# A sole trader or a limited company: what should you compare first?

For: Trading company · limited liability company · limited company

Practical business guidance · Reviewed: 2026-11-15

Applicability: Not tied to a statutory date

**Compare responsibility, administration, revenue and costs, and the employment plan. The lowest initial cost is not a sufficient criterion.**

## Compare the same business plan in both formats.

Prepare two projections for the same 12-month period: expected sales, expenses, owner's time, accounting support and required cash. Comparing registration costs alone does not show how sustainable the business will be.

List separately the contractual risks, planned partners and staffing requirements. For legal liability and tax treatment, seek advice from the appropriate specialist; the business calculation and legal form should support one another.

## How to prepare this in your business

To compare, prepare three scenarios: lower, expected and higher traffic. In each, maintain the same sales assumptions and compare administrative costs, available funds and work organisation. Also note which event you would consider a reason to change your business structure.

After a professional legal and tax review, summarise the decision in a few key reasons. If only one small initial outlay is decisive, recalculate the figures for the whole year and check whether they align with the actual risk and growth plan.

## Example of different needs

A sole consultant with several clients and a team that invests in stock may have similar revenue but different costs, risks and capital requirements. Therefore, equal revenue does not mean that the same structure is the best choice.

## Specific next steps

1. Prepare a projection of revenue and actual costs.
2. List the risks and requirements for partners.
3. Request a comparable calculation from an accountant.

## Most common mistakes

• Choose only based on the lowest tax or capital.

• Forget the time required for administration and the money needed until collection.

## Limits of application

The legal and tax implications require individual professional assessment.

## If you need further assistance

For assistance with your business plan, proposal or process organisation, you can contact Adria Trends.

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