



M2K Advisors



# AUSTRALIA KNOWLEDGE SERIES #1 – INCORPORATION OF A COMPANY

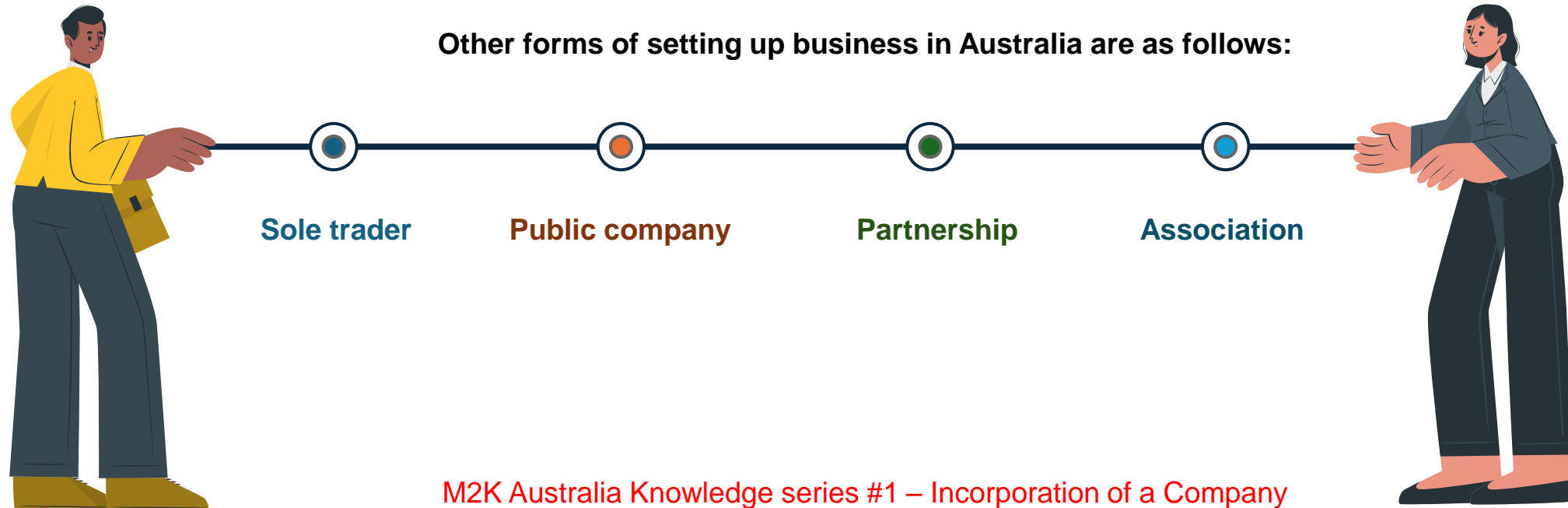
# Incorporation of a Company

## Incorporation in Australia

A person who is carrying on business in Australia will have to register its business with the Australian Securities and Investment Commission (ASIC) . A company is a separate legal entity and has its own identity for tax and legal purposes.

## Vehicles of setting up business in Australia

A Proprietary company (i.e., private limited company) is the most common vehicle used by foreign corporates for setting up business in Australia.



# Pre-requisites for Registration (1/4)

The following are some of the basic/ mandatory requirements for companies to get registered in Australia :



## Shareholders

- Proprietary Company** – Minimum one shareholder and maximum 50 non-member shareholders
- Public Company** – Minimum one shareholder and no limit on the maximum number.

**Proprietary Company** – Minimum one director who must reside in Australia. If the Company has crowd source funded shareholders, it must have at least two directors and majority of them should be residents of Australia.

**Public Company** – Minimum three directors and at least two of them should be residents of Australia.

## Directors



# Pre-requisites for Registration (2/4)

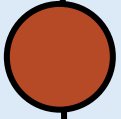
- **Paid-up share capital**: There is no minimum prescribed share capital or concept of authorized share capital. A company can be incorporated with a nominal share capital of 1 AUD.
- **Registered address**: Every Company is required to have a registered office address and a principal place of business address. The registered office address and the principal place of business address are allowed to be the same. However, registered office address of a company cannot be a mere post office address.
- **Name of the Company**: The word “Proprietary” or the abbreviation “Pty” must be included in the name of every proprietary company registered in Australia.
- **Company Secretary**
  - **Proprietary Company** – The legislation does not impose a mandatory requirement on proprietary companies to have a company secretary. However, if a company secretary is appointed, such person should be a resident of Australia.
  - **Public Company** – Public company must have at least one company secretary who is a resident of Australia.



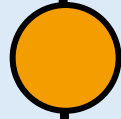
## Name approval



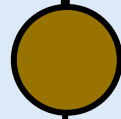
The name of the business proposed to be registered should not be identical with the name of a existing business/ company.



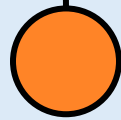
To ensure the name is not already reserved, "**Check name availability**" functionality in the ASIC website can be used.



