



PARTNERSHIP BUSINESS STRUCTURE.

A partnership is when 2 or more people operate a business as co-owners and share income. All co-owners (i.e. partners) act on behalf of each other in the business. Like the sole trader structure, a partnership entity is not separate from its operators (Australian Taxation Office, 2016).

ADVANTAGES OF PARTNERSHIPS

- Partnerships are easier and less expensive than companies to set up.
- Partners may carry on business under a trading (business) name.
- Partnerships combine the resources and expertise of a number of people.
- Partnerships are simple to administer. Profits and losses are shared between partners according to his/her share (as specified in the 'partnership agreement').
- Unlike companies, partnerships do not have to disclose their profits to the public (i.e. greater privacy).
- Changing the legal structure is relatively simple (i.e. changing from a partnership into a company at a later stage) (Australian Securities & Investments Commission, 2020).

DISADVANTAGES OF PARTNERSHIPS

- All partners together are personally responsible for business debts. Each partner is individually liable for debts incurred by the other partners. This is known as being 'jointly and severally' liable (i.e. unlimited liability).
- All partners have a right to participate in the management of the partnership (unless otherwise agreed).
- Tax is charged at the personal tax rate. As business earnings increase, so does the tax rate.
- Partners cannot transfer their ownership to someone outside the partnership unless the other partner(s) agree.
- Personal differences may interfere with business.

(Australian Securities & Investments Commission, 2020)

LIMITED PARTNERSHIP FORMATION:

To form and register a limited liability partnership or an incorporated limited partnership (ILP), visit the Queensland Government limited partnership forms and fees page.

Applications costs will vary and it may take up to 1 week to process your application. A limited partnership formation is only required if you have a silent partner (Australian Securities & Investments Commission, 2020)

OTHER BUSINESS STRUCTURE:



COMPANY

SOLE TRADER

TRUST

ALSO THINGS TO CONSIDER..

- Find out more from the ATO about choosing the right business structure.
- Learn more about tax basics for small business.
- Consult your legal and tax advisers for more personalised guidance.

The above information was taken from ASIC & Business.gov websites for more information please visit: www.asic.gov.au

References:

Australian Government. (2020, June 24). Business structures. Retrieved October 2020, from Business: <https://www.business.gov.au/planning/business-structures-and-types/business-structures/>

Australian Securities & Investments Commission (ASIC). (2020, January 15). Setting up a business structure. Retrieved October 2020, from Australian Securities and Investments Commission (ASIC): <https://asic.gov.au/for-business/small-business/starting-a-small-business/setting-up-a-business-structure/>

Australian Taxation Office. (2016, November 10). Partnership. Retrieved October 2020, from Australian Taxation Office (ATO): <https://www.qld.gov.au/law/laws-regulated-industries-and-accountability/queensland-laws-and-regulations/associations-charities-and-non-for-profits/limited-partnerships/limited-partnership-forms-and-fees>

Queensland Government. (2017, July 18). Company Business Structure. Retrieved October 2020, from Business Queensland: <https://www.business.qld.gov.au/starting-business/types-legal-structures/business-structures/company#:~:text=By%20law%2C%20a%20company%20is,general%20public%20through%20share%20issues>