

Press release:

International expansion: starting a small business in Australia
Issued on behalf of Pathway Lawyers and Migration Consultants
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I want to start a small business in Australia - what are the different legal options?

Many entrepreneurs are looking to diversify by expanding internationally. Australia is an attractive destination for investors. While starting a small business is an exciting venture, the initial enthusiasm can fade once you are faced with the different legal options for setup. It is very important that you are well informed before making any decisions, as this will affect your business structure, personal liability and tax.

Sole Trader

Sole traders remain individually responsible for their business and call all the shots. However, they also exclusively hold unlimited liability for any losses that the business incurs, which extends to personal assets. This risk is often overlooked due to the easy, flexible and relatively low cost of setup. Businesses that start out as sole traders usually transfer to a different model once they grow.

Partnership

A partnership works like a sole trader, except there can be up to 20 people legally running the business. Partnerships usually require a formal document to outline the agreement between the partners. A disadvantage is that individuals hold unlimited liability for the losses incurred by their partners. Also, the business cannot be transferred unless all partners agree with the decision.

Company

An incorporated association in Australia is known as a company. Incorporating a business is usually a more expensive option that requires compliance with extensive regulations. However, the extra work is often worth it, as companies have the same legal status as a natural person. This means that companies can be sued and incur debt independently of their owners. This limits individual liability and protects personal assets from business losses.

Companies are usually made up of shareholders and directors. Most small businesses will be set up as a proprietary (private) company, where the director/s hold a say over the 50 or less shareholders in the company. Large businesses will usually become a public company to increase shareholder investment, but this will leave directors answerable to shareholders.

Trust

A trust is usually formed by a 'trust deed' that sets out the obligations of a trustee, who holds and distributes business assets for the benefit of 'beneficiaries.' The trustee is usually a company, in order to receive the advantage of limited liability. Trusts are usually favoured due to the extensive tax benefits. However, trusts are expensive to start and will incur ongoing costs to maintain the complex legal arrangement.

There are pros and cons to each type of business investment. Deciding what will work best for you depends on your own unique set of circumstances.

About Pathway Lawyers and Migration Consultants

Headed up by practice principal David Dadic (MARN 1785371), a vastly experienced multi-jurisdictional lawyer, Pathway's team of immigration lawyers are qualified and experienced in the South African and Australian legal systems, and also registered with [MARA](#). Our capable and reliable team of migration consultants can assist you with all matters related to your migration to Australia, whether legal or personal, whether in Australia or in South Africa. We are also able to offer advice on setting up a business in Australia. For this reason, only Pathway can offer you truly tailored and unrivalled bespoke legal and migration services that best fits your personal circumstances.