

NITTY GRITTY TASK

KNOW WHAT YOUR TAX AND LEGAL RESPONSIBILITIES ARE

Hey peeps!

Read through this information and make sure you are aware of your legal and tax requirements for your business.

Write down what you need to do in the next week if it applies to you (ie: Apply for an ABN, book into an accountant for advice etc).

Do I need an ABN?

One of the very first steps is to work out if you are operating a business or if your activity is actually a hobby. This affects what income you need to declare along with deductions and losses you can claim.

If you're in business you should get an Australian business number (ABN).

When you receive your ABN, your business is added to the Australian Business Register. Your clients and suppliers can then use ABN lookup to verify your ABN, business name and GST status.

If you register online you usually receive your ABN immediately if you have never registered for an ABN before and provide complete and accurate information to establish your identity and entitlement to an ABN.

If you register online you can apply for an AUSkey, which means you can transact online and update your details online.

If you register online, individuals and companies can also register their business name.



Business Structure

There are four main business structures commonly used by businesses in Australia:

- sole trader
- partnership
- company and
- trust

The structure you choose may affect:

- the tax you are liable to pay
- asset protection
- ongoing costs
- your clients – eg, some prefer to deal only with companies

Business Registration

A business name is simply a name or title under which a person, or other legal entity, trades.

It not only identifies you to your customers, but also allows you to differentiate yourself from your competitors and enables your customers to make an emotional connection to your business and brand. For many businesses, the name is often the most valuable asset.

When you must register:

When setting up your business, if you choose to operate as a sole trader, partnership or a trust, and not as a company, then you will have to register your business name with the Australian Securities and Investments Commission (ASIC).

If your business name is your, or your partner's, first name and surname, then there is no need to register.

To register your business name, you need to have an Australian Business Number (ABN), or be in the process of applying for an ABN and not have been refused. ABN registrations are free.

Once you have an Australian Business Number, you can register a business name



online. You can do this through the ABN application or through ASIC Connect.

Cost of registering:

The fees to register your business name with ASIC include:

\$34 for 1 year

\$78 for 3 years

TAX

Regardless of the size or complexity of your business, there are some fundamental things you must do. You need to manage your invoices, payments and other paperwork and you must comply with your tax obligations. Managing your cash flow will help all these aspects of your business.

[Use an accountant. Seriously.]

GST

You must register for GST if you run a business or other 'enterprise' and your GST turnover is \$75,000 or more (for non-profit organisations the threshold is \$150,000 or more).

Generally, businesses registered for GST will include GST in the price of sales to their customers, and claim credits for the GST included in the price of their business purchases.

If you are registered, the goods and services you sell in Australia are generally taxable under GST unless they are GST-free or input-taxed. If they are taxable, you include GST in the price. GST-free sales include most basic foods, some education courses and some medical, health and care products and services.

Trademarks

A trade mark protects the identity of your goods and services. Once you register a trade mark, you have the legal right to use, license or sell it within Australia for the goods and services for which it is registered. You also have the right to prevent others from using it.

If you do not register your trade mark, another trader could register your brand as a trade mark and you could be forced to defend your rights – you may even need to re-brand.





What I need to do:

- Apply for ABN
- Decide on Business Structure
- Register Business Name
- Find an Accountant
- Register for GST
- Apply for Trademark

What I'm going to do this week:

