

# **CHOOSING A BUSINESS STRUCTURE**

Contributed by Hitesh Gupta of

SS CONSULTANTS

Accountants, Tax Agents and Business Advisors

The first question that comes to mind when we are looking to setup a business is, what structure we should use. Should it be company, trust or work as sole trader or...pew many options. All these structures come with their own pros and cons. You cannot decide to setup a company for your business because your cousin is running his business as a company. Not a single structure suits everyone as our needs and circumstances are different. There are four basic business structures:

- Sole Trader
- Company
- Partnership
- Trust

There are more complex structures e.g. Business entity plus a service trust, Unit Trust, partnership of discretionary trusts, licensing of goodwill or intellectual property etc.

There are many factors which require consideration while choosing a structure including:

- Asset Protection including assets of business and owners
- Minimizing income tax
- Minimizing capital gains tax
- Cost of setting up and running the structure
- Legal requirements
- Flexibility to adapt to future tax and other changes

There may be other factors based on your future intentions such as admission of equity partner in future, succession planning for business, finance. One thing you have to keep in mind, don't choose a structure just because of its tax benefits. The structure itself has to make commercial sense.

You need to see your accountant who will be able to provide feedback on the cost and benefit of each structure. He will be able to advice you on what is the best structure for you based on your personal circumstances and your future business and personal goals. You have to understand the various tax implications of choosing a structure and make sure you are comfortable with them before committing to a particular structure.

If you would like to discuss the best business structure for yourself for your new or existing business and how a structure can help you protect your asset as well as minimize tax, please contact me at 0433533281 or email me at [Hitesh@ssconsultants.com.au](mailto:Hitesh@ssconsultants.com.au).