

# Setting up your business in Victoria

2022 Edition

**INVEST  
VICTORIA**



**VICTORIA**  
State  
Government

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# Welcome to Melbourne, Victoria!



We are delighted that you're interested in bringing your business to our state.

Victoria is the friendliest and most accessible state in Australia for entrepreneurs and senior executives from around the world. We pride ourselves on our strong economic development, highly skilled talent pool and international market connectivity. Our international partners are drawn to Victoria's sizeable market, low risk business environment and transparent economy. You'll find our state and our capital city Melbourne, a thriving location with ample business opportunities to expand your footprint in Australia.

The Victorian Government is here to support you in your journey of establishing a presence in Victoria. We have created this "Setting up your business in Victoria" guide to provide you with an overview of the key areas you need to consider in this process. We hope it will give you a good understanding of the steps involved in bringing your business to our state. Should you require any additional assistance, do not hesitate to reach out to our team who are located in Shanghai, Beijing, Hong Kong and Melbourne.

We look forward to working with you to make your business a success in Victoria!

A handwritten signature in black ink, appearing to be 'Danni Jarrett'.

Danni Jarrett

CEO  
Invest Victoria



# About Invest Victoria

Invest Victoria is the State Government of Victoria's investment attraction agency, fostering long term economic prosperity by enabling business opportunities and job creation for Victoria.

With deep connections into government and industry, and backed by a dynamic and market savvy investment team, Invest Victoria is well equipped to provide you with the know-how to make the most of local opportunities – linking you with the right people and fast tracking your establishment into the Victorian market.

## What we offer

We offer investors a range of free professional services and support, including:

- **Business case proposal development support**, provision of information on market entry, potential, and competition, research and development capabilities, labour market skills and talent, and cost of doing business;
- Introductions to potential clients and partners, industry contact and local suppliers;
- **Fulfilling property requirements**, including free confidential site identification and facilitation of planning and regulatory approvals;
- Accessing assistance at all levels of government, including **financial assistance** to attract strategic investments to the state;
- **Ongoing provision of investor support**, locally and globally, through Invest Victoria's extensive network of overseas officers.



# Why Melbourne, Victoria

Companies from all over the world have found commercial success in Melbourne. With strong government support, Melbourne has thrived on a high concentration of foreign investment.

## International market connectivity

Melbourne's connections make global trading and operations easy. It is at the heart of 64% of Australia's economic activity and 67% of the population - the Australian south east triangle - a heavily concentrated area of economic prosperity with a combined economic output of over A\$1.2 trillion.

On our door step is the Asia Pacific, home to over 4.5 billion people and a total economy of over US\$27.1 trillion.

Melbourne's time zone is perfectly aligned for doing business in the Asia Pacific and globally. Melbourne's time zone also bridges the gap between Europe and the United States time zones.

Melbourne has well connected road, rail, sea and airports. All designed to efficiently move goods and people in and around the world.

## Victoria has a low risk and stable business environment.

Australia's sound legal and governance frameworks, combined with our political stability, provides a secure investment and business environment.

Victoria has one of the highest credit ratings in the world with an S&P rating of AA, as well as the lowest national payroll tax for regional areas and one of the lowest overall payroll taxes in Australia.

Australia's South East Triangle



## Highly skilled workforce

Victoria's workforce is the most educated state in Australia. Victoria is home to world class universities, including the University of Melbourne (Australia's highest ranked university) Monash University, RMIT University, Deakin University and La Trobe University.

Victoria is cosmopolitan and multicultural with over 260 spoken languages and dialects. Over 600,000 people also speak an Asian language.

## One of the world's most liveable cities

Melbourne's liveability makes it easy to recruit and retain talent. It is one of the most cosmopolitan and multicultural cities in the world with one of the strongest healthcare systems in the world. Melbourne also offers quality schools and university education. With clean, green parks and plenty of fresh air, it is an ideal place for the whole family.



# Business structures

There are several company structures that can be considered when setting up a business in Australia. with the most used types being - company, partnership, and sole trader.

