Company, sole trader or partnership - what should your business be?

Whether you’re already in business, or just starting out, it’s important to get your business structure right. Our new tool can help make choosing a business structure easier.

Choosing your business structure

Choosing the right structure for your business is one of the most important decisions you make when starting out. Different structures have different legal and financial obligations which can affect your business’s ability to evolve or grow.

“That’s why we developed the Choose Business Structure tool,” says Matt Kennedy-Good, head of business.govt.nz.

“That’s why we developed the Choose Business Structure tool,” says Matt Kennedy-Good, head of business.govt.nz.

“Whether you’re just starting out, or your business has evolved since you set it up, we wanted to make it easy to decide which is the best structure for your business.”

If you’re already in business, the tool may suggest you’re better changing to a different structure – eg it’s common for sole trading businesses to evolve into companies. If you’re unsure about the result it’s a good idea to talk to an accountant or business advisor.

Since its launch six weeks ago, the tool has been used by nearly 10,000 Kiwi businesses to better understand which structure suits their needs. The feedback has been overwhelmingly positive.

Business structure overview

Going into business doesn’t necessarily mean setting up a company.

Sometimes setting up as a sole trader or partnership is a better option – but it depends on your situation.

Business structure overview

The most common business structures here in New Zealand are:

- sole trader: a person who goes into business and trades on their own
- partnership: two or more people run a business together
- company: shareholders own the company, which is a legal entity in itself.

The new Choose Business Structure tool, a collaborative effort between business.govt.nz, Companies Office, New Zealand Business Number, Inland Revenue, ACC, and the private sector, guides you to choosing the business structure that best suits your needs.

The tool asks three quick questions that will help you make a decision, and offers a recommendation about your business structure – sole trader, company, or partnership – along with information outlining what’s involved in getting started, up and running and closing each structure.

Other business structures
Choose your business structure

Use this tool to help you make the best choice when it comes to structuring your business. Just three quick questions and you’re on your way to choosing a business structure.

Choose your business structure, Get started (/choose-business-structure/)

Case study

Business is booming

Belinda started creating natural skincare products for her own use in her kitchen two years ago. When her friends, and then friends of friends, started asking to buy them, she set up an online store to manage the demand. She’s now been approached by a pharmacy chain who want to stock her products.

Belinda started out as a sole trader, but as her business has expanded she’s started thinking more seriously about her goals for the business. She knows her brand is growing, and wants to investigate her options.

She logs on to the Choose Business Structure tool to help her make a decision on changing her business structure. After careful consideration, and reading through all the information on the Choose Business Structure tool, she decides to set up a company. The tool provides her with a task list she can follow, along with an outline of some of the set-up costs she can expect to pay.

Other resources to support your business

Choose Business Structure is part of business.govt.nz's new suite of tools designed to help you get from started to sorted, with guidance personalised to your individual needs.

It follows the launch of a re-vamped ONECheck in May, which allows you to check the availability of business names, trade marks, web domains and social media usernames in one quick search, and guides you to your next steps.

ONECheck is being used for around 2,000 business name searches each day – clocking up over 180,000 searches since its relaunch in May.

“The tools are designed to make it quicker and easier for new businesses to make the right decisions early on that’ll help them succeed in the future,” says Kennedy-Good. “They gather information from across government and the private sector and personalise it to a business’s needs, which saves new businesses time and effort.”

Is your business name available?

Use ONECheck to see if your business name, web domain, trade mark and social media usernames are available — it only takes one search.

ONECheck (https://www.business.govt.nz/onecheck)

Ten steps to start a business

Our guide gives you the complete picture of what's involved in starting up, from testing your idea to registering a trade mark.
Related content

**Becoming a sole trader**

([getting-started/choosing-the-right-business-structure/becoming-a-sole-trader/](/getting-started/choosing-the-right-business-structure/becoming-a-sole-trader/))

Want to go contracting or start a sole trader business? Our tips, tools and information can help.

([getting-started/choosing-the-right-business-structure/becoming-a-sole-trader/](/getting-started/choosing-the-right-business-structure/becoming-a-sole-trader/))

Check it out ([/getting-started/choosing-the-right-business-structure/becoming-a-sole-trader/](/getting-started/choosing-the-right-business-structure/becoming-a-sole-trader/))

**Starting a partnership**

([getting-started/choosing-the-right-business-structure/starting-a-partnership/](/getting-started/choosing-the-right-business-structure/starting-a-partnership/))

Want to start a partnership or not sure what it involves? Our tips, tools and information can help.

([getting-started/choosing-the-right-business-structure/starting-a-partnership/](/getting-started/choosing-the-right-business-structure/starting-a-partnership/))

Check it out ([/getting-started/choosing-the-right-business-structure/starting-a-partnership/](/getting-started/choosing-the-right-business-structure/starting-a-partnership/))

**Starting a company**

([getting-started/choosing-the-right-business-structure/starting-a-company/](/getting-started/choosing-the-right-business-structure/starting-a-company/))

Want to start a company or not sure what it involves? Our tips, tools and information can help.

([getting-started/choosing-the-right-business-structure/starting-a-company/](/getting-started/choosing-the-right-business-structure/starting-a-company/))

Check it out ([/getting-started/choosing-the-right-business-structure/starting-a-company/](/getting-started/choosing-the-right-business-structure/starting-a-company/))

**Nail your business planning**

([getting-started/choosing-the-right-business-structure/nail-your-business-planning/](/getting-started/choosing-the-right-business-structure/nail-your-business-planning/))
Make sure you work on the right things for your growing business with our quick-focus planning template.

Check it out