

5 Reasons to register your small business

Registering your small business can seem like a big step, but for new entrepreneurs, it's a smart choice. As a small to medium-sized business (SMB) owner, you want to establish and protect your unique brand. You also want to ensure that if anything happens to your business, your personal finances aren't affected.



Source: pixabay.com

“Small business owners need to register their company name to claim and protect their identity. If the name isn't registered, anyone can claim it. The same goes for your website address.” says head of local web-hosting company 1-grid.com, Thomas Vollrath.

There are several legal and tax benefits attached to registering your business. When you start earning money through your small business, the government considers you a sole proprietor. This means you operate the business under your own name and file business taxes on your personal tax return - you and the business are the same legal entity in the eyes of the law, which may not be in your best interest.

Vollrath offers the following reasons for why you should [register your small business](#):

- It enhances your identity and adds credibility to your operation: Registering a business makes it easy for potential customers to identify you as a legitimate operation.

- It attracts business and funding opportunities: To qualify for a business loan, you must have an official business registration. Investors are more likely to take you seriously if you're asking for investment in a registered business.
- It makes the business real for you and keeps you focused: Having a formal business will encourage you to dedicate your energy towards it. You can be proud of the fact that you're a business owner – it's no longer just an idea or a hobby.
- It establishes your company as a separate financial entity: When your business is registered, your personal and business finances will be treated as separate. This means that your personal assets cannot be seized to repay debts owed by your business and you cannot be held responsible for the debts – unless you have personally guaranteed them.
- It protects you from personal liability: As a registered business, your company is now a separate legal entity. This means that any legal matters will be kept separate from your personal affairs.

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