

SETTING UP BUSINESS IN AUSTRALIA



Australian economy

Australia is part of Asia Pacific region and has seen decades of unprecedented business growth as well as regulated commercial environment and is proximity to some of Asia's most lucrative and bustling nations.

Capital: Canberra

Population: 24,771,000m

Surface Area: 7,741,220 km²

Currency: Australian dollars (1 EUR=1.6206 AUD)

Belongs to: G20, IMF, OECD, UN, PIF

GDP: As at 2017 2.9%

Australia has entered into free trade agreements (FTAs) with 10 countries or groups of countries including New Zealand, Singapore, USA, Thailand, ASEAN Group, Malaysia, Korea, Japan and China

Legal Forms of Business Entities

Business Structure	Ownership	Legal status
Sole proprietorship	Single owner	An individual operating as the sole person legally responsible for all aspects of the business
Partnership	Up to 20 individuals	You and your business partners are personally liable for the debts of the business.
Company	Private – There must be a minimum of one shareholder and a maximum of 50 shareholders. For directors, there must be at least one director who must ordinarily reside in Australia. Public - There must be a minimum of one shareholder, and no maximum number. For directors, there must be at least three directors, at least two of whom must ordinarily reside in Australia.	A company is a separate legal entity. This means the company has the same rights as a natural person and can incur debt, sue and be sued. The company's owners (the shareholders) can limit their personal liability and are generally not liable for company debts.
Trust	A structure where a trustee carries out the business on behalf of the trust's members (or beneficiaries).	The trustee is legally liable for the debts of the trust and may use its assets to meet those debts. A trust is set up through a trust deed and there are two main types: discretionary or unit trusts

Australian Company Structure for Inbound Entities

Australian Subsidiary vs Australian Branch

Operations in Australia can be carried out through either a subsidiary (Australian registered company) or an Australian branch of a foreign company. The following are some of the main differences between these two options:

Subsidiary	Branch Office
<p>Corporations Law (Australia's code of company law, regulated by the Australian Securities and Investment Commission (ASIC))</p> <ul style="list-style-type: none"> • Separate legal entity • Registered with ASIC and given a unique identifying number, an ACN (Australian Company Number) • Liabilities remain with subsidiary in the absence of guarantees and like arrangements or if the subsidiary trades while insolvent 	<p>Corporations Law (Australia's code of company law, regulated by the Australian Securities and Investment Commission (ASIC))</p> <ul style="list-style-type: none"> • Not a separate legal entity • Foreign company may be required to register with ASIC and be given a unique identifying number, an ARBN (Australian Registered Body Number) • Liabilities are those of the foreign company
<p>Officeholders</p> <ul style="list-style-type: none"> • Australian resident director is required • Australian resident public officer is required 	<p>Officeholders</p> <ul style="list-style-type: none"> • Australian resident local agent is required • Australian resident public officer is required
<p>Ongoing administrative responsibilities</p> <ul style="list-style-type: none"> • Must lodge annual returns and usually financial reports with ASIC • Exemption from lodging financial reports if relieved from doing so under Corporations Law 	<p>Ongoing administrative responsibilities</p> <ul style="list-style-type: none"> • Must lodge annual returns with ASIC • Foreign company must lodge financial reports, including profit and loss, balance sheet, and statement of cash flows with ASIC
<p>Subject to Australian income tax on income from worldwide sources</p> <ul style="list-style-type: none"> • Foreign source income may be exempt or subject to a Foreign Income Tax Offset 	<p>How taxed in Australia</p> <ul style="list-style-type: none"> • Subject to Australian income tax on income sourced in Australia
<p>Applicable rate of Australian tax</p> <ul style="list-style-type: none"> • Corporate tax rate is 27.5-30%% • Withholding tax applies to various international payments 	<p>Applicable rate of Australian tax</p> <ul style="list-style-type: none"> • Corporate tax rate is 27.5% to 30% • Withholding tax applies to various international payments • No branch profits tax
<p>Audit</p> <ul style="list-style-type: none"> • Audit required under Australian Corporations Law if controlled by a foreign corporation • Class relief may be available removing the need for audit 	<p>Audit</p> <ul style="list-style-type: none"> • Audit not required • ASIC has the authority to request audited financial reports if previously lodged reports are insufficient

