



AUSTRALIA AS A CORPORATE JURISDICTION

1. Jurisdiction Information

Type of Company	Limited
Minimum number of shareholders required	1
Minimum number of directors required	1
Australian resident director required	Yes
Australia company secretary required	No
Australia registered office required	Yes
Annual Return required	Yes
Submit annual tax return	Yes
Accounts have to be audited	Yes
Disclosure of beneficial ownership to Australian authorities	Yes
Corporate directors allowed	No

2. Interesting information

- ◆ A company is resident for taxation purposes if **a)** it is incorporated in Australia or **b)** if both central management and control are exercised in Australia or **c)** it carries on business in Australia and its voting power is controlled by shareholders who are Australian residents;
- ◆ There are many different ways in which investors can conduct business in Australia, including corporations, branch offices, subsidiaries, trusts, joint ventures and partnerships. However, for international investors the most appropriate vehicles are usually Australian subsidiary companies or Australian branch offices. Although in terms of taxation there is not a great deal to choose between the two (both are subject to the standard corporate tax rate) in practice most foreign companies choose to operate through a locally-established subsidiary company, as this has the added benefits of limited liability and separate legal status;



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3. Taxation considerations

- ◆ Resident companies are taxed on worldwide income and capital gains at a corporate taxation rate of 30%. In Australia, state, territory and local governments do not impose additional corporate taxation rates. However, they do impose some taxes which might impact foreign companies operating in the country; namely payroll tax (more applicable to larger employers), stamp duty and property tax;
- ◆ Withholding tax must be withheld from unfranked dividends, Interest and royalties paid to a foreign company at a rate of 30%, 10% and 30% respectively. Where there is a Double Tax Treaty in place with the foreign jurisdiction, the withholding tax rate on unfranked dividends and royalties may be reduced. Franked dividends from an Australian subsidiary to a foreign parent company are not subject to withholding tax.
- ◆ Non-resident companies are taxed only on Australian-sourced income and capital gains on the disposal of certain taxable Australian assets if acquired on or after 20 September 1985. (Capital gains on assets acquired before that date by non-resident entities are usually received free of Capital Gains Tax).
- ◆ Personal income tax rates range from 0% on first AUD6,000 to 47% on annual income exceeding AUD70,000;
- ◆ Stamp duty applies to property, vehicles and other items at variable rates;
- ◆ Goods and Services Tax (GST) applies to most goods and services at a rate of 10%. Businesses must register if annual turnover will exceed AUD50,000. Sales from one business to another will be GST free. Sales to foreign customers will be GST free.

4. Company Law considerations

- ◆ A company which intends to do business in Australia must **i)** register with the Australian Securities and Investment Commission (ASIC) **ii)** apply for an Australian Business Number (ABN) **iii)** and apply for a Tax File Number (TFN) and **iv)** register for GST.
- ◆ The financial statements must be audited by an external auditor on an annual basis.