liability	Dissolved Upon Owners Death	Can Transfer Name/Assets	Complete	Limited To Owner	Business income Taxed As Personal Income
General Partnership	Minimum & Generally No Fees	Unlimited Liability	Unless Partnership States Otherwise, Dissolved Upon Death or Withdrawal	Requires Consent of Partners	Vote Of Partners Required	Limited To Partners	Business income Taxed As Personal Income
Corporation	Most Expensive & Greatest Requirements	Limited to Investment In Company	Unaffected By Withdrawal or Death	Easy Transfer Stock	Shareholders & Directors	Most Appealing	Taxed Personally & On Business Level
Best Option	Proprietorship or Partnership	Corporation	Corporation	Depends On Situation	Depends On Situation	Corporation	Depends On Situation

Source: (Petty, Palich, Hoy, & Longenecker, 2012) & for a more in-depth look at the three forms visit www.powerhomebiz.com where the various advantages and disadvantages are discussed.

Step 2: Company Registration

When you are ready and certain that you want to follow this idea of yours and make a successful business venture from it, then your next important step is to get your company registered with the Companies and Intellectual Property Commission (CIPC).

Start off by registering as a customer with CIPC so that you can transact with them during this procedure. Go to www.cipc.co.za and click on the customer registration tab. You then have the option of reserving a company name if you have nominated one by completing the Application to Reserve a Name, [Form CoR 9.1](#) and pay a filing fee of R75 if you submit your application manually or R50 if you file electronically, (South Africa Government Services, 2012). Name reservations are effective for six months; however you may still continue your company's registration without reserving a name, (South Africa Government Services, 2012).

The registration number will become the company's name until such time that you are able to get a name reserved or approved, (South Africa Government Services, 2012).

Once you have completed this it is time to move forward with the registering of your company which is a twofold procedure. Firstly you need to submit a Notice of Incorporation, [CoR 14.1](#) followed by a Memorandum of Incorporation (MOI), [CoR15.1A](#), (Companies and Intellectual Property Commission , 2011). An MOI will set you back R175, (South Africa Government Services, 2012).

Along with these two forms you are required to include some supporting documents:

- Certified ID copies of all specified initial directors and incorporators.
- A certified ID copy of the applicant if the application is not made by one of the indicated initial directors or incorporators.
- Certified ID copy of the person signing all documents on behalf of any of the incorporators and a power of attorney must be provided
- If a name was reserved before the filing of incorporation documents, then a valid name reservation document.

In order to give you an idea of how long this process will take you to complete will depend on if you reserve a company name or not. It may take around 5-10 working days to register your company but an additional 5-10 working days if you request the reservation of your company's name.

For Further Assistance Contact CIPC National Office:

Tel: 086 100 2472

City/town: Pretoria

Province: Gauteng

Physical address: 77 Meintjies Street, Block F, Sunnyside, Pretoria, 0001

Postal address: P.O. Box 429, Pretoria, 0001

Web address: www.cipc.co.za/Home

Step 3: Register with the Receiver of Revenue.

There are four areas for an entrepreneur to consider:

1. Provisional Tax Payer

By law you have to register as a tax payer to the Receiver otherwise it is a criminal offence and you will be liable to a fine (Paralegaladvice, 2012).

If you are a sole trader you will need to contact your nearest SARS office in your area and ask for form IT77 but a company will automatically be registered with the Receiver by CIPC, (Paralegaladvice, 2012).

**Hint: Register for eFiling (www.sarsefiling.co.za) as it is simpler, faster and more convenient with no extra cost to you!*

2. Value-Added-Tax (VAT) Vendor

As a VAT Vendor you must collect VAT from your customers and pay that to the Receiver but more importantly you are then able to claim back any VAT that is paid on anything bought for your company, (Paralegaladvice, 2011). You can register to be a VAT vendor by visit or calling your local SARS office or applying online at www.sars.gov.za and selecting the Value-Added-Tax tab, (Paralegaladvice, 2011).

3. Pay As You Earn (PAYE) & Standard Income Tax on Employees (SITE)

As an employer you will have the obligation of taxing your employee's salaries and wages when they reach a certain level which will be paid to the receiver, (HM Revenue & Customs, 2012). The various tax brackets and the application forms for PAYE & SITE can be found on the SARS website, www.sars.gov.za.

Step 4: Registering with the Department of Labour

If you plan on or expect to employ labourers/employees during the life of your company then you will be required to register with the Department of Labour in your province. This is a necessary step in order to pay mandatory contributions to the Unemployment Insurance Fund (UIF), (Sami, 2012).

Step 5: Consider Various Legal Aspects

Companies Act

This piece of legislation aims to provide options to companies in trouble, cut the cost of doing business in the country, encourage corporate governance and transparency and empower shareholders, (SouthAfrica.Info, 2009). The innovative law will allow both companies and employees to initiate business rescue plans if they fall on hard times and are struggling to survive, (SouthAfrica.Info, 2009). This piece of legislature is key to remember when starting a new business venture because it means not all is lost if you go through an unsuccessful period.

Competition Law

Also known as the “Anti-Trust Law” sets out to provide all South Africans with an equal chance of participating in the economy, (Morphet, 2007). Basically it limits businesses from acting in ways that could unfavourably affect the level of competition and consequently the benefit to consumers, (Polity.org, 2011). As an entrepreneur and possibly someone that is not accustomed to the law and exactly what might be deemed ‘unfavourable action’ should do some research or consult a lawyer.

Occupational Injuries & Diseases Act

This Act enables your potential employees to claim for compensation if they are injured or become sick as a result of your possible negligence, (Department of Labour, 2008). Therefore to protect yourself from potentially having to pay out more than necessary I would advise you to become familiar with this Act and its processes. Knowing exactly what employees can claim for and what protection you have may be vital so you are not taken advantage of.

Step 6: Opening a Bank Account

If you are planning on being a sole proprietor and plan on keep your business small and simple then there is nothing stopping you from using your personal account. However, if you hope to expand and grow then it would be advisable to open a Business Bank Account. You will need to do some research on which bank best suits your needs but you can visit businesstech.co.za where a survey was done on the banks in South Africa where clients were requested to rate their banks according to service levels, pricing and convenience. This may not give you this best option in terms of a Business Account but may be a good starting point.

Yes it is that simple....

Hopefully now you have a better idea on your next steps in your adventure of turning your cunning or unique idea into a booming, money making business. A key piece of information to always remember during your career, whether you're opening your first business or tenth one, is that you don't need to do everything on your own. There are people, websites and books out there that can assist you and make these procedures easier, less time consuming and stressful for you.

At the end of the day success is not earned or achieved without some hard work first.

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