| Entity | Sole trader | Partnership of individuals | Company | Unit trust | Discretionary trust | Superannuation fund |
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| **Income tax** | No income splitting. Must substantiate business deductions. Losses can be offset against profits. Tax at marginal rates of up to 46.5%. | Limited income splitting. Losses not trapped in partnership, distributed to partners & can be offset against other income of those partners. May be able to vary profits & losses payable to partners year to year. Tax at marginal rates of up to 46.5%. | 30% flat tax payable on profits of company. Dividends taxed to shareholders. Franked dividends pass on tax paid. Restrictions on loans to shareholders. Losses trapped in company. Limited splitting through classes of shares. | Profits taxed at unit holder level so depends on structure of unit holders. Good for joint ventures. Losses trapped in trust. | Profits usually taxed at beneficiary level so depends on tax profile of the beneficiary. Maximum ability to split income. Biggest range of recipients. Losses trapped in trust. | 15% tax or 0% where income derived from assets supporting pensions being paid by the funds. |
| **Capital gains tax** | 50% discount for certain assets or rights held for more than 12 months. Main residence exemption. Small | Not part of partnership income. Capital between partners in accordance with interest in partnership. 50% | No 50% discount. No main residence exemption. Tax free gains to company are taxed to shareholders without imputation as dividends if distributed. | Depends on unit holders. 50% discount applies to unit trust. No main residence exemption. Small business concessions available. Losses | 50% discount for certain assets or rights held for more than 12 months. No main residence exemption. Maximum ability to split capital gains. Small business | 33% discount for certain assets or rights held for more than 12 months, meaning 10% tax, or no tax where capital gains derived from sale of assets supporting pensions being |

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| | business concessions. | discount for certain assets or rights held for more than 12 months. Main residence exemption. Small business concessions. | Small business concessions available but partly clawed back on distribution to shareholders. Losses trapped in company. | trapped in trust. | concessions. Losses trapped in trust. | paid by the fund. Limited gearing. Cannot own main residence or other personal use assets. |
| **Land tax - QLD** | Threshold available. | Threshold available. | Reduced threshold available. | Reduced threshold available. | Reduced threshold available. | Reduced threshold available. |
| **Asset protection** | None except by insurance. Business & non-business assets exposed. | None except by insurance and may also be exposed to partners' debt due to joint and several liability of partners. Business and non-business assets exposed. | Shareholders protected from company debts but value of their shares available to their creditors on bankruptcy. Directors potentially liable if trading while insolvent. | If Trustee a company. Unit holders protected if deed correctly worded from business debts but value of their units available to their creditors on bankruptcy. Deed usually limits trustee's indemnity against unit holders. Trustee personally liable for debts of business but indemnified out of | If Trustee a company. Beneficiaries protected if deed correctly worded from business debts. Beneficiaries usually have no value in their potential interest in the trust for their creditors but can be attributed value where they have sufficient control of the trust. Trustee personally liable for debts of | If Trustee a company. Borrowings now available but lender has no recourse against fund only against particular asset. Beneficiary’s account protected from creditors of the beneficiary in most cases. |

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| | | | | trust assets to extent available. | business but indemnified out of trust assets to extent available. | |
| **Control & succession** | Total control but can’t move income between family members. Can move capital in and out at will. Can change nature of business at will. Business ceases on death. | Regulated by the agreement. Usually continuing partners have pre-emptive rights. Can move capital in and out. Can change nature of business by agreement of partners. Partnership ceases on death of partner. | Bound by constitution. Must act in interests of share holders. Directors make most decisions. Can have single director control. Perpetual succession. | Bound by Trust Deed. Usually arms length parties involved so should consider pre-emption rights. Life of trust usually limited to 80 years. | Bound by Trust Deed. Usually high level of control. Life of trust usually limited to 80 years. | High level of control over investment decisions. Regulated by SIS Act. Must wind up on death of last surviving spouse/beneficiary. |
| **Set up & running costs** | Least expensive. No reporting requirements except business name registration and taxation obligations. No compulsory super. No workers comp. | Agreements need care and may be costly. Notionally a separate tax entity requiring tax return and ongoing accounts. No super, workers comp, or pay roll tax for | Shareholders agreement recommended. Ongoing compliance & accounts. Super and payroll tax and workers comp apply to payments to principals. | Incorporation of trustee and Trust Deed and Unit Holders agreement required. Ongoing compliance and accounts. Super and payroll tax and workers compensation apply to | Incorporation of trustee and Trust Deed required. Ongoing accounts. Super and payroll tax and workers compensation apply to payments to principals. | Trust Deed required. Highly regulated. Ongoing accounts and yearly audit required. |

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| | No pay roll tax. | partners' drawings. | | payments to principals. | | |
| **Flexibility** | All income to principal. No opportunity to 'split' income. | Limited as agreement with other partners required & few choices. | Anything in interests of shareholders. | Similar to company except unit holders share in gross income rather than franked income. | Maximum discretionary powers. | Little as highly regulated. |