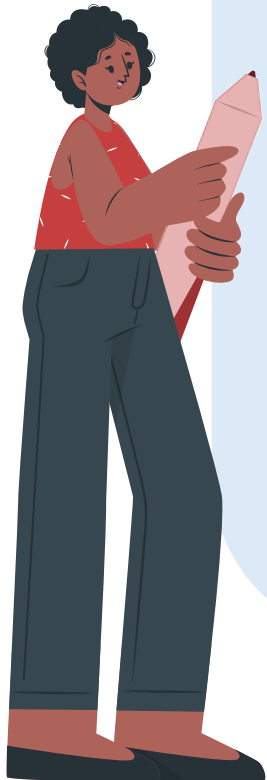
Application in Form 410 can be made to reserve the intended company name. If the application is approved, the name shall be reserved for a period of 2 months from the date of approval. Reservation can be extended beyond 2 months by making a fresh application.



Every company must show the liability of its members and status in its name. For example: if a company's members' liability is limited to the amount unpaid on their shares, the name must end with 'Proprietary Limited' otherwise it must end with 'Proprietary' alone.



Some words and phrases cannot be used without the approval of a government minister. Some examples include: bank, trust, university, etc.,



# Pre-requisites for Registration (4/4)

## Registered Office

Every company registered in Australia should have a registered office. Communications and notices shall be sent to the said registered office of the company. Any change in registered office shall be intimated to the ASIC not later than 28 days from the date of such change.



### Confirmation of registration

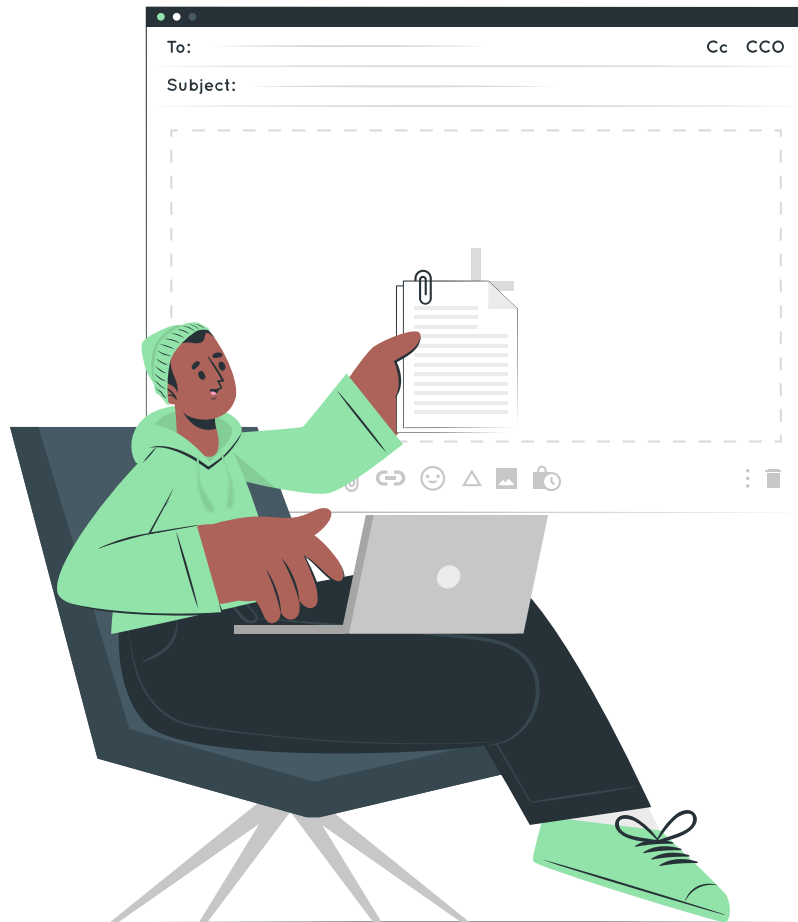
Upon lodging an application with the ASIC (along with certain basic details such as type of the company, proposed name, proposed address, consent of members etc.) the application shall be processed and a confirmation in this regard shall be received from ASIC (generally within 2 business days).

Upon confirmation, the ASIC shall allot a Australian Company Number, register the company and issue a certificate of registration.

There are few exceptions for registering a company through online process such as a company with unlimited liability, a company with individual share value more than 4 decimal places, etc.

The physical copy of the certificate of registration can be obtained by making an application to the ASIC in Form 960 and by paying a fees of AUD 21.

# Australian Company Number



Every company incorporated in Australia is issued a nine-digit unique number called Australian Company Number (ACN).

A company's ACN must be shown on all 'public documents' and 'eligible negotiable instruments'.

### The items on which it should appear include:

- all documents lodged with ASIC
- statements of account, including invoices
- orders for goods and services
- business letterheads
- official company notices
- cheques, promissory notes and bills of exchange.

# THANK YOU



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