

Legal | Accounting | Migration

STARTING A NEW BUSINESS?

INSIGHT FROM INDUSTRY PROFESSIONALS

GreenhalghPickard

STARTING A NEW BUSINESS.

STEP BY STEP GUIDE TO KICKSTART YOUR NEW BUSINESS.

GREENHALGH PICKARD

BUDERIM | CALOUNDRA | COOLUM | KAWANA

SO YOU'RE STARTING A BUSINESS,

WHAT NOW?

Everyone wants to be a business owner, capitalising on cash flow and quantum leaping into the lifestyle that comes with being your own boss. However, whilst this may sound like the natural progression for many tradies, there is plenty to consider when making the bold step to go out on your own.

When you decide to make the move from employee to employer, it can almost seem as straightforward as choosing your name, registering it for tax purposes and getting a few tools together.

However, the considerations required when starting a business are extensive and failure to comply with legal obligations can have adverse consequences on you and your business.

We've compiled a brief breakdown of the business fundamentals required to set up a successful and compliant business.

“

IN A SATURATED
MARKET PLACE,
NOT STANDING OUT,
IS THE SAME AS
BEING **INVISIBLE.**

”

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DISCLAIMER:

This guide contains general information only. No responsibility can be accepted for any action taken as a result of the information included in this guide. No responsibility can be accepted for omissions, errors or potential misleading statements. This guide does not take into consideration individual circumstances.

1

STRUCTURING YOUR BUSINESS



STEP ONE

Structuring

SOLE TRADER, PARTNERSHIP, COMPANY OR TRUST?

To operate a business, you have to decide which structure will be most applicable to your circumstances. These can be a company, trust, partnership, sole trader or a combination. Very small businesses and hobbies should be run as a sole trader while a business with employees and premises should be operated as a company and trust. A company and/or trust is a complex structure but it provides you flexibility with minimising tax, streaming income and eventually continuation.

The first step is to develop a strong business plan. This should identify which business structure is most suitable, pre-empt any potential challenges and risks involved, and propose strategies to achieve the businesses goals.

In choosing whether to be a sole trader, partnership, company or trust, we strongly recommend seeking professional advice as this will impact your tax obligations, paperwork, finances and personal liabilities, so it's important to get it right!

2

FINANCIAL REGISTRATIONS



STEP TWO

FINANCIAL REQUIREMENTS



Tax Registrations

You need to determine which tax registrations you are likely to require. These are goods and services tax (GST), employee tax withholding (PAYG) and fuel tax credits (FTC). Don't worry if you miss any, these can be added or removed as your business changes.

Bank Account

After choosing your structure you will need a tax file number (TFN) and an Australian business number (ABN). You need these numbers, coupled with your new structure paperwork, to go to the bank and open a business bank account. All your businesses income and expenses should flow through this account.

Accounts Software

If your business will employ staff and has multiple invoices and expenses you should consider using accounts software called Xero. It is the best in the business and priced competitively.

All businesses employing staff must have electronic software to pay wages through. We understand this is a confusing area and can help with setting up your accounts, training you on what is required or we can complete it all for you.

3

MARKETING



STEP THREE

MARKETING

AS AN INTEGRAL COMPONENT
OF YOUR BUSINESS, YOUR
MARKETING IS A REFLECTION ON
YOUR OPERATIONS.

Brand recognition is a concept used in advertising and marketing to establish a connection between your business and the service and/or product. Establishing this connection for your client strengthens their response to your brand, and increases their motivation to purchase from you. This brand recognition refers to tangible aspects such as logos, slogans, packaging, colors and jingles, as well as intangible aspects including the brand attributes and values. This can be cultural presence, alignment with social issues, and the connotations individuals associate with your brand. integrated communications

There are several ways a new business can maximise on marketing.

The first step is identifying your target market and creating a plan that is suited towards them. This can either be through different types of marketing including digital marketing, Google AdWord campaigns, signage, search engine optimisation (SEO), video, newsletters, print, radio, media and so much more!

Social media marketing leverages platforms like **LinkedIn, Instagram, Facebook, Tik Tok, YouTube** to build brand recognition and engage audiences. This marketing tool features the ability to more accurately target a specific consumer and evidence the ROI. Strategic targeting of your content can be achieved through identifying the age, demographic and even interests your client may have.

QUESTIONS YOU MUST ASK YOURSELF AS A BUSINESS OWNER.

Identifying the core value of your business:

1. What is your brand message?
2. Is your message consistent across all modes of communication?
3. Who is your target demographic?
4. What value is your brand providing for its clients?
5. What differentiates your brand from others?
6. What brand attributes do you want to align with your brand?
7. Who is your target market, demographic, geographic, psychographic and psychographic?
8. How can you maximise your brand marketing with the specific target market?
9. What is the demand for your brand's service or product?
10. What are the intangible and tangible aspects of your business?

