



CHARTERED ACCOUNTANTS  
AND FINANCIAL SERVICES

## BUSINESS STRUCTURES

### SOLE PROPRIETOR

- the most basic business entity
- widely used by small business entrepreneurs and farmers
- few formalities
- paying income tax at the individual rate (max 40%)
- paying CGT at max 10% (annual exemption R10 000)
- personally liable for the liabilities of the business

### PARTNERSHIP

- for two or more persons going into a joint venture
- a bit more formal
- written partnership agreement is recommended
- paying income tax at the individual rate (max 40%)
- paying CGT at max 10% (annual exemption R10 000)
- personally liable for the liabilities of the business

### CLOSE CORPORATION

- recommended for small businesses who want separate legal entity
- more formalities to cope with (as governed by the Close Corporations Act)

- only natural persons can be members – maximum of 10
- paying income tax at 30% from R1
- paying CGT at 15% from R1 (no annual exemption)
- separate legal entity

### COMPANY

- the ultimate business entity for bigger businesses
- most formalities of all the entities as ruled by the Companies Act
- unlimited shareholders – also legal persons
- paying income tax at 30% from R1
- paying CGT at 15% from R1 (no annual exemption)
- separate legal entity

### TRUST

- recommended for “protecting” assets
- fits in with estate planning
- trustees have to manage assets on behalf of beneficiaries
- pay income tax at 40% from R1 if not distributed
- paying CGT at 20% from R1 if not distributed
- trustees cannot be personally liable unless negligent or fraudulent