Choosing a Business Structure

Why it matters
Your business structure affects tax, legal responsibility, costs and how your business operates. Choose carefully before registering.

Business Structures
• Sole Trader – Simple, low cost, owner is personally liable.
• Partnership – Two or more owners share profits, losses and responsibilities.
• Company – Separate legal entity with greater reporting obligations and limited liability.
• Trust – Assets are held by a trustee for beneficiaries; often used for asset protection and tax planning.

Quick Comparison
Sole Trader: Best for new solo businesses.
Partnership: Best for businesses with two or more owners.
Company: Best for growing or higher-risk businesses.
Trust: Best where professional advice recommends it.

Questions to Ask Yourself
• Will I operate alone?
• Will I employ staff?
• How much personal liability am I comfortable with?
• Do I expect significant business growth?

Common Mistakes
• Choosing the cheapest option without considering long-term needs.
• Not seeking professional advice.
• Assuming you can't change structures later.

FAQs
Can I change my structure later? Yes, but it may involve additional registrations and tax implications.
Should I get advice? Yes, especially if considering a company or trust.

Scan for official Australian Government guidance.