Marketing is an integral component of your business, as this is the physical representation of your brand. Effective marketing possesses the power to instil a snap judgement in potential consumer, that encourage them to engage your business, over a competitor.



**Why choose
Greenhalgh Pickard?**

In the ever changing world we live in, legal and accounting requirements are becoming increasingly more complex in all undertakings, no matter how big or small.

Our Sunshine Coast teams believe it makes sense to provide integrated solutions across both legal and accounting sectors, in turn, saving our clients' time and money.

Answering each of these questions will allow your brand to maximise on the target market and effectively market directly towards your desired consumer base. Zoning in on your target market and ideal consumer has the ability to further the money you are putting towards marketing by directing ads, campaigns or other marketing material towards the target demographic.

Creating a brand message and keeping it consistent across all platforms will further the possibility for marketing tools including brand recognition, brand recall and other tools, allowing the consumer to instantly remember your brand and have it be the first one that comes to mind when searching for your product or service.

80/20 RULE

80% OF BUSINESS COMES FROM
20% OF YOUR CLIENTELE

4

CONTRACTS



STEP FOUR

CONTRACTS

Legal Documentation

When starting a business you must ensure you are compliant with all tax obligations. This includes register for (depending on what type of business you are conducting) Australian Business number (ABN), Goods and services tax (GST), Tax file number (TFN) and pay as you go (PAYG) withholding. Optional registrations for a new business can include a business name, trade marks and website domains, each of these is dependent on the type of business and if each is applicable.

To ensure all Australian business operate fairly and competitively there is a set of Fair Trading regulations. To ensure your business is up to regulations it is best to read and consider the relevant one for your goods or service (each of these can be found on the Australian Government "Business" webpage).

Contracts

As a new business it is imperative to understand that when you agree to perform a job in exchange for money or other benefit, you are most likely entering into what is called a "commercial contract". This contract is legally enforceable regardless of whether it is written agreement or other (see our article "handshake deal" for more information).

Understanding every contract before you sign is necessary as a business owner.

Privacy Laws

When handling personal information of clients it is understood that you must comply with Privacy Laws, particularly if the database is being used for marketing purposes (find more information about privacy laws in Australia on the Australian Government "Business" webpage).

STEP FOUR

Contracts

Employment Laws

When starting a business and employing staff or contractors you must ensure you are abiding by contractor or employment laws. For employment laws this includes paying your employees correct wages, abiding by health and safety regulations and codes of practice, ensuring you have workers compensation insurance for each employee and complying with any "working with children or vulnerable people requirements.

Intellectual property

First entering into a business can be stressful but to ensure you have full protection your business will need to apply for intellectual property rights, this includes completing a search before registering to ensure that it isn't already registered.

You can use the Greenhalgh Pickard legal services team to help guide you through this process.

Leasing a premises

When creating your business plan are you purchasing or leasing a premises?

When leasing it is highly recommended to get your lease reviewed to manage risk and plan for business growth.

Wills and Estates

Further documentation that needs to be established when starting a business is updating or creating a will and/or estate planning. Without updating your wills and estates you leave your business at risk for if the worst happens.

Licences

Please be aware some licenses, like the Queensland Building Construction Commission requires a personal licence and a corporate licence. You should contact the relevant governing body to ensure if your new entity requires changes.

5

CASHFLOW



STEP FIVE

CASHFLOW

Cashflow

Cashflow refers to the money that is coming in and out of your business in a set period. Cash flows in from the business goods and services or investments and interests. Whereas cash flows out through the likes of wages, rent, taxes, loans, etc.

Cashflow is critical for company health and growth and should not be understated when you are a business owner.

Profits

Profit refers to the amount of money that is left over in your business after costs have been deducted.

There are two main types of profit:

Gross profit – The profit made after the costs that are directly associated with the sale of your goods and services are subtracted (inventory, cost of goods sold)

Net profit – The profit made after all other operational costs are subtracted. This included taxes, rent, wages and utilities.

Managing Revenue and Sales

Following on from the difference between profits and cash flow, an important step in maximizing cash flow is creating a revenue strategy that outlines measurable objectives for short and long-term profits.

What we mean by revenue strategy, is regularly assessing current sales in relation to business objectives. Seeking opportunities in new markets or work-related expenses that your business isn't taking advantage of. Use this information to forecast your businesses revenue for a set period.



