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## Becoming a sole trader

Being a sole trader is an easy way to start a business, work for yourself or work as a contractor for someone else, but isn't for everybody. If you want to become a sole trader or you're already one but aren't sure what it involves, here's where you can find tips and information to help.

# Starting out

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It's relatively easy to start a business as a sole trader — you don't need to go through a legal process or to register yourself or your business with a government agency.

Going it alone means you control your business, and get to keep all the profits. You get some of the same benefits employees get, for example paid parental leave. But you will miss out on other things, for example paid sick leave or bouncing ideas off teammates.

Being a sole trader appeals to a wide range of people, including:

- tradespeople, for example plumbers, house painters and electricians
- contractors who work for other organisations, for example IT consultants and builders
- small business owners, for example hairdressers and landscape gardeners
- people who turn a hobby into a business, for example artists and furniture makers.

Talk to people in the industry you want to work in to find out if it's for you.

If you want to sell your business or get investors at some stage, it's best to have a company structure from the start. Use our Choose Business Structure tool to help you decide.

[Business structure overview](#)

[\(./getting-started/choosing-the-right-business-structure/business-structure-overview\)]((/getting-started/choosing-the-right-business-structure/business-structure-overview))

[Is contracting right for you?](#)

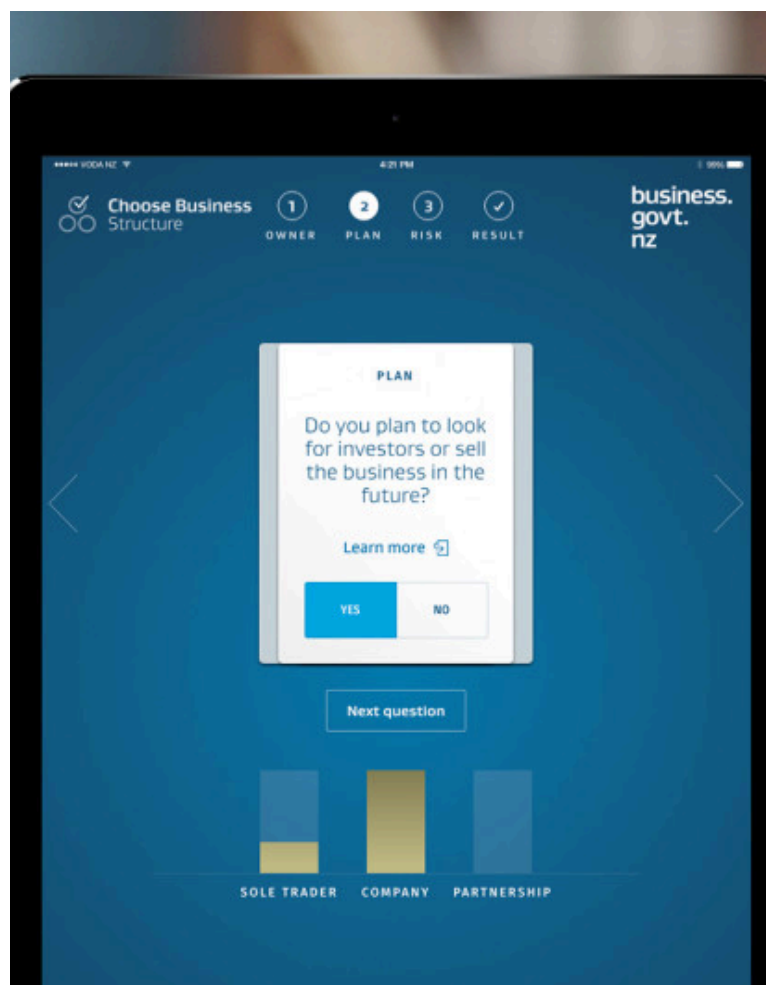
[\(./going-contracting\)]((/going-contracting))

# Choose your business structure

Is sole trader the best structure for your business? Use our Choose Business Structure tool to check that it's right for your business's needs. Just three quick questions and you're on your way.

**Choose your business structure. Get started**

(<https://www.tools.business.govt.nz/choose-business-structure>)



## Before you start

Make sure you have a clear idea of why you want to be a sole trader and what you want from it. Being a sole trader can be a flexible way to work. You're your own boss. But you may also be your entire staff, too.

Use our tips and tools to test your business idea or work out what you want to earn contracting.

