



Step 5:

Legal Responsibilities



Small Business



Government of **Western Australia**
Department of **Communities**

These resources have been developed with support from the Small Business Development Corporation. This project is an NDIS Information, Linkages and Capacity Building (ILC) initiative.

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How to use this document



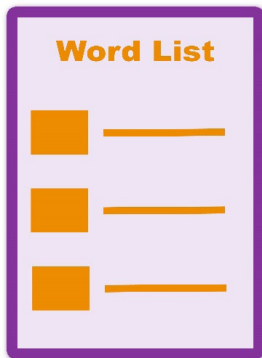
WA's Individualised Services (WAiS) wrote this information. When you see the words 'we' or 'us', it means WAiS.



Easy Read

We have written this information in an easy to read way.

We use pictures to explain some ideas.



There are words you need to know and understand when you start a business.

Some words are written in **bold**.

We explain what these words mean.

There is a list of these words on page 41.



You can ask for help to read this information.

A friend, family member or support person may be able to help you.



This document is to help you think about the responsibilities the law says you have.



The law says business owners have legal responsibilities.



These responsibilities can be different for each business.

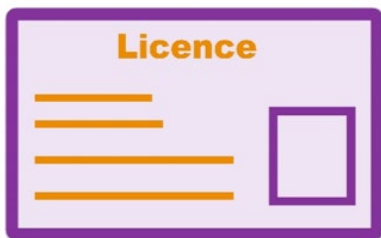


You need to know what your legal responsibilities are.

Your legal responsibilities for your business are about:



- business registrations



- business **licenses**



- selling products and services



- contracts



- **insurances**



- working from home



- renting a place for your business



- hiring workers



- health and safety



- keeping information safe



- **intellectual property**

Business registrations and licenses



Business registrations



You are responsible for making sure you have the right business registrations.

Business registrations are a way of letting government know about your business.



You are responsible for making sure they are up to date.



Australian Government
Australian Taxation Office

The ATO has more information about business registrations

<https://register.business.gov.au>



Australian Business Number (ABN)



This is a number given by the Australian Taxation Office (ATO) that is just for your business.

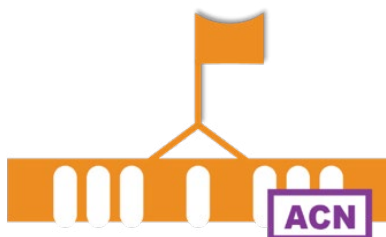


You can apply online. Most of the time, you can get your ABN straight away.



You have the ABN on your business documents, like invoices

Australia Company Number (ACN)



If your business is a company, you will need to register with the Australian Investments and Securities Commission (ASIC).

You will need to get an Australian Company Number (ACN).

You need an ACN before you can get an ABN and other tax registrations.



You need to pay to register with ASIC and to get an ACN.



Tax registrations

You need to think about tax registrations.

These are:



- Tax File Number (TFN)



- Goods and Services Tax (GST)



- Pay As You Go (PAYG) withholding



Tax File Number (TFN)

This is a number given by the Australian Taxation Office (ATO).



If you have a business as a sole trader, you use your own TFN for your business and for the ATO.



If you have a business as a partnership, company or trust, you need a business TFN. You do not use your own TFN.



You can apply for a business TFN when you register for an Australian Business Number (ABN).

It is free to apply for a TFN.



Australian Government
Australian Taxation Office

The ATO has more information about registering a TFN.

www.ato.gov.au/Business/Registration/Work-out-which-registrations-you-need/Taxation-registrations/Tax-file-number/

Goods and Services Tax (GST)



GST is a government tax that is added to many products and services in Australia.

GST is 10 per cent.

GST might be added to what you ask people to pay for your product or service.

↑ **\$75 000**

You need to register for GST if your business has a **turnover** of \$75,000 or more in one year.



It is a good idea to register for GST even if you have not reached \$75,000.



Pay As You Go (PAYG) withholding

You need to keep some of the money you pay employees or some contractors as tax.



