



Advantages and Disadvantages of Various Business Structures

	Sole Trader	Partnership	Company	Trust
Registration	No	No	Yes	No
Formalities	No	Strictly no, Partnership Deed is highly desirable	Lodge Annual Review. Comply with Corporations Law.	Create Trust Deed. Pay Stamp Duty.
Regulation	Minimal	Minimal	Heavily regulated	Minimal
Duties	Minimal Common Law	Common Law, Fiduciary	Directors Duties	Trustee Duties
Business Name	Yes, Not if trading in the name of the proprietor	Yes	Optional	Optional
Agency	Not applicable	Partner can bind another partner	No, Director may bind another Director.	No
Asset ownership	Personal	Personal	In the name of the company	Trust as owner
Number of Stakeholders	One	No more than 20	Unlimited	Unlimited
Profit Distribution	Flexible	Not Flexible	Not Flexible	DT – Flexible UT – Not Flexible
Taxation	Tax on profit at individual rate	Tax on profit at individual rate. No entity tax	Pays own tax on profit	Tax on distribution at individual rate
Liability	Yes, Unlimited	Yes, Unlimited	Yes, Limited to share value	No
Succession	Business may be sold by the estate.	Partnership dissolved. Goodwill may be saleable.	Death only affects ownership of shares which may be bequeathed	Trust Deed amendment required to omit as beneficiary
Privacy (Public Accessibility)	Business Name Search	Yes	Company Search	Yes
Cost	Minimal. (Cheapest structure)	Legal, if Deed created.	Legal and ASIC fees.	Legal and State Revenue Office fees
Dissolution	Simple	Agreement, Court	Involuntary Wind Up Voluntary Wind Up	Vesting, Court, Agreement

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