BUSINESS STRUCTURES: TIPS & TRAPS

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Why is structuring important?

- Limit commercial risk
- Flexible tax outcomes
- Asset protection objectives
- Succession considerations
- Entry & exit of owners
- Matrimonial considerations

Sole trader

- Operate in own name
- Operational risk
- Ease of set up, administration & wind up
- Tax inefficient
- Asset protection (mitigation strategies)

Partnership

- Governed by State partnership law
- Ease of set up, administration, & wind up
- Joint and several liability (mitigation strategies)
- Profits taxed at partner level
- Can be tax efficient
- Entry and exit of new partners

Trust

- Discretionary & unit trust arrangements
- Governed by trust law (trust deed)
- Tax effective (net income to beneficiaries)
- Wide class of beneficiaries
- Business operating v asset holding vehicle
- Entry and exit of owners (limitations)

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Company

- Governed by corporations law
- Limited liability
- Director liabilities (GST, PAYGW, SG)
- Tax capped at 26% (base rate entity)
- Profits distributed to shareholders (franked)
- Shareholder loans (Div.7A)
- Entry & exit of owners (flexible)

Superannuation Fund

- What is a superfund (SMSF)
- Retirement and death benefits
- Accumulation v pension phase
- Concessional & non-concessional contributions
- Access of superfund monies
- Tax efficient (15, 10%, 0%)

Changing your structure

- Tax, commercial, succession & estate planning

- CGT roll-over relief options
  - CGT small business concessions
  - Trust to Company roll-over
  - Small business restructure roll-over

Further questions?

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