This tax is sent to the ATO.



You must register for PAYG withholding before you hold on to money as tax.



The ATO has more information about registering for PAYG withholding.

www.ato.gov.au/Business/Registration/Work-out-which-registrations-you-need/Taxation-registrations/Pay-as-you-go-withholding/

ATO Business Portal



You will need a myGovID to get on to the ATO Business Portal.

You can go here for more information

www.ato.gov.au/general/gen/mygovid/



On the portal you can:

- add your business activity statements (BAS)



- check your tax account



- make sure your information is correct



- change registrations for GST and PAYG



Register a business name

Your business name is very important.

Think about a business name that is about your business.



If you decide to only use your own name for your business, you do not need to register it.



If your own name is only part of the business name, you need to register it. For example Jane Smith & Co.



If the business name is made up, you need to register it.



You can register your business name at the **Australian Securities and Investments Commission (ASIC)**.

<https://asic.gov.au/for-business/registering-a-business-name/>

To register a new business name you need to already have an Australian Business Number (ABN).



Registering a domain name for a website

If you want to have a business website, the name of your website's address is called the domain name.



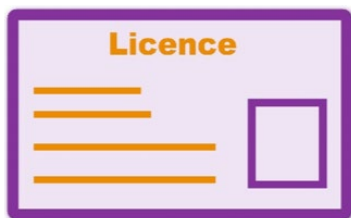
It is important to check if you can have the name you want as your domain name.



You go to domain registrars to register your domain name.

www.auda.org.au/industry-information/registrars

Licences



There are some things where you need a license or permit to allow your business to do it.



For example, you may need a license:

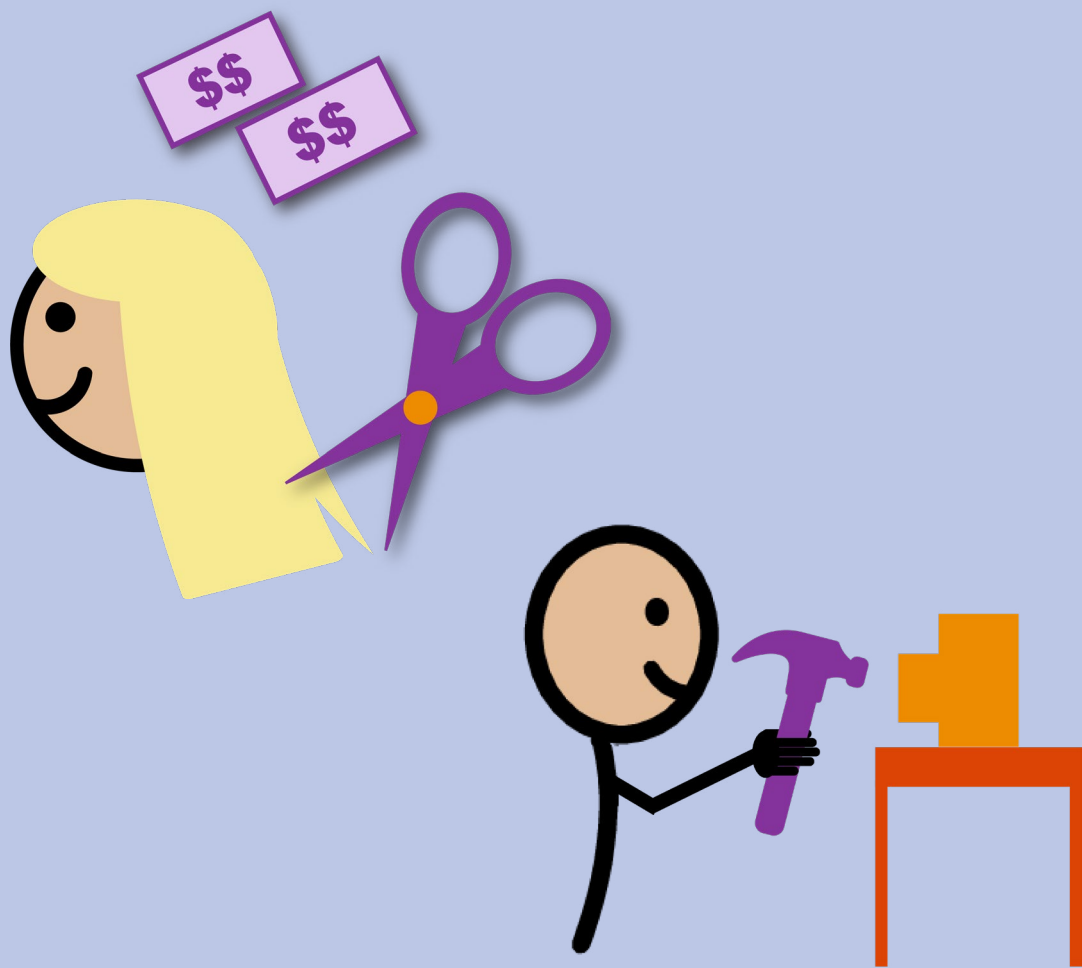
- to make food
- to run a business from home or from a mobile van.
- to make sure your business is safe and follows health and safety responsibilities.



