

Checklist for the set up of a Company to Carry on Business

Company Legal Issues

- Obtain a shelf company. TGS Partners Pty Ltd will arrange this through the use of a specialised corporate services company. Typical out of pocket cost approx \$700 (plus GST).
- Decide if a trading name will be used or just the company name. Register trading name if applicable
- Decide on location of Registered Office – this is where the company register must be located. TGS Partners Pty Ltd can provide this service
- Ensure that all company stationery uses the correct company name (and trading name, if different) and quotes the ABN/ACN
- Understand the responsibilities of being a company director. On the company's anniversary date, the directors need to consider if they can pass a resolution that the company is solvent. (See Important Dates below)

Registrations and Set Up

- Apply for a Tax File Number (TFN)
- Apply for an Australian Business Number (ABN)
- Apply for Goods and Services Tax (GST) registration if required or desirable (See Tax Issues below)
- Apply for registration with the Australian Taxation Office as a PAYG withholder if employing people
- Apply for WorkCover registration if employing people
- Apply for Payroll tax registration, if applicable (See Tax Issues below)
- Determine to which Superannuation Fund contributions will be paid on behalf of employees
- Open a bank account in the name of the company
- Consider the company's finance requirements
- Consider the company's insurance requirements
- Set up appropriate accounting and administrative systems (See Paperwork/Systems below)

Tax Issues

- **GST Registration** will be compulsory where projected annual turnover for the company is \$75,000 or more. If turnover is under \$75,000, registration is optional, but may be desirable, if the business will be incurring significant expenses which have GST included in them. GST registration entails additional paperwork and the ability to manage cashflow where GST that is collected must be retained and periodically remitted to the ATO. Also, if registered, 10% GST must generally be added to all invoices to customers.
- **What Tax will the Company Pay and When?** Flat rate of tax on taxable income: 30%. Payments are usually made by quarterly instalments, which are 'balanced up' when the company lodges its annual income tax return.
- **Special Rules for Companies Earning Personal Services Income** These rules are complex and potentially could negate the possible tax advantages of operating through a company. TGS Partners Pty Ltd will discuss these with you fully as they relate to your circumstances.
- **Access to Company Funds by Shareholders** There are some strict tax rules governing what access shareholders can have to the funds of the company. In short, if funds are **not** taken out as either a salary or a dividend, adverse implications could result for both the company and the shareholder. TGS Partners Pty Ltd will discuss the practical implications of these rules with you.

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- **Providing Fringe Benefits** The Fringe Benefits Tax rules must be considered. The FBT rate is 46.5%.
- **Carrying on Business Overseas** TGS Partners Pty Ltd can provide the specialist tax advice required in these circumstances.
- **Conducting Business from Home** TGS Partners Pty Ltd can explain what deductions can be claimed for home office expenses and what records must be kept to substantiate the claims.
- **Superannuation Guarantee Charge** is payable if the company fails to make certain minimum levels of superannuation contributions for employees. The minimum contribution rate is 9%. **Employee superannuation contributions must be made each quarter.**
- **Payroll Tax** is only payable if the company has a payroll of \$ 550,000 or more (for Victoria for the 2010/11 year). Certain contractors must also be regarded as employees for payroll tax purposes. Payroll tax is an additional State tax. In Victoria from 1 July 2010 the payroll tax rate is 4.95% of total wages. Different thresholds and rates apply in different States.

Paperwork/Systems/Important Dates

- If the company is GST registered, **Tax Invoices** will need to be provided in most circumstances when bills are raised.
- The company needs a system for **keeping books of account**. This can be a manual or a computerised system. TGS Partners Pty Ltd can discuss your requirements and make recommendations, including assisting with the installation of a suitable software programme (eg MYOB, Quickbooks, etc.)
- If the company has **employees**, appropriate records will need to be established for wages and salaries paid, superannuation paid and annual leave, sick leave, etc. ATO Employee Declaration forms need to be completed. Annual declaration of wages etc, to be given to Worksafe injury.
- Consider if a privacy policy is required under the new Privacy legislation.

Important Dates

**Review of ASIC Annual Statement
& pass Solvency Resolution**
(and pay annual review of \$218)

Within 2 months of Anniversary Date
(usually date of incorporation)

Lodging of Quarterly BAS/IAS
(Further time may be available if lodged by Devine & McKenzie)

**28 July
28 October
28 February
28 April**

Lodging of Annual Income Tax Return
(Further time may be available if lodged by Devine & McKenzie)

31 October

Superannuation Contributions for SGC

28 days after end of each quarter