

Short notes on:

5 SIMPLE STEPS TO STARTING A BUSINESS IN SOUTH AFRICA.

Calling all Entrepreneurs, this one is for you!

You have this amazing idea, you know how to execute it, and you already have potential customers, so what is next?

Below are five easy steps to starting a business in South Africa.

Step 1: Registering your business with The Companies and Intellectual Property Commission (“CIPC”)

Every business in South Africa will need to be registered with CIPC.

To begin, you will need to decide the structure of your business. Will you start a sole proprietorship, partnership, or company? This is where legal knowledge comes into play, and it would be best to seek legal advice on which structure best suits your business needs.

Sole Proprietorship: A simple structure for a single trader. This does not need to be registered with CIPC, but will need to be registered with the South African Revenue Service for Tax Returns.

Partnerships: This structure can have between 2 and 20 partners contributing to the business and entering into a partnership agreement. This also won't need to be registered with CIPC, but will need to be registered with the South African Revenue Service for Tax Returns.

Company or Pty LTD – This is a legal entity which is a separate entity to the owner or owners. This is a very popular option, as It protects an owner's personal property should things go a bit south.

Step 2: Registering with the South African Revenue Service. (SARS)

The nice thing about CIPC, is that your business will automatically be registered with SARS, when registering a company. But if you don't register your business with CIPC, it is very important that you register with SARS. It would be best to speak to a tax practitioner who can guide you through the correct steps.

Step Three: Protecting your Intellectual Property.

Most of the time, your "amazing ideas" (Intellectual Property), need to be protected to avoid the risks of copycats.

Your company's Intellectual Property includes Trademarks, Patents, Designs and Copyright. All of these are overseen by CIPC.

Step Four: Basic and Legal Requirements for Employees:

For your full-time staff members, you will need to ensure that your staff (or you) are registered and in compliance with:

Compensation for Occupational Injuries and Diseases Act 130 of 1993, for their health and safety rights while they are working;

Unemployment Insurance Fund (UIF), which covers your staff during long term illness, maternity leave and more;

Skills Development Levy (SDL), when you expect your payroll will exceed R500 000 annually.

Pay As You Earn (PAYE), if your employee earns over R40 000 annually.

Step Five: Speak to a Legal Advisor:

There are many by-laws and regulations that you may not be aware of that affect the type of business you start. That is why we always recommend speaking to an attorney or someone in the legal setting.

But fear not as all businesses have to start somewhere, with this I wish you good luck and may all your business goals be achieved. If you require any assistance, please don't hesitate to contact me.

Contact an attorney at SchoemanLaw Inc for your business needs! Visit our website at www.schoemanlaw.co.za.