You can use the Small Business Development Corporation's (SBDC) free online **Business Licence Finder** to find the licences and permits you might need for your business.

www.licence.smallbusiness.wa.gov.au/BusinessLicenceFinder

Selling Products and Services

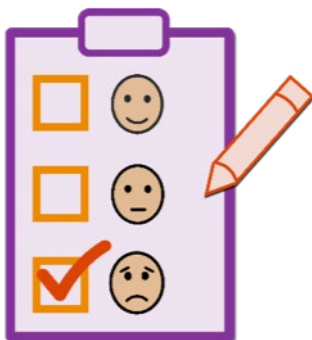


Selling Products and Services



When you sell products and services you need to follow the **Australian Consumer Law (ACL)**.

Consumers are people who buy your product or service.



The law says consumers can say that they are not happy with your product or service. You can read more about this in a document by the Australian Competition and Consumer Commission – **Your rights when you buy something**.

www.accc.gov.au/publications/your-rights-when-you-buy-something



You must help your consumer if they are not happy with your product or service, this law is called consumer **guarantee**.



If it is a small problem you need to fix it, if it is a big problem you need to give their money back or give them a new product.

Contracts

The image shows a stylized representation of a contract document. It features a purple rectangular border. Inside the border, there are five horizontal orange lines, likely representing lines of text or clauses. At the bottom of the document, there are two signature fields. Each field consists of the word "Sign" followed by a horizontal orange line. The first signature field contains a stylized orange signature, and the second signature field contains another stylized orange signature.

Contracts



A contract is when people agree about what they can and cannot do.

A contract is when you make a promise to each other.

A contract can be between businesses.

A contract can be between your business and a customer.



Contracts can be hard to understand.

It is important you understand any contracts you have to sign. You can get help to understand a contract.

Types of contracts



Contracts can be spoken or written.

There are some types of contracts that have to be written.

For example, buying or selling property or about money.



Spoken contracts can be difficult to remember.
It is safer to have written contracts.



Unfair contracts

All contracts must be fair.

A fair contract is equal for everyone.

A contract that is unfair might be against the law.



For more information on unfair contracts visit the **Australian Competition and Consumer Commission (ACCC)** website.

www.accc.gov.au/consumers/contracts-agreements/unfair-contract-terms#standard-form-contracts



Or, speak to the business advisors at the Small Business Development Corporation.

