

# Australian Startup Setup Guide

Get your foundations right from day one



[getsova.com.au](http://getsova.com.au)

# Quick Steps

## Before You Start

- Choose your business structure (Sole Trader vs Pty Ltd)
- Get accounting advice (saves \$thousands later)
- Check business name availability
- Check domain availability
- Check trademark availability (IP Australia)

## Legal Setup

- Register for ABN (free, instant)
- Register business name (\$44-\$102)
- Register company if Pty Ltd (\$597)
- Register for GST (if applicable)
- Check licenses needed (ABLIS)

## Operational Setup

- Open business bank account
- Get business insurance (public liability minimum)
- Set up accounting software (Xero/MYOB)
- Set up payment processing (Stripe/Square)
- Register domain + business email

## Legal Protection

- Get shareholders agreement (if multiple founders)
- Draft customer Terms & Conditions
- Create Privacy Policy (if collecting data)
- Consider trademark registration
- Set up contract templates

# What It Actually Costs

## MINIMAL SETUP (Sole Trader)

~\$2,000 Year 1

- ABN FREE
- Business name (3 years) \$102
- Domain + email \$116/year
- Public liability insurance \$500/year
- Accounting software \$420/year
- Accountant (tax return) \$500
- Website (DIY) \$300/year

## MODERATE SETUP (Pty Ltd Company)

~\$13,000 Year 1

- Company registration \$597
- Business name \$102
- Insurance suite \$2,000/year
- Accounting software + accountant \$2,600
- Website (custom) \$5,000
- Trademark \$400
- Professional advisors \$2,000
- Optional
- Shareholders' agreement \$2,500

## GROWTH-FOCUSED SETUP

~\$33,000+ Year 1

- Legal setup (lawyer, contracts) \$5,000
- Accounting + bookkeeping \$5,000/year
- Insurance suite \$3,000/year
- Website + branding \$10,000
- Trademark + IP protection \$2,000
- Tech stack (CRM, tools) \$3,000/year
- Professional advisors \$5,000

# STEP 1: Choose Your Business Structure

## Sole Trader vs Company (Pty Ltd)

	Sole Trader	Company (Pty Ltd)
Setup Cost	Minimal (ABN free)	\$597 + \$310/year
Liability	Personal assets at risk	Limited liability
Tax Rate	Personal (up to 47%)	Company (25-30%)
Compliance	Minimal paperwork	ASIC annual reporting
Scalability	Hard to raise capital	Easy to sell shares
Best For	Solo consultants, testing ideas	Growth startups, multiple founders

TIP: Get professional advice BEFORE choosing. Restructuring later costs \$5,000-\$15,000+

# STEP 2: Required Registrations

## Australian Business Number (ABN)

- Cost: FREE
- Timeline: Instant to few days
- Register: [business.gov.au/abr](http://business.gov.au/abr)
- Required for: Invoicing, GST, business name, domain purchase

## Business Name Registration

- Cost: \$44/year or \$102/3 years
- Authority: ASIC
- Timeline: 1-2 business days
- Check availability: [abr.business.gov.au](http://abr.business.gov.au)

## Company Registration (Pty Ltd only)

- Cost: \$597 one-time + \$310 annual review
- Requirements:
  - At least 1 shareholder
  - At least 1 director (Australian resident)
  - Registered office address
  - Constitution or replaceable rules
- Timeline: 1-3 business days

## GST Registration

- Required if: Annual turnover >\$75,000
- Cost: FREE
- Register: ATO Business Portal
- Timeline: 7-10 days

## STEP 3: Essential Insurance

### Workers Compensation (MANDATORY if you have employees)

- Covers: Medical expenses, lost wages for work injuries
- Cost: Based on industry risk + payroll
- Varies by: State/territory

### Public Liability Insurance (Essential for most businesses)

- Covers: Injury to third parties or property damage
- Typical coverage: \$10M - \$20M
- Cost: \$500-\$2,000/year
- Required for: Client-facing businesses, venue hire, government contracts

### Professional Indemnity Insurance

- Covers: Claims of negligence, errors, or omissions

- Required for: Consultants, accountants, IT specialists, marketing agencies
- Typical coverage: \$1M - \$5M
- Cost: \$1,000-\$5,000/year

## Other Insurance to Consider

- Cyber Liability: Data breaches (critical for tech startups)
- Product Liability: If manufacturing/selling products
- Key Person Insurance: If business relies on one key individual

# STEP 4: Banking & Finance

## Business Bank Account

Timeline: 1-2 days after ABN/ACN received

Documents needed:

