

SIMPLEMOTION

Corporate Structure Analysis 2026

Australian Business Structure Options
and Restructure Recommendations

February 2026

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Executive Summary

This document analyses the available corporate structures for SimpleMotion in Australia as of 2026, examining the advantages, disadvantages, and suitability of each option for the business's current operations and future growth objectives.

The recommended structure for SimpleMotion is a **Discretionary Trust + Corporate Trustee + Trading Company** arrangement, which provides optimal liability protection, tax efficiency, and flexibility for future growth.

1. Overview of Australian Business Structures

Australian businesses can operate under several legal structures, each with distinct characteristics regarding liability, taxation, compliance, and operational flexibility.

Structure	Liability	Tax Treatment	Compliance	Asset Protection
Sole Trader	Unlimited personal	Personal marginal rates	Minimal	None
Partnership	Joint and several	Flow-through to partners	Moderate	Limited
Discretionary Trust	Trustee liability	Distributed to beneficiaries	Moderate-High	Strong
Unit Trust	Trustee liability	Fixed distribution	Moderate-High	Moderate
Pty Ltd Company	Limited to company	Company rate (25-30%)	High	Strong
Public Company	Limited to company	Company rate (30%)	Very High	Strong

2. Sole Trader

Description

A sole trader is the simplest business structure where an individual operates a business in their own name or a registered business name.

Advantages

- **Simplicity:** Minimal setup and ongoing compliance requirements
- **Control:** Complete decision-making authority
- **Cost:** Lowest establishment and maintenance costs
- **Tax losses:** Business losses offset personal income
- **Privacy:** Limited public disclosure requirements

Disadvantages

- **Unlimited liability:** Personal assets at risk for business debts
- **Tax rates:** Subject to personal marginal tax rates (up to 45% + Medicare levy)
- **Growth limitations:** Difficult to raise capital or bring in partners
- **Continuity:** Business ceases on death or incapacity
- **Perception:** May be perceived as less established

Suitability for SimpleMotion

Not recommended as the primary structure. SimpleMotion's engineering services carry professional liability risks that make unlimited personal liability unacceptable. However, a sole trader ABN may be useful for minor consulting activities.

3. Partnership

Description

A partnership involves two or more persons carrying on a business together with a view to profit. Governed by state Partnership Acts and typically a partnership agreement.

Types

- **General Partnership:** All partners share management and liability
- **Limited Partnership:** Limited partners contribute capital but don't manage; at least one general partner with unlimited liability

Advantages

- **Flexibility:** Profit sharing can be structured as agreed
- **Combined resources:** Pool skills, capital, and networks

- **Tax treatment:** No entity-level tax; profits flow to partners
- **Simplicity:** Easier to establish than a company

Disadvantages

- **Joint and several liability:** Each partner liable for all partnership debts
- **Disputes:** Partner disagreements can paralyse operations
- **Continuity:** Partnership may dissolve on partner death/departure
- **Limited capital raising:** Cannot issue shares

Suitability for SimpleMotion

Not recommended as the primary structure. The joint and several liability exposure is problematic for engineering services. Partnership may be useful for specific joint ventures with other firms.

4. Trusts

4.1 Discretionary Trust (Family Trust)

Description

A discretionary trust holds assets for the benefit of beneficiaries, with the trustee having discretion over income and capital distributions. Commonly used for family wealth management and small business operations.

Key Components

- **Settlor:** Establishes the trust (usually with nominal settlement sum)
- **Trustee:** Manages trust assets and makes distributions (individual or corporate)
- **Beneficiaries:** Those who may receive distributions
- **Trust Deed:** Governs trust operation

Advantages

- **Tax flexibility:** Distribute income to beneficiaries in lower tax brackets
- **Asset protection:** Trust assets generally protected from beneficiary creditors
- **Estate planning:** Facilitates intergenerational wealth transfer
- **CGT concessions:** Access to 50% CGT discount
- **Income splitting:** Distribute to family members (subject to rules)

Disadvantages

- **Complexity:** Requires proper establishment and ongoing administration
- **Costs:** Setup (\$1,500-\$3,000) and annual compliance costs
- **Loss quarantining:** Trust losses cannot be distributed; carried forward in trust
- **Land tax:** May face surcharges in some states
- **Trustee liability:** Trustee personally liable unless corporate trustee used

4.2 Unit Trust

Description

A unit trust divides beneficial ownership into fixed units, similar to shares. Unit holders have fixed entitlements based on units held.

