

# 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 (\$42-\$98)
- Register company if Pty Ltd (\$611)
- 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) \$98
- 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 \$611
- Business name \$98
- 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

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# STEP 1: Choose Your Business Structure

## Sole Trader vs Company (Pty Ltd)

	Sole Trader	Company (Pty Ltd)
Setup Cost	Minimal - ABN free	\$611 + \$329/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](https://business.gov.au/abr)
- Required for: Invoicing, GST, business name, domain purchase

## Business Name Registration

- Cost: \$42/year or \$98/3 years
- Authority: ASIC
- Timeline: 1-2 business days
- Check availability: [abr.business.gov.au](https://abr.business.gov.au)

## Company Registration (Pty Ltd only)

- Cost: \$611 one-time + \$329 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: 1.7% + 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-\$100/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 \$50 million (or 3x benefit obtained, or 30% of adjusted turnover)
- Consider GDPR compliance (if serving EU customers or collecting data from EU residents)

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: \$250-\$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: \$100 (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 12% super contributions (2025-26 rate)
- Deadline: Quarterly (by 28th of month after quarter ends)
- Reporting: Single Touch Payroll (STP) mandatory

## Records to Maintain (5 years minimum (7 years for ASIC company records and Fair Work employment records) for tax purposes)

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

# STEP 10: Governance Requirements

## ASIC Obligations (All Pty Ltd Companies)

Every registered company has ongoing compliance obligations with the Australian Securities and Investments Commission, regardless of revenue or activity.

### Annual Review

- Annual review fee: \$329 (Pty Ltd), indexed each 1 July
- Late fees: \$93 (up to 1 month late), \$387 (over 1 month late)
- Solvency resolution: Directors must confirm the company can pay its debts within 2 months of annual review date
- If insolvent: Must notify ASIC within 7 days

### Change Notifications (within 28 days)

- Director or officeholder changes (Form 484)
- Registered office address changes (Form 484)
- Registered agent changes (Form 362)
- Late notification penalties: \$93 to \$387

### Director Duties (Corporations Act 2001)

- s.180: Care and diligence (act as a reasonable person would)
- s.181: Good faith (act in best interests of the company)
- s.182: Do not misuse position for personal gain
- s.183: Do not misuse company information
- s.588G: Do not allow the company to trade while insolvent

Penalties for breach: Up to \$1,650,000 (civil) or \$200,000 fine plus up to 15 years imprisonment (criminal). Insolvent trading can result in personal liability for all company debts.

## ASX Corporate Governance Principles

The ASX Corporate Governance Council publishes 8 principles (4th Edition, reaffirmed February 2025). These apply to listed entities on an "if not, why not" basis, but investors increasingly expect alignment from unlisted startups.

### The 8 Principles

- Lay solid foundations for management and oversight
- Structure the board to be effective and add value
- Instill a culture of acting lawfully, ethically and responsibly
- Safeguard the integrity of corporate reports
- Make timely and balanced disclosure
- Respect the rights of security holders
- Recognise and manage risk
- Remunerate fairly and responsibly

### What VCs Expect at Each Stage

Seed: Functioning board, simple board charter, code of conduct, D&O insurance, KPI dashboard with runway metrics.

Series A: Plan for an independent director, monthly metrics reporting, risk register, formal approvals matrix.

Series B: Committee charters (audit, remuneration), audit readiness, clean board minutes with decision logs, majority independent board.

TIP: Start building governance habits early. VCs review board minutes and governance structures during due diligence. Poor governance signals execution risk.

## AusIndustry Programs

### R&D Tax Incentive (RDTI)

- Eligibility: Australian companies with turnover under \$20 million
- Offset: Up to 43.5% refundable tax offset on eligible R&D expenditure
- Eligible costs: Staff wages on R&D, contractor costs, materials and consumables
- Activities must involve genuine technical uncertainty and systematic experimentation
- Registration deadline: 10 months after end of income year (e.g. 30 April 2026 for FY2025)

CRITICAL: AusIndustry cannot grant extensions. Miss the deadline and you lose the entire claim for that year.

### Export Market Development Grants (EMDG)

- Eligibility: Turnover under \$20 million, ABN for at least 2 years
- Minimum spend: \$20,000/year on export marketing
- Grant amounts: \$20,000 to \$80,000 per year depending on tier
- Awarded first come, first served (apply early)

### Grant Compliance

- Maintain contemporaneous documentation of all eligible activities
- Must be compliant with all tax obligations for current and prior two income years
- R&D activities must be conducted on your own behalf (you bear the financial risk and own the IP)
- Report any material changes to business or project plans

### Key Governance Deadlines

Annual	ASIC annual review fee (\$329 Pty Ltd)
2 months after review	Solvency resolution (directors)
28 days of change	ASIC change notifications
30 April	R&D Tax Incentive registration (for Jun FY)
Ongoing	Grant compliance and record-keeping

# 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

Build a startup that doesn't fail.

90% of startups fail. The top causes are not bad ideas or lack of funding. They are governance failures, operational gaps, and misaligned teams. These problems are diagnosable. And they are preventable.

Startup advice is everywhere. It is also fragmented, generic, and rarely tailored to where you actually are. Sova changes that.

Sova is a diagnostic for Australian startups. It assesses 9 interconnected business elements across 4 growth stages, identifies where your business is exposed, shows how gaps in one area create problems in others, and gives you evidence-based recommendations and tools matched to your stage. Not generic advice. A personalised map of what to fix, in what order, and why it matters.

Built on 350+ research findings from 80+ published sources including Harvard Business Review, CB Insights, McKinsey, and Startup Genome, and informed by 150+ founder interviews.

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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, ASX Corporate Governance Council, AusIndustry, Sprintlaw, Sleek, MYOB, Xero

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