

## How many shares do I need to register a company?

Australia ranks No. 3 among 181 economies for “ease of starting a business” according to a summary of a study entitled, “Doing Business 2009”.

Indeed, it is relatively easy for anyone to set up a new company in Australia. Registration can be completed online and in as early as one day. Other business requirements such as business name registration and goods and services tax registration may also be completed online.

Existing corporation laws make it possible to register a company quickly. Unlike most countries, Australian law does not require a new company to have a constitution or a set of articles for its incorporation. Corporate seals for Australian companies are also optional now.

In other countries, regulatory agencies usually require incorporators of new companies to come up with a minimum amount to support an application for registration. This amount is divided into shares and must be verified by means of a bank certificate stating that the minimum paid-up capital is in deposit.

In Australia, however, this is not the case. Australian start-up businesses are not unduly burdened by strict minimum capital requirements.

Australian corporation law does not specify how many shares a proprietary company must have nor how many shares each shareholder must own or hold in his name. The only requirement is for a proprietary company to have at least one shareholder.

In the Form 201 to be submitted to the Australian Securities and Investments Commission, the applicant for company registration must also include a list of its shareholders and their respective shareholdings. A breakdown of the amounts paid and owed from each shareholder must also be indicated. There may be no minimum amounts required, but it is a practical measure for you to raise an amount that is sufficient for your company’s operations.

Once your shareholdings and those of your other shareholders are stated in the registration form, the same shall form part of your company’s details. Any changes therein will have to be reported within twenty-eight (28) days under pain of penalty. Furthermore, since your liability for your company’s obligations is limited by the value of your shares, you will have to keep all information about the status of your shareholdings current.

Another point to consider is how much capital you should be able to show to prospective business contacts. It is a fact that new clients normally consider the shareholder base of a company in assessing its stability. Meagre capital resources may put your company at a disadvantage. Other companies also maintain minimum standards when dealing with new companies. They may consider capital size as a prerequisite for entering into business contracts with you.

Determining just how many shares should be issued and how much capital should be infused is a business decision for you to make. The right value should be an amount that is realistic to your shareholders, sufficient for your operations and acceptable to your clients.