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Guide to starting a business

Setting up your own business is exciting. But it can be challenging if you're not prepared. This guide takes you through the main steps of starting a business and helps you understand what's ahead.

1. Before you start

Find out what you need to check, decide and do before you start a business.

Check if you're ready

Starting a business takes a lot of hard work and commitment.

You need business skills, a solid idea and funding to get started. But you'll also need resilience and discipline to keep going when things get tough. And despite your best efforts, there's a chance your business might not succeed.

There are [plenty of places to get help](https://business.gov.au/planning/new-businesses/get-help-for-your-business) (<https://business.gov.au/planning/new-businesses/get-help-for-your-business>). But before you start a business, it's important that you're financially and emotionally ready.

Learn more

→ [Are you ready to start a business?](https://business.gov.au/planning/new-businesses/are-you-ready) (<https://business.gov.au/planning/new-businesses/are-you-ready>)

Checklist

- ✓ Get the skills you need to run a business
- ✓ Research your business idea
- ✓ Understand how running a business could affect your lifestyle
- ✓ Know where to get help and advice

Decide if it's a business or a hobby

You need to know if what you're doing is a business or a hobby.

A business is usually something you do to try and make a profit. A hobby is something you do for fun, although you might sell your work to cover your costs.

There's no one thing that determines if you have a business or a hobby. You need to consider several different factors.

Businesses and hobbies have very different obligations for:

- tax
- insurance

- licenses and permits
- record keeping
- reporting.

Learn more

→ [Difference between a business and a hobby](https://business.gov.au/planning/new-businesses/difference-between-a-business-and-a-hobby) (<https://business.gov.au/planning/new-businesses/difference-between-a-business-and-a-hobby>)

Checklist

- ✓ Determine if you have a business or a hobby

Work out if you're a contractor or employee

If you provide services to another business, you need to know if you're an employee or an independent contractor.

Working this out can be tricky. But generally:

- A contractor is their own boss and can work for more than one client at a time. They often use their own tools and methods to do their work.
- Employees work in someone else's business. The employer controls how, where and when they do their work.

Employees and contractors have different rights and responsibilities for insurance, tax and superannuation.

Sometimes businesses will treat an employee as a contractor to avoid their responsibilities. This is called sham contracting and is illegal.

Learn more

→ [Employee or contractor](https://business.gov.au/people/contractors/employee-or-contractor) (<https://business.gov.au/people/contractors/employee-or-contractor>)

Checklist

- ✓ Know whether you're an employee or a contractor
- ✓ Understand what sham contracting is

What to do if you're not a citizen or permanent resident

If you're not an Australian citizen or permanent resident, you'll need a visa to run a business.

Not all types of visa let you run a business in Australia.

Learn more

→ [Start a business in Australia as a foreigner](https://business.gov.au/planning/new-businesses/start-a-business-in-australia-as-a-foreigner) (<https://business.gov.au/planning/new-businesses/start-a-business-in-australia-as-a-foreigner>)

Checklist

- ✓ Get a visa that lets you run a business in Australia

What to do if you're under 18

You don't need to be an adult to run a business in Australia.

But there are a few extra things to consider if you're under 18 years old. These include restrictions on when and how much you're allowed to work.

Learn more

- [Start a business when you're under 18](https://business.gov.au/planning/new-businesses/start-a-business-when-youre-under-18) (<https://business.gov.au/planning/new-businesses/start-a-business-when-youre-under-18>)

Checklist

- ✓ Understand when and how many hours you're legally allowed to work in your state or territory
- ✓ Make sure any employees complete a working with children check (or the equivalent in your state or territory)

[2. Define your business >](#)