Setting up your small business

Fast facts

Common small business success factors

When you start a business you want to set up for success. Businesses operating well and meeting their obligations usually have a few things in common. These businesses:

- have good cash flow management practices
- use technology to help run their business, from point of sale software, to cloud-based accounting systems, or mobile apps
- keep good records and have effective reconciliation methods in place
- seek advice when they need it
- have the support of someone who understands their business (for example, their tax or BAS agent, a bookkeeper or accountant).

The business life cycle

- The business life cycle flows through five stages, idea, start-up, day-to-day, change and exit.
- It's important to identify where you are in the business life cycle and take charge of the direction your business goes by planning ahead.

- Business.gov.au has information and tools to support your business in each stage and directs you to the tools and resources provided by the ATO and other agencies to help you.

Benefits of using digital systems

- There are many benefits of using digital systems such as online services, software systems and mobile apps to perform your daily business activities.
- Identify what things are most important to your business when looking for software and digital options:
  - quick and easy
  - anytime, anywhere, accessible on various devices
  - backup and recovery
  - good business reviews
  - provides business and financial reports
  - makes lodging and reporting your tax and super simple, easier and faster.

Online marketing and sales

There are various online marketing and sales tools to promote your business. Explore options for your business.

- Website builders
- Social media networks
- Online marketplaces
- Job offer websites
- Payment options

Accounting software

Many accounting software systems provide features similar to these. Research and find out which software provides the best features for your business.

- Accounts receivable
- Accounts payable
- General ledger
- Purchase order
- Bookkeeping
- eInvoicing
- Reports
- Reporting and lodging your tax and super

Paying employees/contractors

If you are an employer you will need a payroll system that is Single Touch Payroll enabled.

ATO online services

- ATO online services makes it easier for you to manage your tax and super affairs online. It provides you a secure service that allows you to interact with the ATO when it's convenient for you.
- You can use ATO online services to lodge your activity statements, tax returns, employment documents, keep track of super and update your details.

ATO app

- The ATO app is a simple and easy way to access and manage your tax and super on the go.
- The ATO app is free to download and use.
- As an individual or sole trader, you can quickly access your personal tax and super information in one place.
- It has several tools to help you:
    - lookup an ABN
    - check your business performance
    - use tax and super calculators
    - use myDeductions to record your business income and expenses.

Setting up your business banking

- Partnerships companies and trusts must have a separate business bank account.
- Sole traders are not required to have a separate business bank account but it is highly recommended.
- Having multiple business accounts to separate business income into separate buckets can help you more easily manage your accounting and cash flow practices.

Pay as you go Instalments (PAYGI)

- Being proactive by prepaying your tax in advance is a great idea.
- This will help you budget for next year's income tax and you reduce the likelihood that you will have to pay a large tax bill when you lodge your tax return.

- There are a number of ways to do this using ATO online services.
  - If you're an individual taxpayer or sole trader, you can request to voluntarily enter the PAYG instalment system.
  - You can make prepayments at any time and as often as you like.
- The ATO will hold prepayments you make towards your expected bill unless you, or your agent, request a refund of that money.

Why keep good records

- Measure business performance
- Monitor the health of your business
- Identify issues early
- Claim tax deductions
- Pay only your fair share of tax
- Demonstrate financial position to lenders, businesses, prospective buyers
- Maximise your accountant's time

5 rules for record keeping

1. Keep all records
2. Don't change your records
3. Keep most records for five years
4. Show the ATO your records if they ask for them
5. Records in English

Support for small business

- Research conducted by the ATO has shown that there are common factors shared among successful small businesses. One of those factors is seeking advice from, and using the expertise of their accountants or trusted professional advisors.
  - If you want someone to prepare or lodge your tax returns, notices or statements, or to provide you with tax advice, you should ensure they are registered with the Tax Practitioners Board.
  - You can check the TPB Register to see if a tax practitioner is registered.
- Reach out to your industry association to find out more about the help and resources that they provide.
- If you don't have an accountant or a financial advisor there is free support available to small businesses. Visit business.gov.au for help.
- The National Tax Clinic program is a government-funded initiative to help people who may not be able to afford professional advice and representation with their tax affairs. Check the website of the clinic nearest you for eligibility criteria and contact information.
- The National Debt Helpline offers free financial counselling services and a range of helpful tools.
- The Small Business Debt Helpline also offers free financial counselling to small business owners and sole traders in financial difficulty.
- You can contact your local Business Enterprise Centre (BEC) for low cost advice and support.
- The ATO 'Supporting your small business' webpage has a range of information, tools, calculators and services available to help small businesses at tax time and throughout the year.
- The ACCC small business webpage has a number of resources that help you understand your rights and responsibilities.

- Australian Securities and Investments Commission (ASIC) registers all Australian business names and companies and assists, engages and helps to protect small business. If you run, or are looking to start a small business, visit ASIC small business webpage for an overview of resources, tools and services ASIC offers.
- The mission of the ASBFEO is to contribute to Australia being the best place to start, grow and transform a business. The ASBFEO understands the challenges facing small and family businesses and provides information to avoid costly formal legal avenues, access to dispute resolution services, advice, and research to improve policies, and services such as mental health support should the need arise.
- No matter what stage your business is at, the Fair Work Ombudsman helps you understand workplace rights and obligations.
- NewAccess for Small Business Owners is a free and confidential mental health coaching program, developed by Beyond Blue to give small business owners, including sole traders the support they need. It is available nationally by phone or video call.

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