Business Structures - detail

Item	Sole Trader	Partnership	Company	Trust (Discretionary)	Trust Unit
Set up	ABN, Name registration with ASIC (Optional)	ABN, Partnership TFN Name registration with ASIC (Optional)	ABN, Company TFN, Registration with ASIC, legal documentation, appointment of shareholders and directors	ABN, Trust TFN, Registration with ASIC if corporate trustee, legal documentation, appointment of trustees	ABN, Trust TFN, Registration with ASIC if corporate trustee, legal documentation, appointment of trustees, issue of units
Registered with	ATO / ASIC (optional)	ATO / ASIC (optional)	ATO / ASIC	ATO / ASIC (Optional)	ATO / ASIC (Optional)
Reports to	ATO	ATO	ATO / Shareholders	ATO / Trustees	ATO / Trustees / Unit holders
Bank account	Optional	Required	Required	Required	Required
ABN	Required	Required	Required	Required	Required
TFN	Uses individual's TFN	Required	Required	Required	Required
GST registration	Optional if under $75,000.00 in turnover	Optional if under $75,000.00 in turnover	Optional if under $75,000.00 in turnover	Optional if under $75,000.00 in turnover	Optional if under $75,000.00 in turnover
Tax return	Business schedule included in individual return	Partnership return	Company return	Trust return	Trust return
Financials	Optional	Required	Required	Required	Required
Audit	Not required	Not required	Not required	Not required	Not required
Income	All business income declared	All business income declared. Personal services income rules may apply. Income streaming may be required	All business income declared. Personal services income rules may apply. Income streaming may be required	All business income declared. Personal services income rules may apply. Income streaming may be required	All business income declared. Personal services income rules may apply. Income streaming may be required
Expenses	All business expenses claimed	All business expenses calimed. Personal services expenses rules may apply. Income streaming may be required	All business expenses calimed. Personal services expenses rules may apply. Income streaming may be required	All business expenses calimed. Personal services expenses rules may apply. Income streaming may be required	All business expenses calimed. Personal services expenses rules may apply. Income streaming may be required
Profit	Profit declared as income by the individual	Profit distributed according to partnership agreement and declared as income by the individual	Profit declared by the company and taxed at the company tax rate	Profit must be distributed to beneficiaries at the discretion of the trustees and declared in their tax returns	Profit must be distributed to unit holders and declared in their tax returns
Tax rate	Individual marginal rate	No tax paid by the partnership, profits and losses (in most circumstances) distributed to partners and taxed at the individual's marginal rate	Profits taxed at the company tax rate of 25% (YE25) for those companies with turnover of less than $50 million	No tax paid by the trust, profits distributed to beneficiaries and taxed at the individual's marginal rate	No tax paid by the trust, profits distributed to unit holders and taxed at the unit holder's rate
Capital Gains Tax	Discounts apply	Discounts apply if distributed to individuals	No discounts	Discounts apply if distributed to individuals	Discounts apply if distributed to individuals
Ownership	Owned by the individual	Owned by the individual partners	Owned by the shareholders	Not directly owned (held in trust)	Owned by the unit holders
Control	Controlled by the individual	Controlled by the individual partners	Controlled by the directors	Controlled by the trustees or directors of the corporate trustee	Controlled by the trustees or directors of the corporate trustee
Liability	Liability remains with the individual. Little asset protection	Partners are jointly and severally liable for the operations of the business. Little asset protection	Liability for shareholders is limited to the value of the company shares. Offers good protection of individual assets excluding directors guarantees that may be required	No direct control or ownership of the trust assets decreases the level of liability and increases the level of personal asset protection	No direct control of the trust assets decreases the level of liability but direct ownership of the units my decrease the level of asset protection

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