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December 2025

As another year rolls by, we wish you all the best for 2026. The following articles will help keep you up to date. If you have any questions, please don't hesitate to ask us.

Included are the following:

- Restructuring Family Businesses: From Partnership to Limited Company
- Right to disconnect.
- Small Business benchmarks
- Tax and your child's money: what parents need to know, including TFNs
- When Business Culture matters
- Reminder: Non deductibility of ATO interest charges for businesses
- How safe is your business from scams

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# Restructuring Family Businesses: From Partnership to Limited Company



## ***In Short***

- *Restructuring a family business from a partnership to a limited company provides enhanced liability protection by creating a separate legal entity and limiting shareholders' exposure.*
- *The process involves legal and structural changes, including asset transfers, contract novation and the establishment of a governed share capital structure reflecting family ownership intentions.*
- *It also offers the opportunity to introduce formal governance, clear employment and remuneration arrangements, and succession planning to support future growth and stability.*

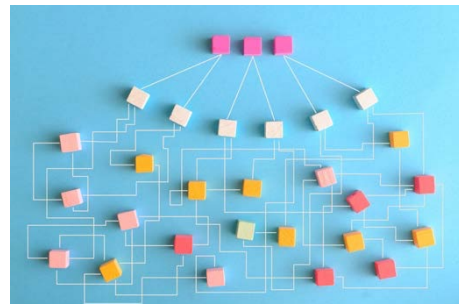
Family businesses form the backbone of the Australian economy, with many starting as simple partnerships before evolving into more complex structures. As these enterprise grows and mature, the original partnership structure that served them well in the early stages may no longer be the most optimal. The transition from a partnership to a limited company represents a significant milestone in a family business's journey, offering enhanced protection, improved governance, and greater flexibility for future growth. This article outlines how the restructuring process can yield benefits for families seeking to preserve their family-owned business.

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## ***Tips for Businesses***

*Review your partnership structure early if your business is growing. Set up the new company, formalise contracts and transfers, then implement clear roles, employment terms and governance policies so your family business evolves smoothly and safely.*

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# Restructuring Family Businesses: From Partnership to Limited Company

## The Case for Restructuring

### Limited Liability Protection

The most compelling reason for restructuring from a partnership to a limited company lies in addressing the fundamental liability disadvantages of partnerships. In a partnership structure, each partner bears unlimited personal liability for all business debts and obligations, regardless of their level of involvement in creating those liabilities. This means that if one partner makes a poor decision or enters into an unprofitable contract, all partners' personal assets, including family homes, savings, and investments, remain at risk.



This unlimited liability extends beyond just business debts. Partners can be held personally responsible for the professional negligence or wrongful acts of other partners, creating a situation where one family member's mistakes can devastate the entire family's financial security. The 'joint and several liability' principle means creditors can pursue any partner for the full amount owed, not just their proportionate share.

Converting to a limited company creates a separate legal entity, generally limiting shareholders' liability to their investment in the company, meaning that personal assets remain protected from business creditors. This protection becomes increasingly important as family businesses grow and face greater commercial risks.

## What Restructuring May Involve

### Legal and Structural Changes

The restructuring process typically begins with incorporating a new company and transferring business assets, contracts and operations into that new company. This involves preparing comprehensive constitutional documents that will govern the company's operations and establishing share structures that reflect family ownership intentions while ensuring compliance with the *Corporations Act 2001* (Cth) (**Corporations Act**).

Legal documentation must address the dissolution of the existing partnership through:

- formal partnership dissolution agreements; or
- transfer of business registrations, including:
  - ABN and industry-specific licences; and
  - novation of key contracts with suppliers, customers and landlords.

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*Many contracts contain change of control clauses that may be triggered during restructuring, requiring careful negotiation and consideration to maintain business continuity and avoid breach.*

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The incorporation process also involves determining the company's share capital structure. Generally, family members hold ordinary shares in the restructured company, which provide equal rights to dividends and voting.

# Restructuring Family Businesses: From Partnership to Limited Company



*However, the structure may be tailored to accommodate varying family member roles and interests, such as different proportions of ordinary shares reflecting their contributions or involvement levels, or, in some cases, different classes of shares where specific arrangements are needed.*

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## Asset Transfer

The asset transfer process requires a detailed inventory of all business assets, including:

- tangible assets such as equipment, inventory, and property; and
- intangible assets such as customer lists, proprietary systems, and the business's reputation.

Central to the restructuring process is the preparation of a comprehensive asset sale agreement between the partnership and the new company. This agreement formally documents the transfer of all business assets, liabilities and operations from the partnership to the company structure.



