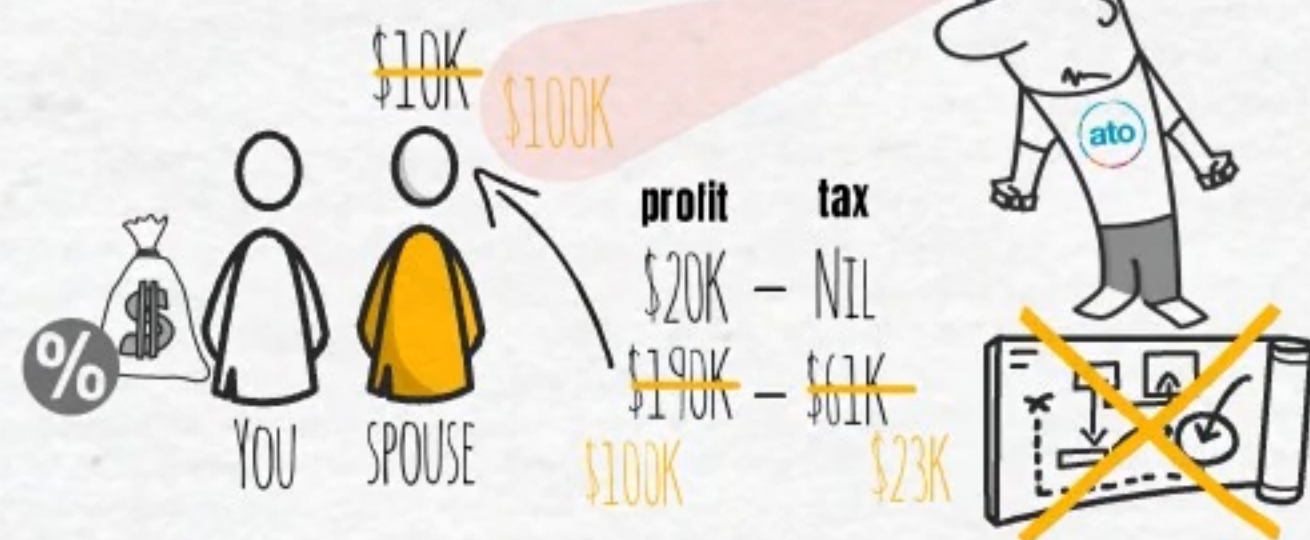


# SOLE TRADER



# WHAT'S THE BEST STRUCUTRE FOR MY BUSINESS?

## TAX PLANNING

# PARTNERSHIP



# COMPANY

- FLEXIBILITY TO PAY WAGES TO REDUCE OVERALL TAX AS A GROUP
- TAX PLANNING WITH DIVIDENDS AND FRANKING CREDITS
- CAN RETAIN PROFITS



## Progressive tax rates

Taxable income	Tax on this income
0 - \$18,200	Nil
\$18,201 - \$45,000	19 cents for each \$1 over \$18,200
\$45,001 - \$120,000	\$5,092 plus 32.5 cents for each \$1 over \$45,000
\$120,001 - \$180,000	\$29,467 plus 37 cents for each \$1 over \$120,000
\$180,001 and over	\$51,667 plus 45 cents for each \$1 over \$180,000

The above rates **do not** include the Medicare levy of 2%.