## Company

A company business structure is a legal entity separate from its shareholders, unlike a sole trader or a partnership structure. This means the company has the same rights as a natural person and can incur debt, sue, and be sued.

As a shareholder you're not liable for the company's debts. Your only financial obligation is to pay the company any amount unpaid on your shares if you are called on to do so. However, directors of the company may be held personally liable if found to be in breach of their legal obligations.

### PROPRIETARY AND LIMITED COMPANIES

A proprietary company must have no more than 50 non-employee shareholders and be either limited by shares, or an unlimited company that has a share capital:

- A company limited by shares limits the liability of shareholders to the value of their shares. This structure is suitable for most trading businesses.
- A company limited by guarantee is most often used by non-trading organisations such as sporting clubs.

'Proprietary' or 'Pty' must be included in a company name to indicate legal status as a company. 'Limited' or 'Ltd' also needs to be included in a company name if it's a limited liability company.

### KEY ELEMENTS OF A COMPANY

- Separate legal entity
- More complex business structure to start and run
- Involves higher set up and running costs than other structures
- Require you to understand and comply with all obligations under the [Corporations Act 2001](#), which include keeping accurate financial records, passing solvency resolutions, and keeping company details up to date

- Business operations are controlled by directors and owned by the shareholders
- Company members have limited liability
- Money the business earns belongs to the company
- Annual company tax return to be lodged with the [Australian Taxation Office \(ATO\)](#)
- Complete an annual review and pay an annual review fee
- Directors are required to complete a declaration of solvency each year
- Wider access to capital
- Directors are required to have a [director ID](#)
- Regulated by the [Australian Securities & Investments Commission \(ASIC\)](#)

## Partnership

A partnership is a business structure made up of two or more people who distribute income or losses between themselves. Partnerships are governed by the [Partnership Act 1958](#).

There are three main types of partnerships:

- **General partnership (GP)** – is where all partners are equally responsible for the management of the business, and each has unlimited liability for the debts and obligations it may incur.
- **Limited partnership (LP)** – is made up of general partners whose liability is limited to the amount of money they have contributed to the partnership. Limited partners are usually passive investors who don't play any role in the day-to-day management of the business.
- **Incorporated Limited Partnership (ILP)** - is where partners in an ILP can have limited liability for the debts of the business. However, under an ILP there must be at least one general partner with unlimited liability. If the business cannot meet its obligations, the general partner (or partners) become personally liable for the shortfall.

### KEY ELEMENTS OF A PARTNERSHIP

- Relatively easy and inexpensive to set up
- Minimal reporting requirements
- Require separate tax file numbers (TFN)
- Must apply for an Australian business number (ABN) and use it for all business dealings
- Share control and management of the business

- Doesn't pay income tax on the income earned - each partner pays tax on the share of the net partnership income each receives
- Partnership tax return to be lodged with the Australian Taxation Office (ATO) each year
- Each partner to be responsible for their own superannuation arrangements
- Must register for GST if turnover is A\$75,000 or more

## Sole Trader

A sole trader is a self-employed person who owns and runs their business as an individual. The individual is legally responsible for all aspects of the business including debts and losses. You can still hire people under this business structure.

Many tradespeople operate their businesses as a sole trader.

### KEY ELEMENTS OF A SOLE TRADER

- Simple to set up and operate
- Gives you full control of your assets and business decisions
- Fewer reporting requirements and is generally a low-cost structure
- Allows you to use your individual tax file number (TFN) to lodge tax returns
- Doesn't require a separate business bank account, although this is recommended to make it easier to keep track of your business income and expenses
- Requires you to keep financial records for at least five years
- Has unlimited liability and all your personal assets are at risk if things go wrong
- Doesn't allow you to split business profits or losses made with family members
- Makes you personally liable to pay tax on all the income derived

# Business licences and registrations

In Australia, there are different types of registrations depending on the business structure and whether such business employs staff.

A **registration** involves giving your business's information to a relevant authority so you can complete your business operations within the law.

A **licence** gives you permission to operate or do certain activities, such as footpath trading, serving, or selling alcohol or operating on public holidays. You usually need to abide by certain rules to hold a licence.