Requirements for operating in Australia

Topic	Feature	Remarks
Australian Business Number (ABN)	To operate business you require ABN	He ABN is a unique 11 digit number that identifies your business or organisation to the government and community.ABN is to be recorded on financial and business documents.
Goods and services Tax (GST)	Currently there is a GST of 10% on most goods and services GST is imposed when importing goods in Australia	Company must register for GST when they reach revenue of \$75,000 per annum. A quarterly business activity statement (BAS) is required for reporting and paying GST
Pay as you go (PAYG) withholding tax	If you employ staff you must register for PAYG withholding	Employer collect pay as you go (PAYG) withholding tax from employees salaries
Bank Account	Must have directors present to open bank account	Bank requires that all directors and shareholders are identified. Most banks require the directors to be present when opening Australian bank. To be identified passport, photo ID and drivers License are required. Only a few banks will allow certified documents that have to be notarised.
Insurance	Various insurance required for operating business	If you engage employees workers compensation is compulsory in each state of Australia. Other insurance applicable is public liability, professional indemnity
Visa and immigration	https://www.australia.gov.au/information-and-services/immigration-and-visas	There are various short term and long term visa's, business sponsor investment and skilled visa's

Employment

Topic	Feature	Remarks
Employment laws	https://www.fairwork.gov.au/	
National standards applicable for employers	<p>The National Employment Standards (NES) are 10 minimum employment entitlements that have to be provided to all employees.</p> <p>The 10 minimum entitlements of the NES are:</p> <ul style="list-style-type: none"> Maximum weekly hours Requests for flexible working arrangements Parental leave and related entitlements Annual leave Personal/carer's leave, compassionate leave and unpaid family and domestic violence leave Community service leave Long service leave Public holidays Notice of termination and redundancy pay Fair Work Information Statement 	
Superannuation	<p>Superannuation is money you pay for your workers to provide for their retirement, it like a pension plan.</p> <p>Generally, if you pay an employee \$450 or more before tax in a calendar month, you have to pay super on top of their wages.</p> <p>The minimum you must pay is called the super guarantee (SG)</p> <p>the SG is currently 9.5% of an employee's ordinary time earnings</p>	

Taxation

Topic	Feature	Remarks												
Corporate Income Tax	<p>2018–19 tax rates – Companies Income category</p> <p>Rate (%) Base rate entities 27.5 Otherwise 30</p>	Its calculated according to tax law which need to adjusted accounting profit to taxation profit “there is some expenses and provision not accepted according to tax law”												
Goods and Services Tax	Goods and services tax (GST) is a broad-based tax of 10% on most goods, services and other items sold or consumed in Australia.	If you are a business, you use a Business Activity Statement (BAS) to report and pay the GST your business has collected claim GST credits.												
Personal Income Tax	<table border="1"> <thead> <tr> <th>Income</th> <th>Marginal tax rate</th> <th>Tax pay</th> </tr> </thead> <tbody> <tr> <td>\$37,001-\$90,000 32.5 cents for each dollar over \$37,000</td> <td>32.5%</td> <td>\$3,572 plus</td> </tr> <tr> <td>\$90,001-\$180,000 37 cents for each dollar over \$90,000</td> <td>37%</td> <td>\$20,797 plus</td> </tr> <tr> <td>\$180,001 and above 45 cents for each dollar over \$180,000</td> <td>45%</td> <td>\$54,097 plus</td> </tr> </tbody> </table>	Income	Marginal tax rate	Tax pay	\$37,001-\$90,000 32.5 cents for each dollar over \$37,000	32.5%	\$3,572 plus	\$90,001-\$180,000 37 cents for each dollar over \$90,000	37%	\$20,797 plus	\$180,001 and above 45 cents for each dollar over \$180,000	45%	\$54,097 plus	Tax withheld by employers or self employed.
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Fringe Benefits tax (FBT)	<p>Fringe benefits tax (FBT) is a tax employers pay on certain benefits they provide to their employees – including their employees’ family or other associates.</p> <p>The benefit may be in addition to, or part of, their salary or wages package.</p> <p>If you are a director of a company or a beneficiary of a trust working in the business, benefits you receive in connection with your employment may be subject to FBT.</p>													





*This guide has been prepared by PENGUIN,
an independent member of Antea*

PENGUIN

Suite 1102, Level 11, 50 Margaret Street,
Sydney NSW 2000
Norwest Business Park | Level 1, Suite 104,
4 Columbia Court
Baulkham Hills NSW 2153

Main No: 1300 302 348
Direct Ph: +61 2 8860 7791
International: +61 2 8850 6660
Email: stefanie@penguinaccounts.com.au
Web: www.penguinaccounts.com.au



Alliance of
independent firms

Mallorca, 260 àtic
08008 – Barcelona
Tel.: + 34 93 215 59 89
Fax: + 34 93 487 28 76
Email: info@antea-int.com
www.antea-int.com

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