



## BUSINESS STRUCTURE:

# SOLE TRADER

This is the simplest form of business entity with an individual as owner and operator of a business.

The sole trader will have their own Tax File Number but will also have a registered Australian Business Number (ABN) and (likely) GST registration.



**An example:**  
**Owner/operator**  
**Fred trading as**  
**‘ABC Bakery’**

## PROS

- Owner is solely in control and therefore fully independent (i.e. decision making)
- Simplest and cheapest entity to establish
- Owner takes all profits and has access to all taxable losses
- Speed and flexibility of change
- Privacy

## CONS

- Unlimited liability on the sole owner
- Doesn't enable other partners to own a portion of the business and share the risk/reward
- May require assistance or advice from others in decision making
- Limited finance access (fundraising etc)
- Business subject to life and health of owner

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