The asset sale agreement must specify exactly which assets are:

- being transferred;
- their agreed-upon values;
- any assumed liabilities; and
- the consideration being provided.

This document serves as the legal foundation for the restructuring and must address warranties and representations about the condition and ownership of assets, indemnities for pre-transfer

liabilities, and completion conditions that must be satisfied before the transfer occurs.

The agreement should also cover:

- the transfer of contracts;
- intellectual property rights; and
- business licences to ensure seamless continuity of operations.

Debt obligations must also be carefully transferred or novated to the new company structure. This may involve obtaining consent from lenders and potentially providing new security arrangements. Some debts may remain with individual partners if lenders are unwilling to release personal guarantees, requiring ongoing management of these continuing obligations.

## Corporate Governance Framework Implementation

The transition presents an opportunity to establish formal governance structures that partnerships often lack. This includes:

- establishing board structures with clearly defined roles and responsibilities;
- implementing proper financial reporting systems that meet corporate compliance requirements; and
- creating documented decision-making processes.



# Restructuring Family Businesses: From Partnership to Limited Company

Many families use this transition to introduce independent directors or establish advisory boards, bringing external expertise and objective perspectives to business decisions. The governance framework should also include formal policies regarding conflicts of interest, related-party transactions, and family employment policies.

Meeting procedures must be established, including requirements for board meetings, annual general meetings and proper minute-taking. These formal processes, while initially seeming bureaucratic to families accustomed to informal partnership decisions, ultimately provide clarity and protection for all family members.

## **Employment and Remuneration Restructuring**

Family members who were partners must transition to employee or director roles within the company structure. This requires developing new employment contracts that

clearly define roles, responsibilities, reporting lines and performance expectations. The informal arrangements that may have worked in partnerships need to be formalised to meet employment law requirements.

Remuneration packages must be restructured to separate ownership returns from employment compensation. This might involve establishing salary packages for working family members, director fees for board participation and separate dividend policies for ownership returns. Superannuation obligations must also be addressed, as company employees require proper superannuation arrangements in place.

The restructuring process often reveals the need for more explicit role definitions and succession planning. Job descriptions, performance management systems, and career development paths may need to be established for the first time, particularly for younger family members entering the business.

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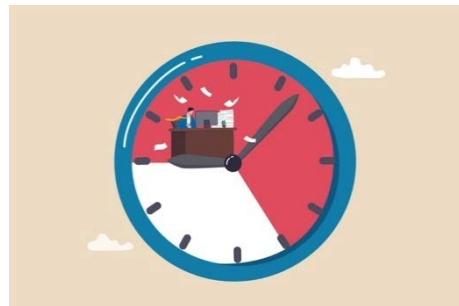
From August 26 2024, Australian workers have a legal right to disconnect from the workplace outside of working hours. The changes to the Fair Work Act 2009 aim to combat the stress and burnout caused by technology-driven 'always on' working culture. As an employer, you must take steps to support this new right.

## EMPLOYEE PROTECTIONS



- Employees can refuse to monitor, read, or respond to work related communications outside their working hours.
- Employees are safeguarded against negative employer reactions if they refuse unreasonable out-of-hours contact.
- Exceptions apply if the refusal is deemed unreasonable.

## REASONABLE WORKING HOURS



- A full-time work week is 38 hours unless stated otherwise in employment agreements.
- Employers can require employees to work additional reasonable hours. e.g. completing a project before a deadline or working an extra hour to close up.

# Right to Disconnect

## REASONABLE ADDITIONAL HOURS



When determining whether additional hours are considered reasonable, consider the following factors:

- Remuneration: The employee's pay level.
- Notice: How much and when notice was provided.
- Health & Safety: Any risks associated with overtime.
- Employee Circumstances: Their role, level of responsibility and their personal situation such as family and carer duties.

## CRITERIA FOR DISCONNECTING



When determining if an employee's refusal to respond is unreasonable, consider the following factors:

Purpose of Contact: The reason behind the contact.

Method and Disruption: How the contact was made and its disruption level.

Compensation: Extent of compensation for being available.

Role and Responsibility: Employee's job nature and responsibilities.

• Personal Circumstances: Including family and carer duties.

## WORK PRACTICES ASSESSMENT

To support the right to disconnect, employers should:

- Evaluate current work practices to identify unreasonable expectations to monitor or respond to out-of-hours contact
- Ensure employees are compensated adequately if they are expected to remain available outside work hours.

