



AUSTRALIA

Australia - Common law

★ [Incorporate Now](#)

📞 [Consultation](#)

Click request a call for a free, no obligation consultation.
In a hurry? Click incorporate now, and startup your company immediately.

Incorporating a company in Australia

Australia taxes

If you want to set up a company in Australia, this article will educate you on the tax laws for a Pty Ltd which is the most common company type in Australia.

Australia imposes tax on corporate worldwide income. The headline estimated tax rate for offshore income, from our research, and this is not personal tax advice, is 30%. A tax offset for foreign tax paid may apply, subject to a cap. Taxes are higher than average in Australia because the income corporate tax rate is 30%. Reduced rate of 28.5% is applied to entities which turnover is less than AUD 2m. Australia ranks 134th overall in terms of CIT globally.

The VAT rate in Australia is 10.00%, that ranks Australia as 49th overall in terms of value added tax rate worldwide. In terms of other taxation, an employer will contribute 9.25% to the equivalent of a social security fund and an employee will contribute 2.00%. The overall complexity of the tax system is low. This is measured by average time to comply with a country's labor tax requirements is as it is 18 hours. Contributing to this is the number of yearly labor tax payments, which is 4 in AU.

Thin capitalization laws are in effect. Thin capitalisation refers to any type of requirements on companies' debt-to-asset ratios.

Resident companies distribution of dividends from taxed profits are exempted in the hands of the recipient. Dividends from non-resident companies are usually included in taxable income. Foreign equity distributions received may be tax exempted if Australian company holds at least 10% of participation. Dividends are payments of a company earnings, voted by the board of directors, to shareholders. Dividends can be one of the following shares of stock, cash payments, or other property. Capital Gains are considered ordinary income and subject to CIT standard rate. However, reduced rates may apply for gains on the disposal of shares of foreign entities, provided that Australian company holds at least 10% of participation. Rates may be reduced reflecting the degree to which non-resident company assets are used in an active business. A capital gains tax is levied on the profits that a corporation or natural person realizes when they sell a capital asset for a price that is higher than the purchase price.

Dividends paid to non-residents are usually exempted from withholding tax, as long as profits have been taxed in Australia. If profits have been not taxed but dividends are declared to be from foreign income, may be exempted. If dividends are not qualified for any exemption, they may be subject to a withholding tax of 30%. The interest withholding tax rate is estimated at 10%. This should be interpreted that usually the tax authorities expects legal entities to withhold 10% of offshore interest payments. Exemptions may apply for certain debt interests. The royalties withholding tax rate is 30%. This means that the relevant tax authorities expects legal entities to automatically withhold 30% of royalty payments remitted abroad. Withholding taxes may be reduced or exempted under tax treaties.

There is no known tax on wealth in Australia. There are no known inheritance taxes in AU. There are land taxes and stamp duties on transfer of real estates. We are aware of widely used research and development breaks on taxation in Australia.

The above is not tax or legal advice for your company's circumstances. We are able to refer you to an expert in Australia who can give you the proper advice and help you need. Contact us today. Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Australia is 10% which ranks 46 in the world.

- ✗ Patent box
- ✓ RND credit
- ✗ Wealth tax
- ✗ Estate tax
- ✓ Transfer taxes

- 80 Tax treaties
- 30% Offshore Tax
- 30% Corp rate
- 1 Loss carryback years

Australia Legalese

For starters, the law in Australia is common law law. Common law makes for a easy corporate setup. E-signatures are allowed.

The letters AU is for Australia and the most common company type in Australia is a Pty Ltd.

The average time to incorporate is 1-2 days to put together the paperwork and file a Pty Ltd in AU. The types of cash you can use to fund your legal entity is often AUD and any legal currency.

To "re-dom" a company is not common, and there are no re-domiciliation laws. One is typically not permitted to change the jurisdiction.

There must be at least 1 shareholder. This makes it possible for you to own a Pty Ltd in AU by yourself. Corporate Shareholders are allowed, meaning you could have a company as a shareholder. Foreign ownership is permitted, up to 100% of the total shareholding.

A company is only required to have one director. Furthermore, corporate directors are not permitted. Directors should not have an expectation of privacy, as they are not kept private in Australia. There is a body of law which requires companies to hold an annual meetings of shareholders.

A registered agent is normally required, which means the company will have to pay a fee on a yearly basis, for an agent which can receive any lawsuit papers on behalf of the business. However, a company secretary is a requirement.

There is a requirement to file accounts to relevant authorities. Consequently, there is oftentimes a requirement to have these accounts audited.

Overall we think Australia is a good option and have given it a score of 72 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✗ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✗ **Corporate director permitted**
- ✓ **Local Secretary not required**
- ✗ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 1 Directors required**
- 1-2 days to form**



AUSTRALIA

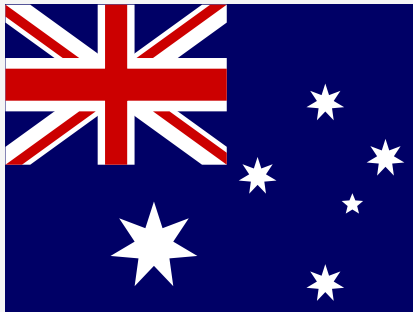
Australia - Common law

★ Incorporate Now

☎ Consultation

Click request a call for a free, no obligation consultation.
In a hurry? Click incorporate now, and startup your company immediately.

Country Info



🚩 National Flag of

**Commonwealth of
Australia (eng)**

\$ Currency

AUD

☎ Area Code

+61

🏛 Capital

Canberra

✈ Region

Australia and New Zealand

🌿 Native Languages

English