Type of Registration	Company/ Partnership	Sole trader	Company/ Partnership	Sole trader
	With employees		Without employees	
Australian business number (ABN)	Yes	Yes	Yes	Yes
Individual tax file number (TFN)	No	Yes	No	Yes
Business tax file number (TFN)	Yes	No	Yes	No
Pay as you go (PAYG) withholding	Yes	Yes	No	No
Fringe benefits tax (FBT)	Optional	Optional	No	No
Goods and services tax (GST)	Depends	Depends	Depends	Depends

## Australian business number (ABN)

An [ABN](#) is an identification number that businesses use when they deal with the [Australian Business Register](#).

With an ABN you can:

- claim GST credits
- provide fringe benefits to your employees
- ask for fuel tax credits
- deal with other businesses more easily

## Tax file number (TFN)

A [TFN](#) is a unique 9-digit number issued by the ATO. It's used for tax and other Australian Government systems.

A TFN will either be for a business or an individual, including sole traders. You can only register for one of each kind of TFN in your lifetime.

## Pay as you go (PAYG) withholding

You must register for PAYG withholding if you'll be deducting tax from employee wages. This is different to the PAYG system where you report your business and investment income in your quarterly Business Activity Statement (BAS).

You'll also need to consider [employee payroll tax](#).

## Fringe benefits tax (FBT)

You must [register for FBT](#) if you provide employee or director fringe benefits.

These could include:

- onsite accommodation
- private use of the work car
- health insurance

## Goods and services tax (GST)

You must register for [GST](#) if you're a business and:

- your current or expected annual turnover is A\$75,000 or more; or
- you provide taxi travel

### NEED MORE HELP?

Please contact the [Australian Business Licence and Information Service \(ABLIS\)](#) to find other local, state, and federal licences, and permits that you may need for your business.

# Business registration service

The Business Registration Service (BRS) is currently available for new businesses starting as a company, partnership, sole trader, joint venture, trust, or superannuation fund.

You can use this [one-stop online service](#) to apply for the following business registrations:

- Australian Business Number (ABN)
- Business name
- Goods and services tax (GST)
- Australian company
- pay as you go (PAYG) withholding
- Fringe benefits tax (FBT)
- luxury car tax (LCT)
- fuel tax credits (FTC)
- wine equalisation tax (WET)
- Administrator AUSkey



# Tax requirements

Your tax obligations will vary according to your business type, number of employees and the fringe benefits you offer your employees. Make sure you understand the requirements for:

- different types of tax that could apply to your business
- tax registrations
- paying taxes
- keeping business records

## Sample business type: company structure

For the 2021–22 income year, company base rate entities enjoy a tax rate of 25% while non-base rate entities are subject to a tax rate of 30%.

A company is a base rate entity for an income year if:

- the company's aggregated turnover for that income year is less than the aggregated turnover threshold for that income year, and
- it has 80% or less of their assessable income in that income year that is base rate entity passive income – this replaces the requirement to be carrying on a business from the 2017–18 income year onwards.

The aggregated turnover threshold is A\$25 million for the 2017–18 income year and A\$50 million from the 2018–19 income year.

### NEED MORE HELP?

Make sure you understand the different types of tax that could apply to your business. Some taxes are administered federally by the [Australian Taxation Office \(ATO\)](#) and others are [stated based taxes](#).

Examples include income tax for business, capital gains tax, fringe benefits tax, pay as you go (PAYG) withholding and instalments, goods and services tax, fuel tax credits, wine equalisation tax, luxury car tax, payroll tax and land tax.

# Business premise

As you setup your presence in Victoria, you can choose to either lease or purchase your business premise.

## Best practice for leasing a premise

- Contact your industry association for any lease negotiation assistance.
- Understand your and your landlord's obligations when you sign a lease.
- Know the lease requirements, commercial or retail, including the [Retail Leases Act 2003](#)
- Consult an adviser for any contract and legal questions you may have.
- Find out about [zoning, permits and building requirements](#) at Business Victoria for your premises.
- Plan financial arrangements, payments, taxes, and cash-flow.
- Visit the [Victorian Small Business Commission \(VSBC\)](#) website.

