

BUSINESS STRUCTURES

Last updated: Feb 2017

Sole Trader
Partnership
Trust
Company



Sole Trader

Advantages	Disadvantages
Control for owner is 100%	All losses and responsibility are with owner
Easy and not costly to commence	Personally liable for all business debts
Offset losses against other income	Unlimited liability
Ability to carry forward losses	Taxed at marginal tax rates which vary

Partnership

Advantages	Disadvantages
Profit is split between partners	All partners are liable for all business debts
Easy and not costly to commence	Unlimited liability
	Can't pay salaries to partners
	Taxed at marginal tax rates which vary

Trust

Advantages	Disadvantages
Discretionary Distributions	Profits distributed to minors is a maximum of \$416
Ability to carry forward losses	Undistributed profits taxed at 48.5%
Asset Protection & Security	Loss cannot be distributed
	Costly to set-up (approximately \$1,500)

This information is a guide only. Please seek taxation advice for deductions relevant to your personal situation.

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Embark Tax Services

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Company

Advantages	Disadvantages
Separate legal entity from shareholders and directors	Can be expensive to set-up and administer
Limited liability	Can take up to 2 weeks to set-up
Shareholders and directors can be employees	ASIC fees are payable annually of \$249
Ease of transfer of ownership	
Perpetual Succession	
Flat tax rate of 30% (28.5% for SBE turnover < \$2m)	
Ability to carry forward losses	

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