- ABN or ACN
- Proof of identity (driver's license, passport)
- Business registration documents
- Proof of address

Top Australian Business Banks:

- NAB (National Australia Bank): A strong all-rounder with award-winning support for small businesses. It is recognized for its commitment to innovation and for providing dedicated business bankers.
- Commonwealth Bank (CommBank): Offers a popular and well-rounded Business Transaction Account that integrates with accounting software.
- ANZ (Australia and New Zealand Banking Group): A good option for sole traders and SMEs, providing a simple, cost-effective account with features for everyday business.
- Westpac: Provides the Business One Account, which is a popular choice that balances fees and features for a wide range of businesses.
- Macquarie: Offers competitive services with a focus on digital efficiency and value, making it a good option for tech-savvy startups.

Other options to consider

- Suncorp: Praised by users for its competitive interest rates on business saver accounts, making it ideal for those using cash management methods like Profit First.
- Wise Business: A great option for businesses with a strong international focus due to its multi-currency account and international payment services.
- ING: Recommended by some users for having good NPS data, indicating strong customer satisfaction.
- Bendigo Bank: Also recommended by some users for its business accounts.

TIP: Keep business finances separate from personal (even if sole trader). Makes tax time infinitely easier.

## Payment Processing

- Stripe: 1.75% + 30c per transaction (online)
- Square: 1.6% (card present), 2.2% (online)
- PayPal: 2.6% + 30c per transaction

# STEP 5: Technology Setup

## Accounting Software (Choose ONE)

1. Xero (60% market share in Australia)

- Cost: \$35-\$80/month
- Best for: Cloud-based, 1000+ app integrations
- Includes: Payroll (handles super, STP), invoicing, bank feeds

2. MYOB (20-25% market share)

- Cost: \$27-\$80/month
- Best for: Established Australian businesses, strong payroll
- Includes: Excellent Australian compliance features

3. QuickBooks Online

- Cost: \$15-\$75/month
- Best for: US-based businesses or US integrations

4. FREE option: Wave (basic accounting, limited features)

## Business Email & Domain

- Professional email: yourname@yourbusiness.com.au (NOT Gmail)
- Google Workspace: \$8-\$25/user/month
- Microsoft 365: \$8-\$30/user/month
- Domain + hosting: \$100-\$300/year

## Website

- DIY options: Wix (\$20-\$40/mo), Squarespace (\$25-\$60/mo), Webflow (\$15-\$40/mo)
- WordPress: Hosting \$10-\$50/mo + theme \$50-\$200
- Custom build: \$2,000-\$20,000+

# STEP 6: Legal Documents You Actually Need

## If Multiple Founders (ESSENTIAL)

Shareholders Agreement (\$1,500-\$5,000 lawyer-drafted) that covers:

- Ownership percentages
- Roles and responsibilities
- Decision-making processes
- What happens if someone leaves
- Dispute resolution
- Exit strategy

CRITICAL: Do this BEFORE disagreements arise. 50/50 partnerships without decision-making rules = deadlock.

## Customer-Facing Documents

Terms & Conditions (\$500-\$2,000 lawyer-drafted)

- Required for: Any business selling products/services
- Must comply: Australian Consumer Law (ACL)
- Include: Payment terms, refund policy, liability limitations

Privacy Policy (\$500-\$2,000 lawyer-drafted)

- Required if: Collecting personal information (email, phone, address)
- Must comply: Australian Privacy Principles (APPs) under Privacy Act 1988
- Penalties for non-compliance: Up to \$2.5M

WARNING: Don't ignore privacy laws. Penalties are severe.

## Employment Documents

Employment Contracts (\$500-\$1,500 per template)

- Must comply: Fair Work Act 2009
- Include: Role, salary, leave, IP ownership, termination conditions

Contractor Agreements

- CRITICAL: Avoid employee misclassification (heavy penalties)
- Include: Scope of work, payment terms, IP ownership

## Templates vs Lawyer-Drafted

Template sources: Lawpath, Legal123, Sprintlaw

When to use lawyer:

- Shareholders' agreements
- Complex IP arrangements
- High-value contracts
- Equity/investment deals

## STEP 7: Professional Advisors (Worth the Investment)

### Accountant / Bookkeeper

When: BEFORE you start (structure advice saves thousands)

Ongoing: Monthly bookkeeping, quarterly BAS, annual tax return

Cost:

- Bookkeeper: \$50-\$150/hour or \$200-\$800/month
- Accountant: \$150-\$400/hour
- Annual tax return: \$500-\$2,000