BUSINESS STRUCTURES

COMPARISON CHART

Entity	Income Tax	Capital Gains Tax	Land Tax	Asset Protection
Sole Trader	No income splitting. Must substantiate business deductions. Losses can be offset against profits.	50% discount (on goodwill with the sale of the business) & main residence exemption & small business concessions available.	Threshold available. Principal residence exemption available.	None except by insurance. Business & non-business assets exposed.
Partnership of Individuals	No income splitting. Losses not trapped in partnership, distributed to partners & can be offset against other profits. Can vary profits & losses payable to partners year to year.	Not part of partnership income. Divided between partners in accordance with interest in partnership. 50% discount (on goodwill with the sale of the business) & main residence exemption & small business concessions available.	Threshold available. Principal residence exemption available.	None except by insurance and may also be exposed to partners debt due to joint and several liability of partners.
Company	30% flat tax. Dividends taxed. Franked dividends pass on tax paid. Restrictions on internal loans. Losses trapped in company. Limited splitting through classes of shares.	No 50% discount. No main residence exemption. Tax free gains to company are taxed without imputation as dividends if distributed. Small business concessions available. Losses trapped in company.	Threshold available. Principal residence exemption not available. Related corporations may be assessed together. Relief possible if 60% of shareholders would suffer serious hardship.	Shareholders protected but value of their shares available to their creditors on bankruptcy. Directors potentially liable if trading while insolvent.

BUSINESS STRUCTURES

COMPARISON CHART

Entity	Income Tax	Capital Gains Tax	Land Tax	Asset Protection
Unit Trust	Taxed at unit holders level so depends on structure of unit holders. Good for joint ventures. Losses trapped in trust.	Depends on unit holders. 50% discount applies. No main residence exemption. Small business concessions available. Losses trapped in trust.	Principal residence exemption not available. Special notifications required. Threshold available to trusts created prior to 31/12/05 if fixed beneficiaries of same family group own 95% and combined taxable value less than \$1m.	Unit holders protected but value in their units available to their creditors. Trustee indemnified.
Discretionary Trust	Maximum ability to split income. Biggest range of recipients. Losses trapped in trust.	50% discount. No main residence exemption. Maximum ability to split. Small business concessions available. Losses trapped in trust.	No threshold	Trustee company. Beneficiaries no value in their potential interest for creditors. Trustee indemnified.
Superannuation Fund	No tax or 15% tax	33% discount meaning 10% tax, or no tax. No gearing & cannot own main residence.	Threshold available to complying fund.	Limited borrowings now available but lender has no recourse against fund. Beneficiary's account protected. No claim by fund against beneficiaries for indemnity.

“ While in the past business may have been able to operate on a handshake, the business environment is now more complex and uncertain.

Good advice, appropriate structures and clearly-written, enforceable contracts are necessary for a successful business.

John Greenhalgh | Solicitor Director



IMPROVING THE HEALTH OF YOUR BUSINESS

CONSIDER THESE
KEY ASPECTS OF
YOUR BUSINESS
TO OPTIMISE
PRODUCTIVITY

1. **Evaluating** your businesses productivity
2. Regularly seeking opportunities to **reduce** unnecessary expenses
3. Improve **stock control**, keep stock at an efficient level. Holding too much inventory will tie-up your cash
4. Ensure you actioning **follow-ups** for overdue accounts towards your business
5. Regularly **review** payment terms with suppliers
6. Reviewing your **cashflow** regularly



Accessibility to both legal and accounting professionals in one location, means you can rest assured Greenhalgh Pickard can provide timely and strategic advice to any business matter.

While a business may change its operating entity at any time, the cost of doing so will increase because of such things as taxes on transfers of assets. It is better to get good advice before you start out in business, as changes along the road may be costly and you may be unnecessarily putting yourself and personal assets at risk.

If you have taken the intrepid action to go out on your own, rest assured that you're never really alone with the support and expertise of our local professionals here at Greenhalgh Pickard!

SO YOU'RE A BUSINESS OWNER NOW...

Here at Greenhalgh Pickard, we provide integrated legal and accounting services, making business start ups our **specialty**.

Employment law is a challenging area and getting it wrong can have severe consequences on you and your business. Employing a professional you can trust is the best way to minimise risk when it comes to managing employees and meeting your workplace obligations.

Our experienced employment Solicitors will guide you through your business start up journey, through providing the required legal documentation and support so you can reach your business goals.

Protecting your business should be a priority, not an afterthought. If you are starting up a new business, leave it to the experts in employment and business law to make this process simple and seamless.

Lastly, good luck from all of us at Greenhalgh Pickard!



BOOK A **FREE** 30 MINUTE BUSINESS HEALTH CHECK TODAY.

If you are looking to start your own business, we recommend choosing the services relevant to your individual needs. We provide transparent, fixed-fee pricing, to enable you to customise your own business start up journey.



GreenhalghPickard

Here at Greenhalgh Pickard, we provide integrated legal and accounting services, making business start ups our specialty.

If you would like more information on setting up your business, please contact us to arrange an appointment.

BOOK AN APPOINTMENT TODAY!

GreenhalghPickard

LEGAL | ACCOUNTING | MIGRATION

We're not just professionals, but locals.

Real people, delivering **real** solutions for all of your legal and accounting needs.

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