Starting a small business

Fast facts

Is my business a hobby?

There is no single factor that determines if you are in business, but some of the factors you need to consider include the following.

- You intend to make a profit – or genuinely believe you will make a profit from the activity – even if you are unlikely to do so in the short term.
- Your activities are regular.
- The size or scale of your activity is consistent with other businesses in your industry.
- Your activity is planned, organised and carried out in a businesslike manner. This may include:
  - keeping business records and account books
  - having a separate business bank account
  - operating from business premises
  - having licenses or qualifications
  - having a registered business name.

If you aren't in business yet, it is important to keep these factors in mind as your activities change or grow, so you'll know when you need to register for tax and

other business responsibilities.

If your activities are a hobby but you supply goods or services to businesses, use the 'Statement by a supplier' form. This will avoid the business you are supplying having to withhold an amount from their payment to you.

Business structures

If you're starting a business, you need to choose a structure for your business.

The four most common business structures are: sole trader, partnership, company, trust.

It's important to understand the responsibilities of each structure because the structure you choose may affect:

- whether your assets are protected
- how you take money from your business (pay yourself)
- the tax you're liable to pay
- the costs of running your business.

The costs and complexity of each of these structures increase, with sole trader being the simplest to operate and a trust being the most complex.

Business registrations

The registrations your business will need are based on:

- identifying your business
- your business activities
- whether you employ workers
- planning ahead for your income tax

- the systems you can access to make running your business easier.

Your business may need other registrations, permits or licences issued by your state government or local council. Most states have a small business department that can tell you what licences you need and how to get them. Also check any further requirements with your local council.

Last modified: 29 Jun 2023