## COMPLIANCE PREPARATION

Steps to maintain legal compliance with the Fair Work Act 2009 include:

- Updating current policies to reflect the right to disconnect.
- Training managers and staff on the new guidelines.
- Establishing clear communication protocols for out-of-hours contact.

# Benchmarks for small business



**One gap when owning and operating a small business is to get a feel for how you are doing compared to your peers.**

The ATO realises the importance of this and have developed a list of benchmarks to help.

- [Air conditioning, refrigeration and heating services](#)
- [Alarm systems installation – fire and security](#)
- [Architectural services](#)
- [Automotive electrical services](#)
- [Bakeries and hot bread shops](#)
- [Barber and men's hairdressing](#)
- [Beauty services](#)
- [Blocklaying services](#)
- [Book retailing](#)
- [Bottle shops and liquor retailing](#)
- [Bricklaying services](#)
- [Cabinet makers](#)
- [Cake shops and patisseries](#)
- [Carpentry services](#)
- [Carpet laying services](#)
- [Catering services](#)
- [Cement rendering](#)
- [Chicken shops](#)
- [Child care services](#)
- [Chiropractic and osteopathic services](#)
- [Cleaning services – building and other industrial](#)
- [Cleaning services – carpet, rug and furniture upholstery](#)
- [Clothing retailing](#)
- [Coffee shops](#)
- [Computer retailing](#)
- [Concreting services](#)
- [Confectionery retailing](#)
- [Courier services](#)
- [Craft shops](#)
- [Delicatessen](#)
- [Delivery services](#)
- [Dental specialists](#)
- [Dental surgeons – general](#)
- [Discount and variety stores](#)
- [Domestic appliance repair and maintenance](#)
- [Driving schools and instructors](#)
- [Electrical and electronic product retailing](#)
- [Electrical services](#)
- [Entertainment media retailing](#)
- [Fence construction](#)
- [Fish and chips shops](#)
- [Fish and seafood retailing – fresh](#)
- [Floor covering retailing](#)
- [Florists](#)
- [Footwear retailing](#)
- [Fruit and vegetable retailing](#)
- [Fuel retailing](#)
- [Furniture removalists](#)
- [Furniture retailing](#)
- [Garden supplies retailing](#)
- [Gift stores](#)
- [Glazing services](#)

## Benchmarks for small business

- [Grocery retailing and convenience stores](#)
- [Hairdressers](#)
- [Hardware and building supplies retailing](#)
- [Health and fitness centres](#)
- [Health food retailing](#)
- [Homewares retailing](#)
- [Ice cream retailing](#)
- [Kebab shops](#)
- [Landscape construction](#)
- [Laundry and dry-cleaning services](#)
- [Lawn mower retailing](#)
- [Lawn mowing and garden services](#)
- [Machinery and equipment repair and maintenance](#)
- [Manchester and other textile goods retailing](#)
- [Meat and poultry retailing – fresh](#)
- [Motor vehicle parts and batteries retailing](#)
- [Motor vehicle retail – new and used](#)
- [Musical instruments retail](#)
- [Newsagents](#)
- [Painting services](#)
- [Panel beating and smash repairs](#)
- [Pest control services](#)
- [Pets and pet supply retailing](#)
- [Pharmacy](#)
- [Physiotherapy services](#)
- [Picture framing retailing](#)
- [Pizza shops – takeaway](#)
- [Plastering and ceiling services](#)
- [Plumbing services](#)
- [Printing](#)
- [Printing support services](#)
- [Pubs, taverns and bars](#)
- [Restaurants](#)
- [Road freight transport services](#)
- [Roofing services – includes roof tiling, guttering and metal roofing](#)
- [Sports, camping and fishing retailing](#)
- [Sports and physical recreation instruction](#)
- [Stationery goods retailing](#)
- [Takeaway food services](#)
- [Tiling services – floor and wall](#)
- [Timber floor sanding](#)
- [Tobacco retailing](#)
- [Towing services](#)
- [Toy and game retailing](#)
- [Tutoring and coaching](#)
- [Tyre retailing](#)
- [Veterinary services](#)
- [Watch and jewellery retailing](#)

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**As a parent or guardian, it's essential to understand how tax applies to your child's money.**

*If your child has a savings account or receives other income, you need to know how to help them manage their finances and meet their tax obligations.*

Income tax can apply to money your child receives, such as bank account interest or dividends from shares.



For tax purposes, a "minor" is an individual under 18 years of age at 30 June of the income year. Special tax rules for minors apply until they no longer meet this definition.

