

Business structures

The structure you choose for your business should fit comfortably. A poor choice of business structure can prove painful. The most common business structures are sole trader, partnership, proprietary limited company, association and co-operative. Each has advantages, and disadvantages.

When deciding what structure to choose, you should consider taxation, type and size of business, finance requirements and establishment costs. Talk to your accountant or solicitor before you settle on a business structure.

Sole trader

This is the simplest and most inexpensive form of business structure to set up. As a sole trader you can trade under your own name. If you operate under another name, it must be registered under the *Business Names Registration Act 2011 (Cth)*. Business names are administered by the Australian Securities and Investments Commission (ASIC). Visit the [ASIC website](#) to register, cancel, renew or search for a business name.

Partnerships

A partnership is defined by the [Partnership Act 1892](#) (NSW) as the relationship which exists between persons carrying on a business in common with a view to profit. It's wise to have a formal written partnership agreement because it sets out each partner's responsibilities and reduces the likelihood of disputes. An agreement can also cover what happens if the structure ends or changes.

The Partnership Act (PA) allows three types:

- a partnership (normal partnership)
- a limited partnership
- an incorporated limited partnership.

There are different requirements and features for each of these types.

The Partnership Act only requires limited partnerships and incorporated limited partnerships to be registered.

Normal Partnerships

Limited Partnerships

Incorporated Limited Partnerships

Public Register

Proprietary Limited Company.

Associations

Co-operatives

Prev Business names

<https://www.fairtrading.nsw.gov.au/trades-and-businesses/business-essentials/starting-a-business/business-structures>

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