VSBC can offer support for potential tenants with information on the following:

- land tax
- assigning or ending a lease
- compensation
- maintenance and repairs
- outgoings
- renewals
- security deposits
- leasing rights and responsibilities.

For complex investment projects requiring extensive cross government co-ordination and negation in relation to [site selection and approvals](#), Invest Victoria has a specialist team that can assist you.

## Buying a business premise

Buying a business premises can be more complex and involves property inspection, signing documents, organising finance, and insuring the premises.

You'll also need to make sure it's in the correct business zone, is a safe workplace and is built and modified with the correct planning and building permits.

Some of the advantages of buying a premises rather than leasing one include:

- if the property becomes a major business asset, you can grow the business by borrowing against your equity
- enjoying the benefits of capital growth and security of tenure
- having no landlord – you control how the property is developed
- claiming depreciation of fixtures and fittings
- using the asset as part of your superannuation scheme

### WHAT IS A PROPERTY CERTIFICATE?

Property certificates provide essential information. Buyers, sellers, and developers use property certificates to verify the following:

- ownership
- land and building dimensions
- zoning
- heritage listing
- permits issued by the local council

### NEED MORE HELP?

Visit Invest Victoria for more information on [site selection and approvals](#).

Visit Business Victoria for more information on [business premises](#).



# Employment types and responsibilities

There are a few options when hiring someone to work for you. Each option will have different employment conditions and entitlements.

## Hiring contractors and agency staff

For shorter, more temporary projects you might prefer to hire:

- contractors and subcontractors
- employment agency staff (also called labour hire)

Contractors and labour hire staff are people you can hire to work for you but who are not technically your employees.

## Contractor arrangement

A contractor or independent contractor usually runs their own businesses with an Australian business number (ABN) and invoice you for their work, rather than receiving wages. A contractor also:

- has their own insurance
- can work for more than one hirer at a time
- can subcontract their work to others
- provides their own equipment or works from their own base
- is hired to do a set task and their employment ends when the task is done

## Labour hire arrangement

Hiring staff through an employment agency means the agency employs the worker and outsources them to you for agreed hours or a set period:

- The agency pays the worker's wages and other entitlements, and you pay the agency.
- The agency will charge you a commission, agency, or finder's fee.
- You can hire people at short notice with specific skills, or for short-term or long-term projects.
- Workers may not develop a loyalty to your business and take their knowledge with them.

## Hiring employees

Hiring someone as an employee means they:

- can be employed full-time, part-time or casually
- receive payment as wages or salary
- have their tax taken out by their employer
- are based at your business, work at your home or are mobile
- can be directed when, what and how to do a task

You'll have more long-term commitments to employees, including the obligation to pay superannuation and long service leave.

### TYPES OF EMPLOYEES

If you choose to hire someone as an employee, you can hire them in the following commonly used ways:

- permanent or fixed term (full-time or part-time)
- casual

### FULL-TIME OR PART-TIME EMPLOYEES

A full-time employee works a full work week, which is 38 hours on average. Full-timers usually work standard days – for example, Monday to Friday 9am to 5pm.

A part-time employee works regular set hours but less than 38 hours – for example, Wednesday to Friday 11am to 1pm. Some awards require an employer to roster a part-time employee for a minimum of 3 consecutive hours on any shift.

### CASUAL EMPLOYEES

Casual employment offers a flexible hiring option for both the employer and employee. Casual employees are often used in workplaces with short or irregular periods of work, but can also work in long-term arrangements.

Casual employees:

- can be asked to work at short notice
- have no guarantee of regular hours
- are not entitled to annual leave, personal leave, or paid carer's leave
- can be terminated without notice unless covered by an agreement or contract that specifies otherwise

Casual employees are paid a casual loading of at least 20% to 25% on top of their base rate of pay. This is to compensate them for not receiving paid leave, guaranteed work and other entitlements given to full-time and part-time staff.