• *Special tax rates for minors:* For 2024–2025, for income of Australian resident minors:

- \$0 to \$416: no tax;

- \$417 to \$1,307: 66% of the amount over \$416; and

- over \$1,307: 45% of the total income.

• *"Excepted income" and "excepted persons":* If your child's income is excepted income, or they're an excepted person, they're taxed at the same rates as an adult. This means they can usually take advantage of the \$18,200 tax-free threshold. Excepted income includes amounts like employment earnings and taxable pensions from Centrelink; excepted persons include children who work full-time, or have certain disabilities.

• *Bank account interest:* There are specific thresholds for children under 16, until the end of the calendar year they turn 16:



- *Interest under \$120 per year:* Financial institutions generally won't withhold tax.

- *Interest between \$120 and \$420 per year:* If the bank has the child's date of birth or Tax File Number (TFN), tax usually won't be withheld, and a tax return isn't needed for this income alone.

*Interest of \$420 or more per year:* If a TFN is provided, tax won't be withheld. Otherwise, the bank will withhold tax at 47%. For children aged 16 or 17 earning \$120 or more in interest, providing their TFN prevents tax withholding.

### **Does my child need a Tax File Number (TFN)?**

*There's no minimum age to apply for a TFN, but it can be useful for children to have one.*

If you need to lodge a tax return on your child's behalf, or they need to lodge their own (eg to claim a refund of withheld tax or because their income requires it), they will need a TFN.

Financial institutions and share registries may withhold tax at the highest marginal rate (currently 47%) from interest or unfranked dividends if a TFN isn't provided. If money and its earnings are genuinely your child's, you should quote your child's TFN. If you have put some of your own funds aside for a child, that is considered at best as trustee for your child without a formal trust, and you'd quote your TFN. If there's a formal trust, use the trust's TFN.

# Why Culture Matters (Even in small teams)



**Business culture is the shared set of values, beliefs, norms, and practices that dictate how employees within an organization behave, interact, and make decisions, shaping the overall work environment and company identity.**

It's expressed through daily actions, such as how successes are celebrated or mistakes are handled, and it influences everything from employee engagement to the company's success and how people are treated.

## Key Characteristics of Business Culture



### Shared Values and Beliefs:

These are the foundational principles that guide behaviour and decision-making, providing a sense of common purpose.

### Norms and Behaviours:

These are the unwritten rules and established ways of acting that dictate how people interact with each other and perform their work.

### Day-to-Day Realities:

Culture is demonstrated through everyday actions and experiences, such as team meetings, communication styles, and how conflicts are resolved.

### Leadership Influence:

Leadership plays a crucial role in building and maintaining a strong culture by consistently acting on the company's values and providing direction.

### Impact on Employees:

A positive culture fosters employee engagement, commitment, safety, and the belief that their contributions are valued.

### Alignment with Strategy:

A strong culture is one where the company's core values and strategic goals are evident in daily practices, leading to better financial performance.

# Why Culture Matters (Even in small teams)

## Examples of Business Culture in Action



### Direct Communication:

In some cultures, like Australia, communication is direct, with less emphasis on status or unnecessary details.

### Decision-Making Processes:

A company might have a top-down decision-making approach where policies and procedures are strictly followed, or a more inclusive process where input from all employees is sought.

### Work Environment:

The physical layout and social atmosphere, like the size of offices or the availability of common spaces, can reflect a company's culture.

## Handling Mistakes:

How a company responds to errors—whether it focuses on punishment or learning and improvement—reveals its cultural values.

### Summary

When culture isn't clear, people pull in different directions. Mixed messages creep in, good staff get frustrated, and suddenly you're spending more time fixing problems than making progress.

You don't need a big HR department to build culture. Start small, stay consistent:

- ✓ Weekly 10-minute check-ins
- ✓ Regular team meetings to step back and reflect
- ✓ Hire for values, not just skills
- ✓ Call out when people live the values — and when they don't

Culture is built in everyday moments, not just big decisions.

When culture is clear, people feel supported, problems get solved faster — and you get to build the future you want.

## Non deductibility of interest charges for business



**Businesses can no longer claim income tax deductions for ATO general interest charge (GIC) and shortfall interest charge (SIC) charged on unpaid/underpaid tax liabilities. This change applies to amounts incurred in income years starting on or after 1 July 2025.**



Previously, businesses could deduct ATO-imposed interest charges on overdue tax debts, reducing the net cost of these charges. From 1 July 2025, this deduction is no longer available.

