

SMALL BUSINESS SOLUTIONS

Why Register Your Business

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While many micro and small business owners shy away from registering their businesses for any number of reasons including among others, no interest in growing, a lack of awareness of how to register or simply the desire to remain invisible to the Uganda Revenue Authority (URA); for growth-oriented business owners, business registration offers a variety of benefits.

Annet, a former school teacher who now owns Your Choice - a growing Ugandan brand of cereal flours - happily operated in the informal sector for over two years. Believing the registration process to be expensive, complicated and lengthy, Annet simply avoided it. Fortunately, she was able to gain distribution for her packaged products in several neighbourhood retail shops that do not limit their supplier transactions to registered businesses. Driven by the growing demand for her sand-free milled flours however, Annet soon found herself speaking to some of Kampala's larger supermarkets. The quality of Annet's products was undeniable and in a matter of days the largest supermarket Annet was dealing with sought to formalize their relationship. Preferring to deal with a company however, the supermarket issued an ultimatum - register your business or forfeit the contract. In 2010 Annet complied and has never looked back.

The decision to register your business most definitely depends on your business objectives. If you are growth-oriented however, it is a path well worth pursuing. Benefits include and are not limited to:

- **Laying the foundation:** Registration is a step towards the formal structures your business needs in order to grow. Registered businesses are expected to keep records of for instance, their finances. The records will put them in good standing with entities like the URA as well as with financial institutions that the businesses might later seek to borrow from.
- **Programme eligibility:** Registered businesses are eligible to apply for a variety of programmes from different entities for example capacity building and business development services from private sector organizations, partnering opportunities with foreign investors and even development partner grant opportunities. Financial institutions also prefer to lend to registered businesses for business growth than to individuals seeking to borrow on behalf of their informal businesses.
- **Supplier eligibility:** Larger companies, development agencies and the government prefer to purchase goods and services from registered companies over individuals. While smaller contracts may be open to suppliers in the informal sector, the opportunity to bid on larger contracts is reserved for registered companies.
- **Exporter credibility:** Some informal businesses seeking to export are unable to establish relationships with potential importers because there is no legal proof confirming the existence of the informal businesses. Would-be exporters are therefore encouraged to register their businesses to build credibility with prospective importers.

In Annet's own words, in addition to all the above benefits she also enjoys peace of mind. She no longer worries about the regulations her business might be violating because her registered company receives regular information on exactly what the different government regulatory entities like URA, and the Registrar of Companies require and when.