Value: Tax savings often exceed fees

## Lawyer

When: Business structure, contracts, IP protection

Cost: \$250-\$600/hour

Startup packages: Some firms offer fixed-fee startup packages (\$2,000-\$5,000)

## Business Advisor / Mentor

Free options:

- SBDC (Small Business Development Corporation) - state-based
- Industry associations
- Startup incubators/accelerators

# STEP 8: Protect Your Intellectual Property

## Trademark Registration

- Register: IP Australia ([ipaustralia.gov.au](http://ipaustralia.gov.au))
- Cost: \$330-\$400 per class (10-year protection)
- Timeline: 5-7 months if no objections
- Protects: Business name, logo, brand identity

CRITICAL: Do trademark search BEFORE investing in branding

## Domain Names

- Cost: \$10-\$50/year (.com.au, .net.au)
- Required: ABN to register .com.au

TIP: Secure domain BEFORE finalizing business name

## Copyright (Automatic in Australia)

- No registration required
- Protects: Original creative works (content, software, designs)
- Document: Keep records of creation dates

## Patents (If Applicable)

- Cost: \$5,000-\$15,000+ (including legal fees)
- Timeline: 12-24 months
- Provisional patent: \$110 (12-month protection while developing)

# STEP 9: Tax & Compliance

## Income Tax

- Sole Trader: Report business income on personal tax return
- Company: Lodge annual company tax return

## BAS (Business Activity Statement)

- Required if: Registered for GST
- Frequency: Monthly, quarterly, or annually (based on turnover)
- Report: GST collected, GST paid, PAYG withheld

## Superannuation (If Hiring Employees)

- Requirement: Pay 11.5% super contributions (2025 rate)
- Deadline: Quarterly (by 28th of month after quarter ends)
- Reporting: Single Touch Payroll (STP) mandatory

## Records to Maintain (7 years for tax purposes)

- Income and expense records
- Invoices (sent and received)
- Bank statements
- Receipts
- PAYG payment summaries
- Asset registers
- Employment records

## TOP 10 MISTAKES TO AVOID

Wrong business structure	Restructuring later costs \$5,000
No shareholders agreement	50/50 partnerships = deadlock. Prevents "startup divorce."
Mixing personal and business finances	Tax nightmares. Get separate bank account.
No insurance	One lawsuit can bankrupt you. Public liability is non
Ignoring IP protection	Someone else registers YOUR business name. Secure trademark early.
DIY legal documents	Templates OK for basic T&Cs. NEVER DIY shareholders agreements.
No accounting system from day 1	Catching up is expensive. Start clean.
Misclassifying employees as contractors	Heavy penalties. ATO crackdown 2024
Not registering for GST when required	Can't claim GST credits. Late penalties.
Ignoring compliance deadlines	BAS, super, ASIC review, tax returns. Late fees add up.

# Essential Resources

## Government Resources

- Business.gov.au: <https://business.gov.au> (comprehensive startup guide)
- ABN Registration: <https://www.abr.business.gov.au>
- ASIC: <https://asic.gov.au> (company registration, business names)
- ATO: <https://www.ato.gov.au> (tax, GST, super)
- IP Australia: <https://www.ipaustralia.gov.au> (trademarks, patents)
- ABLIS: <https://ablis.business.gov.au> (licenses finder)
- Fair Work Ombudsman: <https://www.fairwork.gov.au> (employment law)

## Legal Services (Online)

- Sprintlaw: Fixed-fee legal services for startups
- LegalVision: Subscription legal services
- Lawpath: Legal templates and advice

## Accounting Software

- Xero: <https://www.xero.com/au>
- MYOB: <https://www.myob.com/au>
- QuickBooks: <https://quickbooks.intuit.com/au>

# About Sova

Beat the startup failure odds. Learn once, apply forever.

Startup advice is everywhere — but it's fragmented and overwhelming. Sova distils the complex into simple, actionable guidance in one place.

We studied why startups fail, what makes them succeed, and how mature companies achieve business excellence. Then we synthesised it all into a practical self-assessment tool that helps you identify and address your biggest risks.

Sova gives you the same diagnostic frameworks consultants, accelerators and business experts use — empowering you to build on proven foundations from day one.

This guide is for informational purposes only and does not constitute legal, tax, or financial advice. Always consult with qualified professionals before making business decisions.

Sources: business.gov.au, ATO, ASIC, Sprintlaw, Sleek, MYOB, Xero

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