

## ABN vs ACN – A Quick Guide

In running a business or engaging with a servicing company, we always encounter ABN and ACN, but we do not really know what it stands for. In this article, we will give you a quick guide on the difference between ABN and ACN. If you need further assistance, you can contact our construction lawyers at Contracts Specialist.

### What is ABN?

ABN or Australian Business Number is an eleven-digit identifier number which all businesses must secure. Whether you plan to register your business as a sole-trader, partnership, company, corporation, you need to apply for one. It serves as an identification card and is commonly used in commercial transactions and dealings with the Australian Taxation Office (ATO).

The ATO issues ABNs, lets you operate as a legitimate business entity, and ensures that you are dealing with a legitimate business entity as well. Also, getting an ABN is a requirement in registering for Goods and Services Tax (GST) and Payroll Tax.

If you want to check if the business or entity you are dealing with is legitimate, you may look up the business name or their ABN through this link.

### What is ACN?

ACN or Australia Company Number is a nine-digit identifier number that is only given to businesses registered as companies. A company is a particular business structure that has a separate juridical personality from its owner's natural personality. It is usually owned by a group of people called shareholders and is managed by directors. It is also important to know that when companies run into financial or legal trouble, the directors and shareholders won't be normally held responsible since a company is a separate legal entity. These companies, its directors and shareholders are strictly regulated by the Australian Securities and Investments Commission (ASIC), the governmental agency who issues the ACN to companies.

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A company that does commercial transactions or any other business activities will have both ABN and ACN. You may look up any ACN through the ABN lookup or through the ASIC register.

## How to register for an ABN?

You can register for an ABN by applying online free of charge. But if you want to be sure that you are doing it correctly, a business activity statements (BAS) agent or a registered tax agent could help you apply for an ABN for a certain fee.

As a general requirement, you will need to provide the following:

- Name, date of birth, email address and TFN of the persons associated with the business
- Physical address of the business
- Business structure you are planning to adopt, whether as a sole trader, partnership, company or trust

If you decide to apply for an ABN online, it should take 24-48 hours of processing time for the ATO to assess your ABN application.

## How to register for an ACN?

If you are registering a company instead, an ACN would be more appropriate for your business.

You will automatically receive an ACN when you have successfully set up a company. You can either choose to set up a company yourself through reserving a company name in ASIC and registering online using the government's Business Registration Service or get assistance from private entities such as your lawyer, accountant and other businesses assisting with ASIC applications for an extra charge.

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## Summary

ABNs and ACNs are unique identification numbers for businesses and companies, and all types of business entities are required to get an ABN. Once looked up, it will show you all the basic information that you may need about the company or business entity that you are looking for. Both are really important for business when it comes to compliance with tax laws and company laws. These are also very useful in dealing with clients, especially when it comes to debt recovery or even building disputes. It is important that you get an ABN or ACN from any entity you transact and do business with.

If you need help in setting up the structure of your construction business and review your construction contracts, Contracts Specialist would be happy to assist you.

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