

10 STEPS IN STARTING A BUSINESS

Congratulations on starting your business! Read the top ten steps to make sure you have everything in place! We will have your business set up today if you need help with any of this.

STEP ONE: CHOOSE THE RIGHT BUSINESS STRUCTURE

Each business structure has different set up costs, ongoing costs and will affect the tax you pay and your asset protection. You are not locked into any structure and you can change it at any time as your business changes or grows.

In Australia the four main structures are:

1. Sole Trader
2. Partnership
3. Company
4. Trust

We can show you how these different structures will affect the way your business income is taxed and which option would be best for you. We are happy to discuss the ramifications of choices such as incorporating your business—or remaining a sole proprietor or partnership, and different types of corporate and partnership structures.

STEP TWO: MAKE SURE YOUR ASSETS ARE PROTECTED

Your house and savings may be at risk when you start your own business. Whether or not these assets are protected depends on the business structure you choose. If they are not or partially protected you can consider changing the structure in which your business operates.

STEP THREE: SETTING UP BANK ACCOUNTANTS

Set up your business bank accounts and select your financing options with your banker. Be sure that your bank accounts are set up in the correct entity name and not in your personal name. Because when you start your business and your bank account is set to your personal name then you can't show it on your business financials.

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STEP FOUR: Registering for Goods and Services Tax (GST)

You will need to be registered for GST if your turnover, or expected turnover is over the registration threshold of \$75,000 or more per year (\$150,000 or more for non-profit organisations). If you are not registered for GST it is wise to communicate this to your clients with your invoices.

As a GST registered business, you will charge 10% GST on your invoices to your customers and put this aside to be paid to the ATO when due. On your side of things you can claim credits for the GST that you have paid for your business purchases.

STEP FIVE: PAYING WAGES AND SUPER FOR EMPLOYEES

If your business is paying wages to employees or contractors you will need to be registered for Pay As You Go (PAYG) withholding. This is how your business withholds amounts from the payments made to your employees and contractors to help you meet your year-end tax liabilities. You need to apply for your PAYG registration before the first day you start paying your employees or contractors.

Superannuation is money your business has to set aside for your employees' retirement. As an employer you are currently required to pay 9.5% worth of superannuation guarantee on your employees' ordinary time earnings.

There are special rules for employees who are under 18 years old, or employees who earn less than \$450 per week and differing industries. Make sure you know your obligations as an employer when setting up superannuation for your employees. We would be happy to provide you with further advice regarding this topic.

HOW ABOUT RETIREMENT?

When it comes to your own retirement plans, you will have to make arrangements too. A self-managed superfund (SMSF) is like a custom made superfund ready for you when you retire. They are great vehicles to invest in because of the low tax advantages and asset protection rules. You take control of your investments and invest in what you know, like and trust. Melinda Kidd works with her specialized team on the self-managed superfunds for all our clients. Have a cup of coffee with her and learn all about your possibilities.

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STEP SIX: TAX & REGISTRATION OBLIGATIONS

Now, the following is a list of arrangements that you need to be registered for before you will be able to start trading within your business. Some of these are industry specific or will differ per business, so please ask us which ones apply to you.

1. Tax File Number (TFN)

Your TFN is a unique number that is issued by the Australia Taxation Office to each taxpayer (individual, company, superannuation fund, partnership or trust) to help you manage your tax and other government services.

2. Australian Business Number (ABN)

An ABN is a unique number that must be used in your dealings with other businesses. Your ABN has to be quoted when you supply goods or services to other businesses. This to avoid having tax withheld at the highest marginal tax rate.

3. Business Name Registration

Your business name is most likely your most valuable asset as it is the name under which your business will trade. To protect your business name and claim it as yours, you need to register it at ASIC. If your business name is already taken, you'll have to think of another one, so it is wise to register your business name as soon as you've chosen one and make sure that it is still available.

4. Payroll Tax

If you are an employer and you pay (or plan to pay) taxable wages of over \$1.1 million per year, you will need to be registered for payroll tax.

5. Work Cover

Work cover is a compulsory insurance by law which you have to obtain to protect your employees for workplace accidents while they are working for your business.