Lower tax rate than company

## Base rate entity

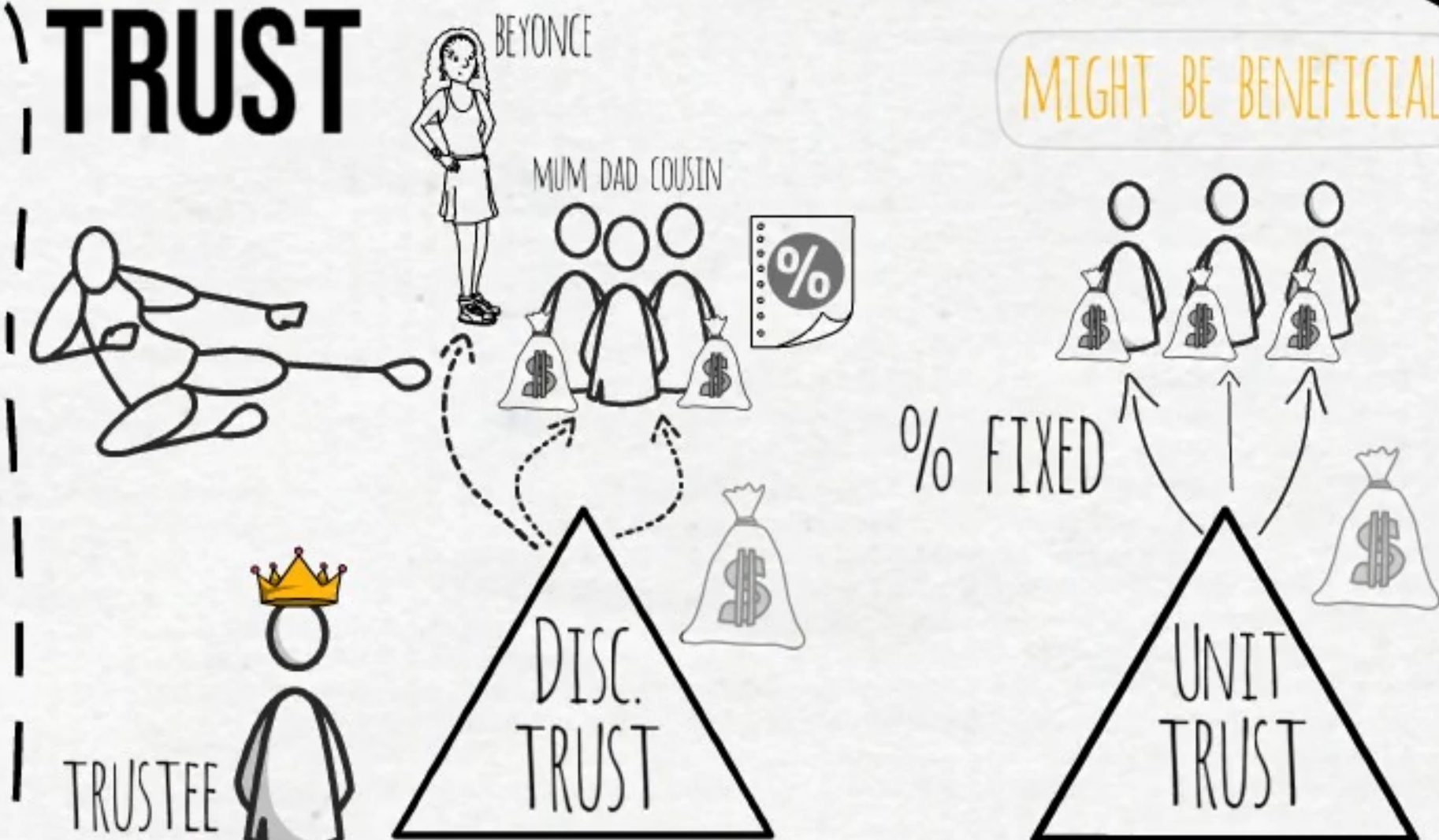
27.5% FY20  
26% FY21  
25% FY22

If earning more than \$45K, company pays less tax

# COMPANY

\$130K \$200K

# TRUST



TRUSTEE

DISC. TRUST

UNIT TRUST

- TRUST CANNOT RETAIN PROFITS OTHERWISE TRUSTEE IS TAXED AT HIGHEST MARGINAL RATE, 45%
- DISCRETIONARY TRUST IS MORE SUITABLE FOR FAMILY BUSINESS

TAX NUGGETS ACADEMY