

BUSINESS STRUCTURING MATRIX

SL	Features	Individual (Sole Trader)	Partnership	Company	Unit (Fixed Trust)	Family Trust (Discretionary Trust)
1	What is it?	Most common structure of small businesses. Individuals holding an investment or running a business in their own names. Solely liable for all aspects of the business activities.	An association of people who carry on a business and distribute income or losses between themselves. Separate entity for taxation purpose. Partners are liable for each other's actions.	A separate legal entity. Can incur debt, sue or be sued. Owners are called shareholders.	An investment and business structure where assets are held and businesses are run by the trustees. Similar to company in the sense that ownership is fixed by units. Often used by unrelated parties.	An investment and business structure usually set up for the benefit of one family to hold assets or conduct a family business.
2	Administered by	Sole trader or owners	Partners	Directors	Trustees (individuals or company)	Trustees (individuals or company)
3	Responsible to	Himself or herself	Partners	Shareholders	Unit Holders	Appointers (usually one or both parents or guardians)
4	Complexities and Costs	Low	Fairly low	High	Higher with corporate Trustee	Higher with corporate Trustee
5	Asset & Risk Protection	No	No	Yes, but subject to lifting of the 'veil of incorporation'.	Yes with corporate trustees	Yes with corporate trustees
6	Income Tax Rates	Individual's marginal tax rate	At partner's marginal rate	27.5% for small businesses, 30% if turnover is > A\$ 10m	At beneficiary level	At beneficiary level
7	Flexibility of Income Splitting/Distribution	Poor	Fairly Poor	Fair	Good	Very Good
8	Income Split Between	Not applicable	Partners	Shareholders	Unit Holders	Beneficiaries
9	Access to CGT Discount	Yes	Yes	No	Yes	Yes
10	Capital Gain Tax Paid by	Individual Level	Partner Level	Company	Beneficiary Level	Beneficiary Level
11	Ability to Use Losses	Yes	Yes	Carry forward only	Carry forward only	Carry forward only
12	Changing of Ownership	Buy / sell	Changing partnership agreement	By transferring shares	By transferring units	By appointers, only within the family members.