This legislative change is significant for businesses that manage cash flow by deferring tax payments, as the cost of carrying tax debt will effectively increase. Without the tax deduction, the real cost of ATO interest charges rises, making it more expensive to delay tax payments. Currently, the GIC rate is 11.17%.

The removal of tax deductibility for ATO interest charges underscores the importance of timely tax compliance.



From fake invoices and scam calls to fraudulent social media ads and texts, scammers are targeting Victorian businesses in ever-evolving ways.

Victorians have lost \$4.1 million to false billing scams alone in 2025, proving that dodging fraud can be a full-time job.

## Top 3 scams costing Victorian businesses this year

Scammers are out to steal your money and they continue to come up with novel ways of doing so. The National Anti-Scam Centre has identified the 3 scams hitting Victorian businesses hardest this year. You might be surprised by what they are.

### 1. False billing scams



False billing scams have cost Victorian businesses \$3.9 million in the first 6 months of 2025. These scams typically involve:

- impersonation scams – scammers mimic businesses by using similar names, emails, domains and logos to send fake invoices that appear legitimate
- payment redirection scams – a business system is compromised by the scammer, allowing the scammer to change banking details on legitimate payment requests. Because the emails are sent out from the real business email account, it is extremely difficult for customers to spot this scam.

Industries that typically handle large value payments (real estate, legal and conveyancing, building and construction, and automotive) are at greater risk of these types of scams.

3 tips on how to protect your business and customers from false billing scams

- Include scam awareness messaging to your customers.
- Provide your customers with secure, authorised and encrypted payment platforms where available rather than email requests for payment.
- Train your staff to always check that goods have been ordered and

# How safe is our business from scams

authorised before paying an invoice and independently contact the organisation to confirm if there has been a change in payment details.

## 2. Business impersonation



More Victorian businesses are reporting that they are being impersonated. Financial losses related to these impersonations are on the rise.

Scammers impersonate a business and its brand by:

- creating clone websites and fake social media profiles
- spoofing\* phone numbers, SMS user IDs and email addresses
  - \*spoofing is when scammers use technology to disguise their phone number, SMS user ID, and email address to make it look like they are contacting you from a trusted organisation
- referencing a legitimate ABN or industry licence.

Businesses impersonated by scammers in this way may suffer brand damage and reputational harm through loss of consumer trust and confidence.

3 tips on how to protect your business from identity theft and impersonation scams

- Regularly search online and on social media for your brand name to spot impersonation quickly.
- Report fake accounts or websites to the platform or website host to have them removed.

- If you find a scam, help others by going to Report a scam.

## 3. Shopping scams

When shopping online for your business (or yourself), if it looks too good to be true it probably is.

4 tips on how to protect your business from shopping scams

- Wherever possible, inspect goods before making any payment.
- Read independent reviews when using a new supplier.
- Use your browser to search for websites rather than accessing sites via links in text, email or social media.
- Pay for items using secure payment methods like PayPal and credit cards.



How to protect your business from scams

Keep your business and customers safe with three simple steps: Stop. Check. Protect.

**Stop.** Always take a moment before giving money or personal information to anyone.

Scammers will create a sense of urgency to pressure you into acting quickly. Don't rush to make decisions about money or sharing personal or business details.

What to do:

- Say no, hang up, or delete suspicious messages.

# How safe is our business from scams

- Take time to think before responding to unexpected requests.
- Don't let anyone pressure you into immediate action.
- Trust your instincts if something feels wrong.

**Check.** Make sure the person or organisation you're dealing with is real.



Scammers pretend to be from organisations you know and trust. Always verify who you're really dealing with before taking any action.

What to do:

- Contact the organisation directly using phone numbers or email addresses you find on their official website or app.
- Research investment opportunities or offers through official sources like ASIC.
- Get a second opinion from family, friends, or professionals.

**Protect.** Act quickly if something feels wrong.

The sooner you act, the better you can protect yourself and your customers from scammers.

What to do:

- Contact your bank immediately if you think you've lost money or shared financial details.
- Contact IDCARE if you've shared personal information – they can help you create a plan to limit damage.
- Help others by going to Report a scam.
- Report to police at [Cyber.gov.au](http://Cyber.gov.au).
- Change passwords and security details if you think they've been compromised.
- Monitor your bank statements and credit reports for unusual activity.
- Report the scam to the impersonated organisation and platform where the scam is happening.
- Being scammed can feel overwhelming. Support is available at Lifeline on 13 11 14 or Beyond Blue on 1300 22 4636.

Understand cybercrime, how to protect your business and report an attack or cybercrime with Manage cybersecurity in your business.

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