Advantages

- **Defined interests:** Clear ownership proportions
- **Transferability:** Units can be bought and sold
- **External investors:** Suitable for unrelated parties investing together

Disadvantages

- **No distribution flexibility:** Must distribute according to unit holdings
- **Limited tax planning:** Cannot stream income to lower-taxed beneficiaries
- **CGT on unit transfer:** Disposal of units triggers CGT

Suitability for SimpleMotion

Discretionary trust recommended as part of a broader structure. A family trust with a corporate trustee provides:

- Income distribution flexibility for tax efficiency
- Asset protection for accumulated wealth
- Estate planning benefits
- Shield for investment assets separate from trading operations

5. Proprietary Limited Company (Pty Ltd)

Description

A Pty Ltd company is a separate legal entity limited by shares, with shareholders' liability limited to unpaid share amounts. The most common structure for Australian small-to-medium businesses.

Types

- **Small Proprietary Company:** Revenue < \$50M, assets < \$25M, employees < 100
- **Large Proprietary Company:** Exceeds two of the above thresholds

Advantages

- **Limited liability:** Shareholders not personally liable for company debts
- **Separate legal entity:** Can own property, sue and be sued
- **Perpetual existence:** Continues despite shareholder changes
- **Tax rate:** Base rate of 25% for eligible small businesses (2026)
- **Professional image:** Often perceived as more established
- **Capital raising:** Can issue shares to raise capital
- **Employee incentives:** Can offer share-based compensation

Disadvantages

- **Compliance:** Annual reviews, ASIC fees, director duties
- **Costs:** Higher establishment and ongoing costs
- **Profit extraction:** Dividends subject to personal tax; Division 7A applies to loans
- **Director liability:** Directors can be personally liable in certain circumstances
- **Loss access:** Company losses trapped in company

Director Duties (Corporations Act 2001)

- Act in good faith in the best interests of the company
- Act for a proper purpose
- Not improperly use position or information
- Prevent insolvent trading
- Disclose material personal interests

Suitability for SimpleMotion

Highly recommended as the primary trading entity. A Pty Ltd company provides:

- Professional liability protection essential for engineering services
- Established structure for client contracts
- Clear framework for potential future partners or employees
- Access to small business tax rate (25%)
- Base rate entity eligibility if passive income < 80%

6. Public Company

Description

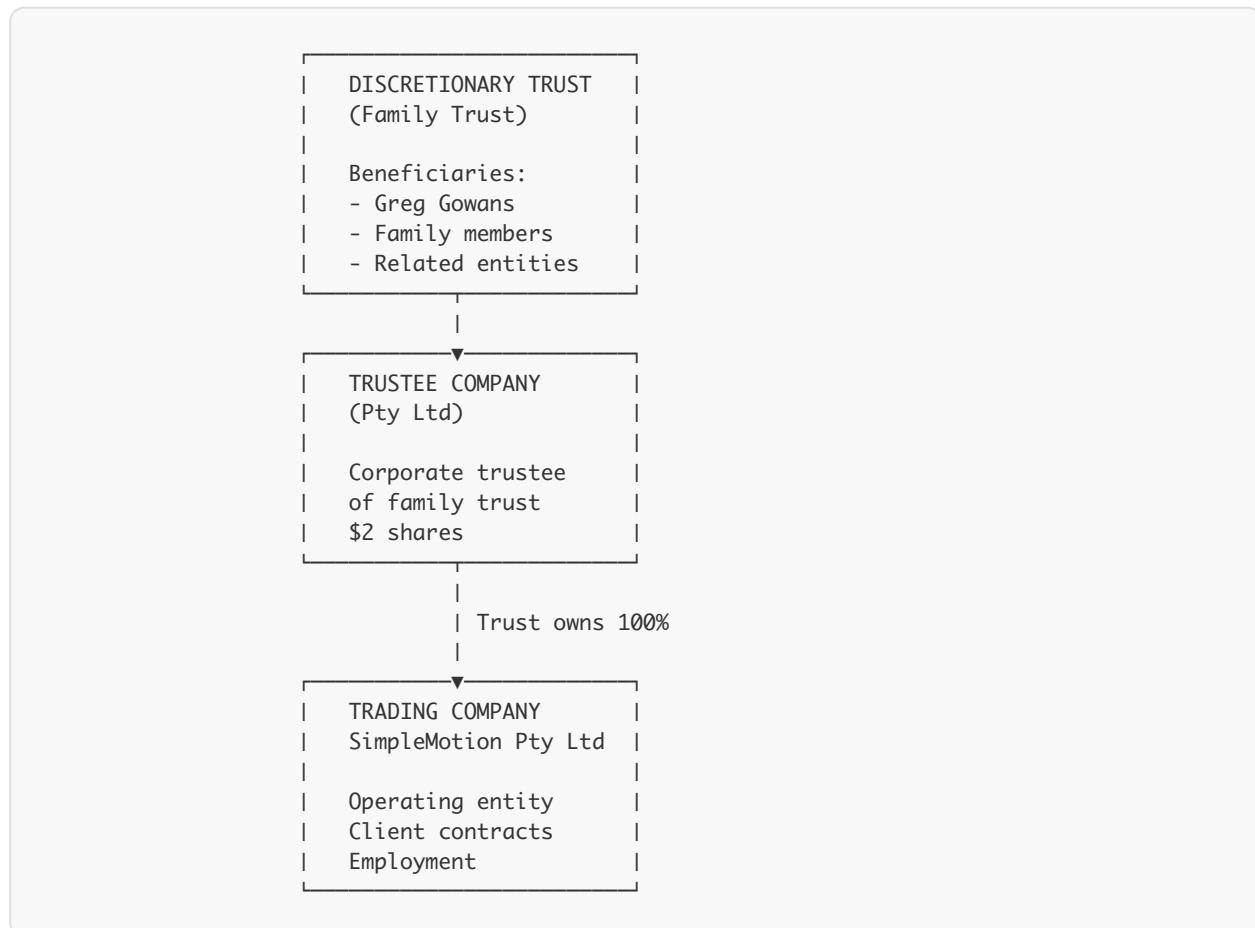
A public company can offer shares to the public and may be listed on a stock exchange. Subject to extensive regulatory requirements.

