

Setting up a company

Thinking of starting your business journey or restructuring for growth? Setting up a company can offer more flexibility, better asset protection, and tax planning opportunities.



What is a company?

A company is a separate legal entity, meaning it can earn income, incur debts, and own assets in its own name—independent of the people who run or own it.

There are two main types:


- ➔ **Proprietary Limited (Pty Ltd)** – a private company, most common for small business owners.
- ➔ **Public Company (Ltd)** – typically listed on the stock exchange to raise capital.



Key elements of a company structure...

Private companies are governed by ASIC (Australian Securities and Investments Commission) under the Corporations Act 2001. They must have at least:

- ➔ **One director** – who must reside in Australia and be responsible for legal and financial compliance.
- ➔ **One shareholder** – this can be an individual, another company, or trust.
- ➔ **(Optional) A company secretary** – they also must reside in Australia.
- ➔ **(Optional) A manager** – who oversees daily operations, sometimes the same person as the director.

 *Yes, one person can wear multiple hats (e.g. sole director, shareholder, and manager) — but even with this kind of simple structure, the legal responsibilities remain the same.*



How do I setup a company?

- ➔ **Choose a name** – Check ASIC for name availability.
- ➔ **Decide structure** – Confirm officeholders and share splits.
- ➔ **Obtain director ID's** - All directors must have an ID before being appointed.
- ➔ **Register with ASIC** – At which time you'll get an ACN (Australian Company Number).
- ➔ **Apply for an ABN and TFN** – Essential when the company will be trading.
- ➔ **Register a business name** – This will be needed unless you trade under the full company name.
- ➔ **Set up a company bank account** – This must be under the company name and ABN (generally you can't transfer an existing account under another name).
- ➔ **Issue share certificates** – And set up a corporate register to document the members/shareholders.



Benefits of a company for your business...

- ✓ **Asset protection** – Company assets are separate from personal assets.
- ✓ **Limited liability** – Directors and shareholders generally have limited liability, but this protection may not apply if personal guarantees are signed, or directors breach their duties.
- ✓ **Continuity** – Easier to transfer ownership via share transfers.
- ✓ **Credibility** – Seen as more professional by clients, banks, and investors.
- ✓ **Tax rate** – Profits are taxed at a flat rate (typically 25% for base rate entities), often lower than personal tax rates.
- ✓ **Future planning** – Flexible structure for succession or bringing in new owners or investors.



Key considerations & responsibilities...

- ➔ **Setup & maintenance costs** – Much higher than sole traders or partnerships.
- ➔ **More regulatory obligations** – Annual reviews & fees, ASIC updates, and tax returns are a must.
- ➔ **Director duties** – Legal responsibilities apply, including solvency declarations.
- ➔ **Personal guarantees** – May still be required for loans or leases.
- ➔ **Non-compliance penalties** – Late ASIC updates or tax lodgements can attract big fines.

Ongoing compliance checklist...

- ✓ Annual ASIC review fee (around \$400). Even if your company is not actively trading, this will still apply.
- ✓ Company tax returns and financial statements must be lodged annually.
- ✓ Keeping ASIC records up to date (shareholders, addresses, officeholders).
- ✓ Pass an annual solvency resolution, even if the company is not actively trading.
- ✓ Maintaining company registers and documents to verify all decisions
- ✓ Pay company tax on any profits.



When is a company a good fit for your business...

A company structure might suit you best if:

- ✓ You want to pay yourself a wage/salary as an employee (with superannuation and PAYG withholding).
- ✓ You're reinvesting profits or planning to scale.
- ✓ You're looking for asset protection or succession planning.
- ✓ You earn over \$120K and want to cap your tax rate.
- ✓ You want flexibility to bring on partners or investors.
- ✓ You're claiming under the R&D tax incentive.

prices start from \$1,600 + GST

While this guide is designed to give a general overview, it does not constitute legal or financial advice. For help setting up a company tailored to your needs, we recommend locking in a time to discuss this in more detail with Wingr.

Reach out to us today to start the conversation

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