## Responsibilities for employees

Each employer regardless of business structure that employs staff has certain employee obligations and responsibilities such as:

- Payroll tax and PAYG
- Employee pay rates and conditions
- Superannuation payments
- Casual employment
- Flexible work arrangements
- Equal opportunity
- Maintain good staff records
- Make your business OHS ready
- Staff leave
- Long service leave

### NEED MORE HELP?

Please visit [Jobs Victoria](#) for more information and assistance with your staffing needs.

# Visas

The Victorian Government recognises the value that international business people bring to the State in terms of a diversity of skills, potential to expand local businesses, stimulation of export activity, and maximising employment opportunities for Victorians.

All international business people are required to obtain a visa to enter Australia.

For business people, these range from business visit visas, designed for those who want to visit for short-term business purposes, through to a variety of provisional and permanent residency visas for those seeking to own or manage a business, or invest in Australia.

We are keen to assist business people coming to Victoria with information to secure the most appropriate visa for their purposes.

## FOR FURTHER INFORMATION

Please refer to [visa categories](#) on the [Commonwealth Government Department of Home Affairs website](#).

# Business setup costs

Depending on your business structure and industry, you should consider the following common costs associated with setting up a business.

- Business plan with major expenses
  - One-off costs
  - Equipment outlay
  - Assets
  - Working capital
- Start-up costs
  - Premise design and architectural plan
  - Basic premises modifications – electrical, lighting, painting, security system, ventilation system
  - Fit-out, kitchen installation, bathroom construction and plumbing
- Compliance needs
  - Government licenses and registrations
- Marketing expenses
  - Graphic design for logos and signage
  - Opening marketing, including advertising
  - Setting up an online presence (website design, web hosting fees, SSL certificate and registering a domain name)
- Staff costs
  - Recruitment costs
  - Wages and salaries
  - Long service leave entitlements
  - Equipment
- Professional service fees
  - Legal fees
  - Accounting – bookkeeper or accountant
  - Financial advisor
  - Banking costs or loan fees
  - Internet and phone installation
- On-going business running costs
  - Wages

- Rent or lease
- Utilities
- Mobile phone and landline bills
- Internet access
- Buying stock
- Shipping and delivery charges

#### NEED MORE HELP?

Please visit [here](#) for various tips, tools and templates to assist with your business cost calculations.



## Government support

The Victorian and Commonwealth Government have on-going financial incentives and grant programs that may be available to you when entering the Victoria market or once you have established your operations in Victoria.

### Victorian Government programs

The Victorian Government announced several recent initiatives, which may be of interest to investors, including:

- [R&D Cash Flow Loans](#)
- [Venture Growth Fund](#)
- [Breakthrough Victoria Fund](#)
- Equity Investment Attraction Fund (A\$20 million fund for startups, announced in the Victorian Budget 2022/2023)

### Commonwealth Government of Australia programs

A range of initiatives is also available from the *Commonwealth Government*, including:

- [Research and development tax incentive](#)
- [Australia's Technology Investment Roadmap](#)
- [Business Innovation and Investment Program](#)
- [Business Talent Visa](#)
- [Business and Innovation Visas](#)
- [The Modern Manufacturing Strategy and key incentives](#)
- [JobMaker Plan – temporary full expensing to support investment and jobs \(asset write-off incentive\)](#)
- [ARENA](#)
- [Modern Manufacturing Initiative](#)
- [Digital Economy Strategy](#)

#### NEED MORE HELP?

To explore other government grants and programs that may apply to your business and specific industry, please [visit here](#) for a comprehensive listing of options.

# Invest Victoria Advisory Network

At [Invest Victoria](#), we work with a range of partners who can provide services and advice to help you establish and expand your business in Victoria.

Our [advisory network](#) can help you with accounting, banking, recruiting, immigration, public relations and more. It is a compiled list of reputable service providers and organisations who have the experience and capabilities required to help international companies and investors find success in Victoria.

“By working with a partner,  
an investor will have access to  
a vast amount of local knowledge”.

Oliver Jankowsky,  
Partner of Hall & Wilcox



## Contact us

If you have further questions regarding how to setup your presence in Victoria, we have a [global office network](#) that can help you.

Please [email](#) us for a free, confidential, and tailored discussion and we will put you in touch with an investment specialist in your market.



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