Suitability for SimpleMotion

Not recommended at current scale. The compliance burden and costs are disproportionate to SimpleMotion's current operations. May become relevant if significant external capital raising is required in future.

7. Recommended Structure for SimpleMotion

Proposed Structure: Trust + Corporate Trustee + Trading Company



Components

1. Discretionary Family Trust

- **Purpose:** Hold shares in trading company; receive dividends; accumulate wealth
- **Beneficiaries:** Principal, spouse, children, related entities
- **Benefits:**
 - Income distribution flexibility

- Asset protection (trust assets protected from beneficiary creditors)
- Estate planning (no CGT on death; assets remain in trust)

2. Corporate Trustee (Pty Ltd)

- **Purpose:** Act as trustee of the family trust
- **Structure:** \$2 paid-up capital; minimal assets
- **Benefits:**
 - Limited liability for trustee duties
 - Perpetual existence (trust doesn't fail on individual death)
 - Clearer governance

3. Trading Company (SimpleMotion Pty Ltd)

- **Purpose:** Conduct all business operations
- **Activities:** Engineering services, client contracts, employment
- **Benefits:**
 - Limited liability for business operations
 - Professional indemnity insurance applies at this level
 - Small business tax rate (25%)
 - Clear separation from personal assets

Operational Flow

1. **Revenue:** Trading company receives all client payments
2. **Expenses:** Trading company pays operating costs, wages, super
3. **Profit:** After-tax profits can be:
 - Retained for working capital
 - Paid as dividends to the trust (shareholder)
 - Paid as director fees/wages (within reasonable limits)
4. **Trust distributions:** Trust distributes to beneficiaries based on tax efficiency
5. **Accumulation:** Undistributed income taxed at highest marginal rate; consider corporate beneficiary for accumulation

8. Implementation Considerations

Establishment Steps

1. **Engage professionals:** Accountant and solicitor experienced in business structuring
2. **Establish family trust:** Draft trust deed; settle trust; obtain TFN and ABN
3. **Establish corporate trustee:** Register with ASIC; appoint directors
4. **Establish/restructure trading company:** Ensure shares held by trust
5. **Transfer existing business:** Consider CGT rollover relief if applicable
6. **Update registrations:** ABN, GST, PAYG, workers comp, insurance

Estimated Costs

Item	Cost Range
Trust establishment	\$1,500 - \$3,000
Corporate trustee setup	\$1,000 - \$1,500
Trading company setup (or restructure)	\$1,000 - \$2,000
Professional advice (accountant/lawyer)	\$2,000 - \$5,000
ASIC registration fees	~\$576 per company
Total establishment	\$6,000 - \$12,000

Ongoing Compliance

Requirement	Frequency	Cost
ASIC annual review	Annual	\$310 per company
Company tax return	Annual	\$500 - \$1,500
Trust tax return	Annual	\$300 - \$800
Financial statements	Annual	\$500 - \$2,000
BAS lodgement	Quarterly	Included in bookkeeping

