FREE RESOURCE

Business Registration Checklist

The core steps to register and legally structure a business in South Africa, and the order that avoids the most common delays.

Before you register anything, choose the right structure. This is the single decision that shapes your liability, your tax treatment, and how much compliance you carry going forward. Below is how the three most common structures compare.

INFORMATION CURRENT AS OF 22 JULY 2026

STRUCTURE	SOLE PROPRIETOR	PARTNERSHIP	PRIVATE COMPANY (PTY LTD)
People	One owner, operating in their own name	Two or more partners, operating together	One or more directors and shareholders, can be the same person
Legal Structure	No separate legal entity. Owner and business are legally the same	No separate legal entity, unless formally incorporated. Partners and business are legally the same	Separate legal entity, distinct from its owners, with its own legal standing
Registration	No CIPC registration needed. Register for tax with SARS only	Written partnership agreement strongly recommended. Each partner registers individually with SARS	Must register with CIPC. Receives its own registration number and Memorandum of Incorporation (MOI)
Personal Liability	Unlimited. Owner is personally liable for all business debts	Unlimited and joint. Each partner is liable for the debts of the whole partnership, including debts created by other partners	Limited. Personal assets are protected, shareholders are liable only up to what they invested
Tax Treatment	Business income taxed as the owner's personal income, at individual tax rates	Income split between partners and taxed as each partner's personal income	Company pays corporate income tax on profits. Dividends are taxed again when paid out to shareholders
Compliance Load	Minimal. Annual personal income tax return only	Minimal at entity level, but a clear written agreement is essential to prevent disputes between partners	Higher. Annual CIPC returns, formal record keeping, and accounting requirements as the business grows
Cost to Set Up	Lowest. No formation cost	Low. Mainly the legal cost of drafting the partnership agreement	Higher. Registration fee plus ongoing accounting and compliance costs
Best Suited For	Testing an idea, very early stage, low-risk, low-capital operations	Two or more founders building together from day one, family businesses	Businesses seeking funding, institutional clients, liability protection, or planning to grow a team

01 Register the Business

Choose your structure. Sole proprietor, partnership, or private company (Pty Ltd), using the comparison on page one.

Most growing businesses register as a Pty Ltd for liability protection and credibility with funders.

Reserve or confirm your business name via CIPC.

Register with CIPC and obtain your registration number and founding documents (MOI), if registering a Pty Ltd.

Note your registered address and appoint a director if registering a Pty Ltd.

Draft a partnership agreement before trading, if registering as a partnership.

This is where most partnerships that later break down could have protected themselves.

02 Register for Tax

Every registered business pays tax on what it earns. How that tax is calculated depends on the structure you chose on page one. Two systems matter most for early-stage founders: **Turnover Tax**, a simplified option for small businesses, and **VAT**, which applies once your sales pass a certain size. Both are explained over the next two pages.

WHAT TURNOVER TAX IS

Turnover Tax is a simplified tax system for qualifying small businesses. Instead of calculating tax on profit, which requires full accounting of income, expenses, and deductions, tax is calculated directly on turnover, meaning total sales before expenses. This significantly reduces the accounting and compliance burden for a small operation. Where a business elects Turnover Tax, it replaces Income Tax, VAT, Provisional Tax, Capital Gains Tax, and Dividends Tax for that business.

TURNOVER TAX, THE MECHANICS

Tax-free threshold: no tax is payable on the first R600,000 of annual turnover

Tax rate: a sliding scale from 0% up to 3%, increasing as turnover rises within the qualifying band

Election, not automatic: a qualifying business must register for Turnover Tax with SARS, it does not apply by default

Can combine with VAT: a business can be Turnover Tax registered and still register for VAT, either voluntarily or once it crosses the VAT threshold

REQUIREMENTS TO QUALIFY FOR TURNOVER TAX

Turnover: qualifying annual turnover of R2.3 million or less

Business type: a sole proprietor, a partner in a partnership, a company, a close corporation, or a co-operative

Professional service income: no more than 20% of total receipts from professional services, such as accounting, consulting, engineering, legal, or financial advice

Investment income (companies): professional service and investment income combined may not exceed 20% of total receipts

Shareholding: may not hold shares in another company, other than a listed company, a collective investment scheme, or a venture capital company

Partnership makeup: every partner must be a natural person, and none may hold an interest in more than one partnership

Asset sales: proceeds from selling business assets may not exceed R1.5 million across the current and past two years combined

Year end: the business's year of assessment must end on the last day of February

WHAT VAT IS

Value-Added Tax (VAT) is a tax added to the price of most goods and services, currently 15%, which a registered business collects from its customers and pays over to SARS. A VAT-registered business can also claim back the VAT it pays on its own business purchases, known as input VAT.

VAT, THE THRESHOLDS

Compulsory registration: required once annual taxable turnover exceeds R2.3 million

Voluntary registration: available from R120,000 in annual taxable turnover, worth considering if you have significant input costs to reclaim, such as equipment or stock

Trade-off: registering voluntarily below the compulsory threshold adds administrative work, VAT returns are typically filed every two months, so weigh this against the benefit of reclaiming input VAT

03 Set Up Operations

Open a business bank account in the registered business name. Keep business and personal finances separate from day one.

Register for UIF and COIDA if you employ any staff, even part time.

Check for sector-specific licences or permits. Food handling, health and safety, professional body registration, or municipal trading licences may apply.

Put agreements in writing. Partnership terms, supplier terms, and client contracts, reviewed by a legal professional where possible.

BANK ACCOUNT OPTION: CAPITEC ENTREPRENEUR ACCOUNT

What it is: a transactional account built for sole proprietors and informal traders who are not yet formally registered with CIPC. It separates business money from personal money without requiring full business FICA documentation.

Best fit: sole proprietors, side hustles, and informal traders. Not a fit for a Pty Ltd, which needs a full business account opened in the company's registered name with CIPC and FICA documents.

How it works: requires an active Capitec Global One personal account. No minimum deposit to open, but a R30 balance is needed to activate deposits, withdrawals, and payments. You can run up to four accounts to separate different income streams, and your business name reflects on your card and statements. A linked card machine and credit facilities of up to R500,000, based on turnover, are also available.

04 Protect the Foundation

Keep a simple, consistent record-keeping system for income, expenses, and invoices from your first transaction.

Diarise your compliance dates. Annual CIPC returns, provisional tax deadlines, and any licence renewals.

Revisit your structure as the business grows. A sole proprietorship that is scaling, taking on risk, or seeking funding may outgrow the structure it started with.

WHY THIS ORDER MATTERS

Registration and tax come first because funders, suppliers, and institutional clients check for them before anything else. Everything that follows is what keeps the business trustworthy as it grows.

Want this sequenced for your specific business?

Book a Discovery Consultation and we will map the exact order for you.

Book a Consultation