

## How to set up and incorporate a contractor limited company online

Contractors who have just won their first contract, or are [switching from an umbrella company](#) or other trading option, will want to [incorporate a limited company](#) quickly and cost effectively to minimise costs and the time.

Incorporating online can cost as little as £20 for a very basic package, increasing towards £100 as various add-ones are included, such as bank accounts, [VAT](#) registration, non-geographic telephone numbers, domain names and hosting services.

Contractors who wish to incorporate offline can still choose to use formation agents, accountants or solicitors. Taking this route, the contractor is required to do little more than supply a few details over the phone, but the costs are correspondingly higher. This article focuses on online incorporation.

### Find an online service provider

Ideally, a contractor will already know some [limited company contractors](#) who have incorporated online and who can recommend a service provider. Sites dedicated to providing contractor news, calculators and guidance, like this one, often also feature advertisements for company incorporation. Another route is via [Companies House](#), which provides [a list of suppliers](#) that offer software for online incorporation.

Alternatively, typing 'company incorporation' into a search engine will result in links to suppliers offering a variety of online incorporation services. But care should be taken, because online incorporation service providers are not regulated by a professional or trade organisation. So contractors should use the same checks they would use when purchasing any service from a business over the web.

### Incorporating online – the process

Contractors can incorporate a company with a name they choose or buy an 'off the shelf' company with an existing name. Sometimes, a 'ready-made' company will not only already be registered, but may also have a bank account, VAT registration and domain name all in place.

If a contractor decides to choose their own company name, the first stage is to confirm the name's availability. Most online service providers will complete this check as the first stage of the process. It is also common for the online incorporation service provider to take payment via credit or debit card at this point.

Having found a company name that has not been registered, or a suitably named 'off the shelf' company, the next stage is for the contractor to include some company details. At this point, the contractor may be asked to select the kind of limited company they wish to incorporate. Options include:

Private company limited by shares – this issues shares, has one or more shareholders, and can be incorporated by a single company director and shareholder, who can be the same person; a company secretary is no longer required

Private company limited by guarantee – usually used for not-for-profit organisations, this does not have share capital or shareholders.

Nearly all contractor limited companies are private companies limited by shares. The contractor will be asked to specify the share capital of the company – contractor limited companies typically opt for 1,000 ordinary shares valued at £1 per share.

### Inputting company officers and shareholders

The next stage is to identify the company officers and shareholders, and to nominate how many shares each shareholder is issued. Only a single director is required by law, but contractors can add directors and a company secretary if they wish, although the latter is no longer required.

When inputting the company officers, because the process is online and there are no signatures or paperwork, contractors will be required to add some identification information. If there is to be more than one director, contractors incorporating online should have at least three items of the following information available for each company officer:

Passport number and National Insurance number

Town of birth

Eye colour

Mother's maiden name

Father's first name.

The online registration will usually ask for things like the last three digits of the telephone number or the first three letters of the town where the company officer was born.

As each shareholder is added online, the number of allocated shares can also be inputted. The simplest option is a single contractor director and shareholder owning a single share, but married contractors typically choose to include a spouse as a co-director and additional shareholder.

## Online confirmation

Having added the company details, company officers and shareholders, and submitted the request, the contractor will normally be sent a confirmation email that the submission is being processed by Companies House. This is also the point of no return, so the contractor must be check they have inputted the correct company name with no typos or mis-spellings.

It can take Companies House as little as three hours for the incorporation to be processed. So contractors should be wary of online service providers that charge a premium for 'same-day' and 'fast track' applications, as many of these simply rely on the regular speed of the efficient Companies House service.

Once the incorporation has been processed and completed, the contractor will be sent by email the certificate of incorporation. This includes the all-important company number, which is essential for setting up bank accounts and registering with HMRC, and is also useful when setting up accounts with suppliers.

The contractor will usually also be sent standard articles of association based on the model introduced following the changes to company law from the [Companies Act 2006](#). The new limited company is now ready to start trading.

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