Talk to people who have chosen the structure you're considering. Think about getting an advisor, for example a lawyer or accountant who specialises in your industry.

### [Questions to ask before you start](#)

([/getting-started/taking-the-first-steps/questions-to-ask-yourself-before-you-start](#))

### [Types of advice you'll need](#)

([/getting-started/advice-and-governance/types-of-advice-youll-need](#))

### [Government help for sole traders](#)

([/getting-started/sole-trader-guide/funding-and-other-government-help](#))

## What you need to do

To become a sole trader you must have:

- a personal IRD number for paying income tax and GST
- government licences and permits that your business needs
- qualifications or registrations for your trade or profession.

You'll need to tell Inland Revenue you've become a sole trader and you'll need to register for GST if you think you will earn over \$60,000 a year.

You can also get a New Zealand Business Number (NZBN), a unique identifier, which any business in New Zealand can have. Using it will speed up your interactions with government, suppliers and customers, and other businesses, for example when sharing invoicing details.

[Get an NZBN](#)  — New Zealand Business Number

Follow our easy checklist when setting up as a sole trader.

### [Sole trader checklist](#)

([/getting-started/sole-trader-guide/sole-trader-checklist](#))

## Intellectual property

It's never too early to think about intellectual property (IP), which includes your logos, trade marks and inventions. When you protect IP you're safeguarding the time, money and effort you put into building a business.

Sole traders can't advertise using their personal name if someone has already registered it as a trade mark in the same industry.

IP will be important throughout your business' lifespan. Make sure you understand what it is and why it's important.

Check whether your name has been registered as a business name, trade mark, web domain or social media username with our ONECheck tool.

### [ONECheck](#)

[\(/onecheck\)](#)

### [Why IP is important](#)

[\(/how-to-grow/intellectual-property-protection/why-intellectual-property-is-important\)](#)

### [Simple steps to protect your IP](#)

[\(/how-to-grow/intellectual-property-protection/simple-steps-to-protect-your-intellectual-property\)](#)

## Anti-money laundering rules

You might need to meet rules, designed to detect and prevent money laundering and the financing of terrorism if you'll be doing one or more of these tasks:

- managing money or assets for clients
- providing trust or company services
- selling real estate
- providing conveyancing services
- handling large amounts of cash.

These rules affect the records you need to keep and how you must identify customers.

## Get advice

People often become sole traders because they have certain skills that they want to make a living from. However, you can't be an expert in all areas of business, for example day-to-day finances or business planning, as well as your specialist area — and you shouldn't have to try to be. Think about getting advisors, such as accountants, mentors and lawyers, to help you from an early stage.

### [How business advisors can help](#)

[\(/getting-started/advice-and-governance/how-business-advisors-can-help\)](#)

# Don't be surprised if your accountant or lawyer asks to check your ID.

It's to comply with anti-money laundering rules.

## ACC

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When you start out as a sole trader, you automatically get ACC personal injury cover from day one. It's called CoverPlus. What you pay will be based on the type of work you do and your liable earnings.

You can choose to change to CoverPlus Extra which gives you more control over how much of your income you want ACC to cover, and means you can lower the levies you pay.

Your first levy invoice will arrive after the end of your first year in business. After that, you'll be invoiced once a year, usually in July or August.

[Types of cover for self employed](#)  — ACC

[ACC levies](#)

[\(/tax-and-accounting/basic-tax-types/acc-levies\)](https://www.business.govt.nz/tax-and-accounting/basic-tax-types/acc-levies)

## Related content

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### Tax 101 for sole traders

We've create a guide explaining different taxes and levies, and how they're calculated.

Check out our guide

[\(/getting-started/sole-trader-guide/tax-101-for-sole-traders\)](/getting-started/sole-trader-guide/tax-101-for-sole-traders)

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### Compliance Matters

Use this tool to find out which laws apply to you and your business – and save valuable time.

Start your search

[\(/compliance-matters\)](/compliance-matters)

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### Sole trader checklist

Use the easy-to-follow checklist to help with business operations as a sole trader.

Use the checklist

[\(/getting-started/sole-trader-guide/sole-trader-checklist\)](/getting-started/sole-trader-guide/sole-trader-checklist)

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### Employment Agreement Builder

Our DIY tool helps you create contracts tailored to your business and to each person you employ.

Get started

<https://eab.business.govt.nz/employmentagreementbuilder/startscreen>

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