6. Get your license at the Queensland Building And Construction Commission

Are you planning on trading in any of these industries:

Drainage, plumbing, gas fitting, fire protection, termite management, completed residential building inspection, building design and site classification.

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If so, you are required to have a registered license with the Queensland Building and Construction Commission which you will have to renew every year. The type of license you will need depends on the type of work you will be undertaking. We can help you prepare the financial statements you will require to complete your application or renewal with QBCC.

7. Black Coal Levy

If you have employees working in the black coal mining industry, there is a specific act outlining their long service leave entitlements.

STEP SEVEN: TAX TIME

Almost everyone is required to lodge a tax return once a year, but did you know that not everyone necessarily has the same lodgement date? Our clients receive a detailed checklist outlining the items and the date we require their information so we can have all lodgements completed by the necessary deadlines.

Your lodgement date is by 31st October if..

You are an individual who has not lodged through a tax agent previously. Or all other entities who lodged their prior year tax return too late or not at all.

DOWNLOAD YOUR INDIVIDUAL TAX CHECK LIST HERE

Your lodgement date is by 28th February for..

All non-taxable large/medium businesses as well as all new large/medium businesses.

Your lodgement date is by 31st March when..

Your income tax return was of a total income of over \$2 million for your companies and superfunds in the last year lodged.

Your lodgement date is by 15th of May for..

All entities that do not fall into the previous lodgements

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STEP EIGHT: BOOK KEEPING REQUIREMENTS

Under tax law you are required to keep your business records relating to income tax, GST, payments to employees, superannuation, fringe benefits tax, fuel tax, credits and all business payments for up to five years. But keeping good records is also good business sense – it will make your work easier and your business more profitable.

It can be hard to set up your own system without a bookkeeping background. Each system varies in cost and has its advantages and disadvantages, so ask for our advice to make sure you are set up with an accounting system that is best tailored to your business needs!

Software packages

The most widely used software our clients use are:

Reckon Hosted (previously QuickBooks)

Quicken

MYOB

XERO

Online systems

Using a web based or 'cloud' system allows you to update your books from any location where you have internet. It also has the added benefit of automatic offsite storage of your financial records and it saves the time of sending files because your accountant can now be given a login to automatically have access to your up to date records.

These systems are the way of the future and are increasingly becoming the most popular bookkeeping option.

Web based packages

The most widely used cloud based software our clients use, is:

Reckon Hosted (previously QuickBooks Online)

MYOB Live

Xero

Reckon One

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STEP NINE: SETTING UP YOUR ACCOUNTING SOFTWARE & SYSTEMS

When organising your systems you need to understand your legal requirements for GST record keeping, business transactions, wages, petty cash, etc. We will help you see to it that your business is organized confirm legislation.

Most important things to put into place are:

- Setting up your banking
- Establishing invoicing and payment systems

Choosing record keeping methods and the range of records:

- Choosing record keeping methods and the range of records:
- Income and expenses
- Payments to suppliers and contractors
- Banking
- GST
- Stock and assets
- Employee records, payments, super and fringe benefits
- Records of debtors and creditors
- Fuel tax credits records
- Documents to help you manage cash flow
- Other important documents; legal documents, contracts etc

We can assist you with implementing good systems for all this to ensure your business is off to a good start!

STEP TEN: DON'T OVERLOOK INSURANCE

Insurance is an important start-up costs which should not be overlooked. Being uninsured or under insured is risky; it exposes your business to losses if something goes wrong. At the same time, having the wrong insurance is a waste of money. Make sure you regularly review your insurance when your business changes or grows and ask for professional advice to make sure you have the right cover.

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Below is a list of insurances to look into

Building and contents

Vehicle

Public Liability

Professional Indemnity

Product liability

Workers Compensation

Business Assets

Business Revenue

It takes hard work, great dedication and good advisors around you to make it in business! We are here to make sure you can reach your goals.

MAKE AN APPOINTMENT WITH US TODAY AND SEE THE TRUE VALUE OF YOUR ACCOUNTANT

