

	Company	Sole Trader	Partnership	Trust
Definition¹	A separate legal entity that is taxable on its net taxable income For tax law purposes, a company includes either: <ul style="list-style-type: none"> • a body corporate • any other unincorporated association or body of persons. However, it does not include a partnership or a non-entity joint venture	A person wholly owns and who operates a business	Two or more people (up to 20) in business together	A trust exists when a person (a trustee) holds property as its nominal owner for the good of one or more beneficiaries <i>i.e. it is not a legal entity, although is usually established formally</i>
Separate legal entity?	✓	✗	✗	✗
Liability	Limited liability of individuals for the company's debts and losses ²	Individual is personally liable for business debts	Business partners are personally liable for business debts.	Trustee (may be a company) is legally responsible for the business
Needs a separate TFN?	✓	✗	✓	✓
Needs an ABN?³	✓	✓	✗ Not compulsory but can obtain an ABN if carrying on an enterprise	✓ Required if trust carries on enterprise/business activities
Needs an ACN?⁴	✓	✗	✗	✗
Start-up costs	\$\$\$	\$	\$	\$\$\$
Ongoing costs	\$\$\$	\$	\$\$	\$\$\$
Time/resources	🕒🕒⚖️	🕒⚖️	🕒🕒⚖️	🕒⚖️⚖️
Tax returns	✓ Company tax return lodged annually	✗ Individual tax return contains a schedule of business income and expenses	✓ Partnership tax return lodged annually; <i>Business partners include partnership distributions in individual tax returns</i>	✓ Trust tax return lodged annually
Must be registered for GST if annual income turnover is \$75,000 or more?	✓	✓	✓	✓ Only if trust is carrying on an enterprise

1. Definitions obtained from www.ato.gov.au/Definitions/

2. Unless they are a company director and have breached one of their director's duties

3. An Australian Business Number (ABN) is used to facilitate dealings with government departments and agencies and is issued by the ATO to all entities who carry on an enterprise in Australia. It is registered on the Australian Business Register.

4. An Australian Company Number (ACN) acts as a unique identifier for companies and is issued by ASIC upon incorporation.