

Becoming your own boss

A small business guide for apprentice tradies



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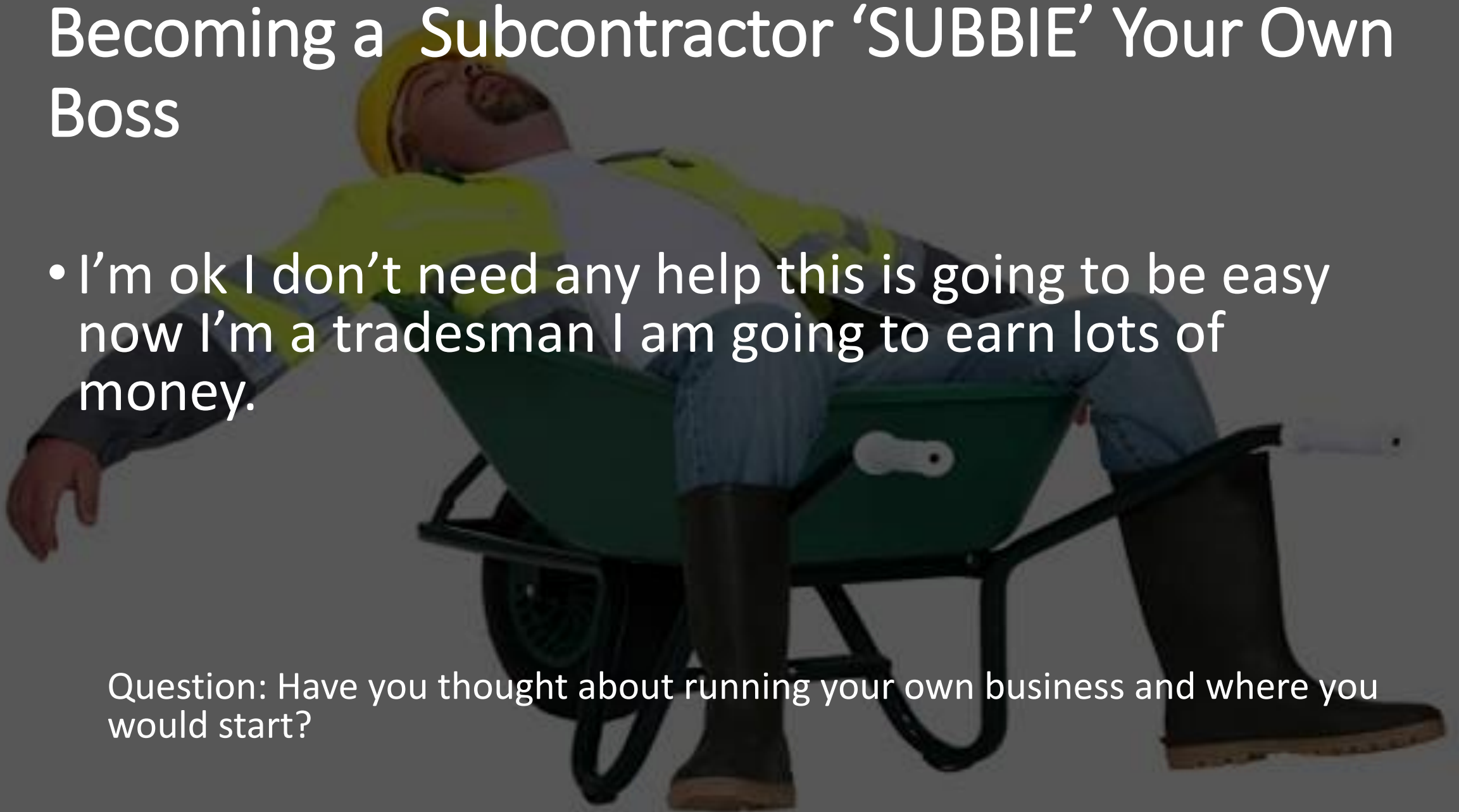
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- **This PowerPoint has been developed specifically for Western Australian Construction apprentices who are in their last year of studies.**
 - **The presentation aims to simplify the complex process of moving from an employee/apprentice to a small business owner.**

Becoming a Subcontractor 'SUBBIE' Your Own Boss

- I'm ok I don't need any help this is going to be easy now I'm a tradesman I am going to earn lots of money.

Question: Have you thought about running your own business and where you would start?



Planning To Start Your Business

Financial
capacity to
start a
business?

Are you
prepared to
invest the
time ?

Network,
communicate,
research,
market

Choose your
business
structure

Business plan

Many small businesses begin with a business plan, some are very simple visions others are complex documents.

It is important to note Business Plans are regularly updated.



Common Business Structures for Tradies

Sole Trader

Individual -the sole person legally responsible for all aspects of the business. you can employ people

Partnership

an association of people running a business. (not company)

Company

a legal entity separate from shareholders.

Trust

entity that holds property or income for the benefit of others.

