

# Taxation and legal effects of different business structures

Structure	Sole Trader	Partnership	Company	Unit Trust	Discretionary Trust	Super Fund
Assessable for tax	Yes	No	Yes	Yes	Yes	Yes
Tax rate	0 – 46.5%	N/A	28.5%	0 - 46.5%	0 – 46.5%	15%
Losses distributable	Yes	Yes	Limited	No	No	No
Tax loss rules	No	N/A	Yes	Yes	Yes	No
Refund franking credits	Yes	Yes	Rebates	Possible	Possible	Yes
Tax free distributions	Limited	Limited	No	Some	Limited	N/A
Availability of negative gearing	Yes	Yes	Possibly	Possibly	No	No
Tax consequences of loans (Div 7A)	No	No	Yes	No	No	N/A
FBT liability on owner benefits	No	No	Yes	Yes	Yes	N/A
Limited liability	No	No	Yes	Yes	Yes	Yes
CGT discount available	Yes	Yes	Yes*	Yes	Yes	Yes
CGT small business concessions available	Yes	Yes	Temporarily	No or Temporarily	Yes	Yes (33 1/3%)
CGT retirement exemption	Yes	Yes	Possibly	Possibly	Possibly	N/A
Income streaming	No	No	No	No	Yes	No
Flexible entry / exit	Yes	No	Yes	Yes	No	No
Access to losses	Yes	Yes	Possibly	Limited	Limited: FTE	No
Easy administration	Yes	Relatively	No	No	No	No
Statutory requirements	Few	Some	Yes	Few	Few	Many
Ongoing reporting	No	No	Yes	No	No	Yes

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Structure	Sole Trader	Partnership	Company	Unit Trust	Discretionary Trust	Super Fund
Income splitting	No	Fixed	Fixed	Fixed	Flexible	No
Flow through of tax sheltered income	Yes	Yes	Temporarily	Temporarily	Yes	No
Ongoing fees	No	No	Yes	No	No	Yes
Borrowing ability	Yes	Yes	Yes	Limited	Yes	No
Admitting equity holders	No	Yes	Yes	Yes	No	Limited
Asset protection	No	No	Limited	Some	Yes	Yes

\* can access General discount if assets owned for more than 12 months.