Timeline

Phase	Duration
Structure planning and advice	2-4 weeks
Document preparation	1-2 weeks
Entity registration	1-2 weeks
Business transfer (if applicable)	2-4 weeks
Total	6-12 weeks

9. Tax Considerations

Small Business Tax Rate (2026)

- **Base rate entity:** 25% company tax rate
- **Eligibility:** Aggregated turnover < \$50M and < 80% passive income
- **SimpleMotion:** Likely eligible as active trading business

Dividend Imputation

- Dividends paid carry franking credits
- Beneficiaries receiving dividends through trust can use credits
- Excess credits refundable for individuals

CGT Concessions

Small business CGT concessions may apply to future sale:

- 15-year exemption (if held 15+ years and retirement)
- 50% active asset reduction
- Retirement exemption (\$500k lifetime limit)
- Rollover relief

Division 7A

Loans from company to shareholders/associates must be:

- Repaid within prescribed timeframes, or
- Placed on complying loan agreement (benchmark interest rate)
- Otherwise deemed unfranked dividend

Superannuation

- Concessional contributions cap: \$30,000 (2026)
- Consider employer contributions and personal deductible contributions
- Catch-up contributions if total super < \$500k

10. Asset Protection Analysis

Risk Profile

Risk Category	Exposure	Mitigation
Professional liability	High	PI insurance; company structure
Contract disputes	Medium	Company structure; clear terms
Employee claims	Medium	Workers comp; company structure
Personal guarantees	Variable	Minimise; negotiate limits
Director liability	Low-Medium	D&O insurance; compliance

Protection Mechanisms

1. **Corporate trading entity:** Primary protection; debts generally limited to company assets
2. **Trust ownership:** Shares held by trust, not personally; trust assets protected
3. **Insurance:** Professional indemnity, public liability, D&O coverage
4. **Contract terms:** Limitation of liability clauses; clear scope definitions
5. **Separate asset classes:** Investment assets in different entity from trading

Limitations

- Personal guarantees override limited liability

- Director duties can create personal exposure
- Fraudulent or uncommercial transactions can be clawed back
- Trust assets may be exposed if trustee acts improperly

11. Future Considerations

Scaling the Business

- Structure accommodates additional shareholders through trust or direct holdings
- Employee share schemes possible through trading company
- Multiple trading companies can be established under trust

Succession Planning

- Trust continues beyond individual's death
- Beneficiary class typically includes future generations
- Consider life insurance owned by trust/superannuation
- Enduring power of attorney for incapacity

Exit Strategies

- **Sale of shares:** CGT on disposal; small business concessions may apply
- **Sale of business assets:** Company CGT; dividend extraction planning
- **Winding up:** Distribution of assets; deregistration costs

12. Recommendations and Next Steps

Immediate Actions

1. **Consult accountant:** Review current structure and confirm recommendations
2. **Consult solicitor:** Prepare trust deed and corporate documents
3. **Cost-benefit analysis:** Confirm restructure costs versus ongoing benefits

4. Tax planning: Model distributions and tax outcomes under proposed structure

Documentation Required

- Trust deed (discretionary family trust)
- Corporate trustee constitution
- Trading company constitution (if new or amended)
- Shareholder agreement (if multiple parties)
- Director consents
- Trust and company minutes

Professional Advisors

Role	Purpose
Accountant	Tax advice, structure optimisation, ongoing compliance
Solicitor	Trust and company documents, contracts
Financial planner	Superannuation, insurance, wealth strategy
Insurance broker	PI, public liability, D&O coverage

Appendix A: Glossary

Term	Definition
ABN	Australian Business Number
ASIC	Australian Securities and Investments Commission
CGT	Capital Gains Tax
D&O	Directors and Officers (insurance)
Division 7A	Tax provisions regarding private company loans
PI	Professional Indemnity (insurance)
Pty Ltd	Proprietary Limited company
TFN	Tax File Number

Appendix B: Key Legislation

- Corporations Act 2001 (Cth)
- Income Tax Assessment Act 1936/1997 (Cth)
- A New Tax System (Goods and Services Tax) Act 1999 (Cth)
- Partnership Act (State)
- Trustees Act (State)

Document Control

Version	Date	Author	Changes
v1	2026-02-02	SimpleMotion	Initial draft

This document is for internal planning purposes only and does not constitute legal, tax, or financial advice. Professional advisors should be consulted before implementing any structural changes.