

Australian Startup Setup Guide

Get your foundations right from day one

SOVA

We see what others don't

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■ SOVA Australian Startup Setup Guide

The Complete Checklist for Australian Founders

We see what others don't. This comprehensive guide shows you exactly what you need to set up your Australian startup legally, efficiently, and cost-effectively.

Free resource from Sova Business Excellence Framework

■ Quick Start Checklist

✓ Before You Start (Week 0)

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

✓ Legal Setup (Week 1-2)

- [] 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 (Week 2-4)

- [] 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 (Week 3-6)

- [] Get shareholders agreement (if multiple founders)
- [] Draft customer Terms & Conditions

- [] Create Privacy Policy (if collecting data)
 - [] Consider trademark registration
 - [] Set up contract templates
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■ 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
- Shareholders agreement: \$2,500
- Website (custom): \$5,000
- Trademark: \$400
- Professional advisors: \$2,000

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
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■■ STEP 1: Choose Your Business Structure

Sole Trader vs Company (Pty Ltd)

Aspect Sole Trader Company (Pty Ltd)
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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
■■ CRITICAL: 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
- 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

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
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■■ 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 Business Account
- ANZ Business Account
- Commonwealth Bank Business Account
- Westpac Business Account

■ 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
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■ 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
 - 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+
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■■ STEP 6: Legal Documents You Actually Need

If Multiple Founders (ESSENTIAL)

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

- 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 (\$50-\$200), Legal123, Sprintlaw

When to use lawyer (ALWAYS):

- 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
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■ STEP 8: Protect Your Intellectual Property

Trademark Registration

- Register: IP Australia (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)
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■ 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-\$15,000+. Get advice FIRST.

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-negotiable.
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 2024-2025.

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>
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■ About Sova

We see what others don't.

Sova is a business excellence framework that helps Australian startups diagnose and solve operational inefficiencies by showing how your 9 core business elements interconnect.

The Problem: Most founders fix symptoms instead of root causes. You boost marketing, but sales don't improve because your underlying process is broken.

The Solution: Sova's free business health assessment shows you which problems are symptoms vs root causes, and how to fix them in the right order.

Take Your Free Assessment

- Visit: sova.business (coming December 2025)
- Email: jane.korneyko@gmail.com
- Created by: Jane Korneyko, MBM - Strategy & Transformation Leader with 15+ years delivering measurable results (\$1.2M+ savings, 87% automation)

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.

Last updated: November 2025 | Sources: business.gov.au, ATO, ASIC, Sprintlaw, Sleek, MYOB, Xero