By phone: 133 140

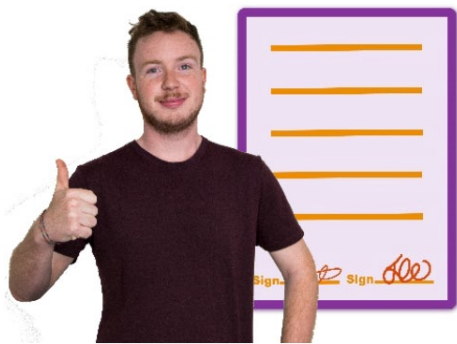
Email: info@smallbusiness.wa.gov.au

Signing a Contract

Before you sign a contract you must:

- read all of the contract
- understand the contract





- agree with the contract



- give yourself lots of time to think about it



Get help from a lawyer, if you need it



Make sure you have a copy of the signed contract

Insurances



Insurances



Insurances can protect your business if something goes wrong.

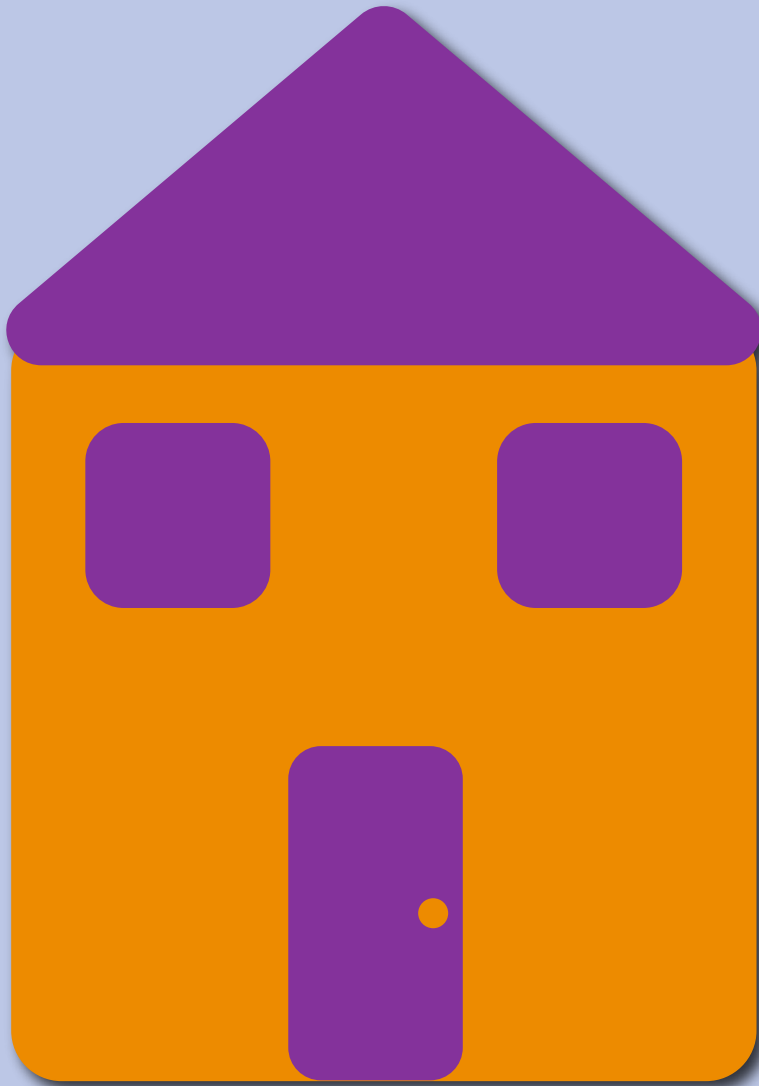


The only **insurance** the law says you must have is Workers' Compensation insurance when you hire workers.



It is your choice if you want to have other insurances.

Working From Home



Working from Home



Working from home can cost less money and be easier.

Before you decide to work from home, you need to think about these things:



- is it okay for you to work from home if you are living with other people?



- will your Local Council allow you to work from home?



- be careful as you might have to pay **Capital Gains Tax (CGT)** if you sell your home.

Renting a Place for your Business



Renting a Place for your Business



It is important to get help from a lawyer before signing a contract to rent a place for your business.

This is called a commercial lease.



The person or company that owns the place is called the landlord.

You can tell the landlord that you will not sign the lease until you get help from a lawyer.

You can work with the landlord to make sure the lease is what you want.