Choosing Your Business Structure: Tax Basics For Small Business



Pros and Cons (Which Type Of Business To Start)

Business Structures	Sole Trader	<u>Partnership</u>	<u>Company</u>	<u>Trust</u>
Is the structure difficult to set up?	No	No	Yes	Yes
Is it expensive to register?	No	No	Yes	Yes
Do I retain complete control?	Yes	No	No	No
Are there complex reporting requirements?	No	No	Yes	Yes
Will my assets (house etc...) be under threat if my business goes into debt?	Yes	Yes	Not as likely	Not as likely
Do I receive full profits made from the business?	Yes	No	No	No
Can I employ staff?	Yes	Yes	Yes	Yes
Do I have to pay myself superannuation, workers comp etc.?	No	No	Yes (if employed by the company)	Yes (if employed by the company)
Can I change the legal structure easily?	Yes	No	No	No
Do I have the ability to plan tax through avenues like income splitting?	No	Yes	Yes	Yes
Is it easy to raise capital?	No	Yes	Yes	Yes
Is it easy to dissolve or exit?	Yes	Yes	Yes	No

Registering a Business Name ASIC



ABN

The Australian Business Number

What is an ABN and where do you get it?

An ABN is a 11 digit number that identifies your Business:

All Australian businesses are required to have an ABN:



TFN – “A TFN is a unique number issued by the Australian Taxation Office (ATO) to individuals and organisations to help manage tax and other government services”.

(business.gov.au)

- sole traders can use their own tax file number. Companies, partnerships and trusts must register for a new TFN.



The Income Tax System

There is a flat rate for companies earning under \$25 million a year a flat 27.5%

<https://www.ato.gov.au/Rates/Company-tax/>

Taxable income

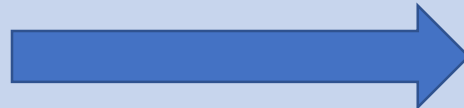
Tax on this income

0 – \$18,200



Nil

\$18,201 – \$37,000



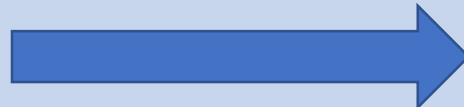
19c for each \$1 over \$18,200

\$37,001 – \$87,000



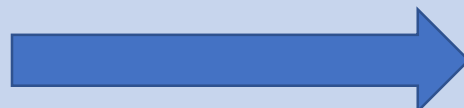
\$3,572 plus 32.5c for each \$1 over \$37,000

\$87,001 – \$180,000



\$19,822 plus 37c for each \$1 over \$87,000

\$180,001 and over



\$54,232 plus 45c for each \$1 over \$180,000

Goods and Services TAX (GST)

- You must register for GST if:
- you run a business or other enterprise and your GST turnover is \$75,000 or more, under this it is optional.



Accountants/Tax Agents

Provide expertise in:

- setting up the structure of the business.
- applying for a Business Name with the Australian Securities and Investment Commission (ASIC).
- applying for an ABN.
- applying for GST registration – if turnover is more than \$75,000.
- applying for Group Employer status if required.
- opening a business bank account in the name of the business.
- considering the best accounting package to use.
- how to apply for a tax file number.
- Selection of accounting package.



Support Teams (Bookkeeping and Accountants)

- Record keeping and bookkeeping are major issues for small businesses if you are late paying a debt the ATO charges interest and can refer you to debt collection agencies.
- Regularly visiting accountants and bookkeepers or using bookkeeping programmes is highly recommended.



Other Useful Support Teams

Association- Join your trade association this is a great place to expand your networking base and stay current with industry developments.

Mentors- Mentors such as the person who trained you through your apprenticeship, friends who are running a small business and family are all good sources to seek advise and learn from.


Business Insurance

three main categories

- assets and revenue insurance
- public liability insurance
- workers compensation or income protection

You may wish to use an insurance broker

What Are The Costs



ASIC –charges
bookkeeping and accounting
tools
tax
accounts with suppliers, stock management
debt collection
vehicle
phones
phone and office, computers
insurance
advertising
signage
business cards

Do You Know How to Quote

- This is a really important part of running a business or being a subcontractor. Work out a price list what is included in a quote
- A)Materials
- B)Time or area/volume of work
- C)Tools
- D)Travel
- E)Other costs super and time off subbies don't get paid for holidays
- F)Use written quotes, verbal quotes are legally binding but subject to confusion
- G)draw up a professional quote



Question: are you going to win all of your quotes and if you do are you too cheap?

Customer Service



“No matter the size of your business good customer service, needs be at the heart of your business model if you wish to be successful”.

(business.gov.au)

Personal Attributes/ Customer Service

- Every client and the way you present to them mean the difference between positive repeat business and referrals or not!
- Be punctual, answer the phone, be polite, neat and tidy with your work, organised and professional, follow up on feedback, and listen to and handle complaints well.



SEEMS LEGIT

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