Before you sign the lease:

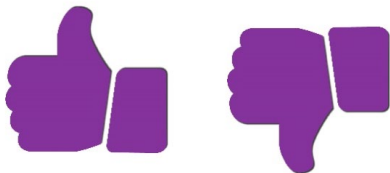
- understand about the money you have to pay



- give yourself lots of time to think about it



- understand the lease



- agree with the lease



- make sure everything is written

Hiring Workers



Hiring Workers



If you hire workers, the law says that you will have responsibilities to do with your workers.



Your responsibilities might be about:

- workers' compensation insurance



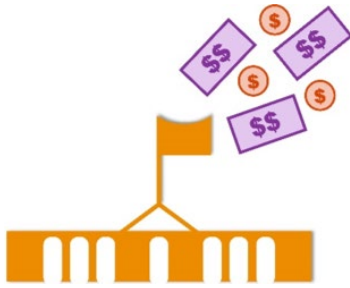
- making sure your work place is safe and healthy for your workers



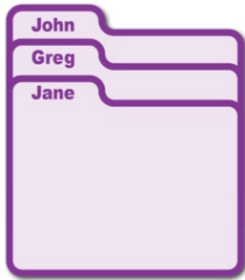
- how much you pay your workers



- what your workers' leave entitlements are.
For example, sick leave, annual leave or long service leave



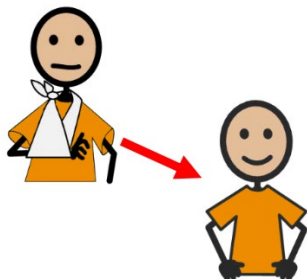
- taxation and superannuation



- employee records



- laws where you are not allowed to discriminate



- what to do if your worker is injured



WaiS has information to help you as an employer.

Engaging Your Own Supports –

[http://waindividualisedservices.org.au/
resources/engaging-your-own-supports](http://waindividualisedservices.org.au/resources/engaging-your-own-supports)

Be a Boss –

[http://waindividualisedservices.org.au/online-
courses/be-a-boss](http://waindividualisedservices.org.au/online-courses/be-a-boss)

Other Things to Think About



Other Things to Think About

Discrimination



Discrimination is when someone is treated unfairly because of something they can't change like their race, disability or who they love.

People and businesses need to make sure they don't discriminate.

You cannot discriminate when you are finding workers to work for your business.

For more information, go to:

www.eoc.wa.gov.au/your-rights/eo-for-business



Keeping Information Safe

You need to think about keeping other people's information safe.

You cannot share people's information without them telling you that you can.



To find out more, go to the **Office of the Australian Information Commissioner**

www.oaic.gov.au/privacy/privacy-for-organisations/small-business/



Intellectual Property

Intellectual property are things you create as part of your business.



You might need to think about protecting your Intellectual Property (IP).



This is to make sure you keep the right to your IP.



It is also important not to use someone else's IP in your business without them telling you that you can.



If you develop a new product or service, this belongs to you and is your Intellectual Property.



You must register your IP to make sure you continue to own it.

Word List



Capital Gains Tax

Capital gains tax is a tax you pay when you sell an asset and make money from selling it.



Guarantee

A guarantee is a promise that the product or service you sell is of acceptable quality.



Insurance

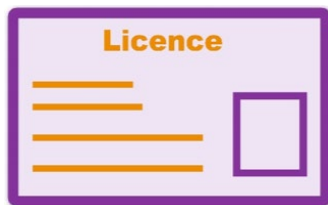
Insurance is a service you pay for, to protect you if something goes wrong.

If you have insurance and something goes wrong, your insurance company could pay the cost.



Intellectual Property (IP)

Intellectual property is the property of your mind. It is the new ideas you create. For example, it can be an invention or design.



Licence

A licence is a document that says you can:

- own or use something
- do something, like drive a car, bus or truck.



Turnover

Turnover is the amount of money that a business makes in a certain amount of time.

Notes

[illegible]

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