



Direct Selling Checklist

Key legal things to remember



This checklist is designed for new local businesses and foreign companies thinking about expanding into the Australian market.

This checklist covers important things you need to be aware of when starting a direct selling business, such as choosing the right business structure, setting up effective processes and relationships and understanding legal requirements in the early stages.

Business structures and registrations

Tick here	What to do
<input type="checkbox"/>	<p>Choose the right legal structure for your business.</p> <p>Common options include:</p> <ol style="list-style-type: none">1. Sole trader: simplest and cheapest type of business setup, but not the best if you are looking to establish something for the longer term.2. Private or proprietary limited: typically the most suitable type of entity.
<input type="checkbox"/>	<p>Choose company directors.</p> <p><i>*If a company is owned by a foreign entity and wants to operate in Australia, the process also involves appointing at least one local Australian resident director.</i></p>
<input type="checkbox"/>	<p>Apply all directors for a Director Identification Number (DIN).</p>
<input type="checkbox"/>	<p>Complete registration process online through the Business Registration Service or directly with ASIC</p>
<input type="checkbox"/>	<p>Choose a name for your business.</p>
<input type="checkbox"/>	<p>Register the name with ASIC.</p>
<input type="checkbox"/>	<p>Apply for ABN.</p>
<input type="checkbox"/>	<p>Apply for TFN.</p>
<input type="checkbox"/>	<p>If applicable, register for GST (if your turnover is \$75,000 or more).</p>

- ☐ Set up a record keeping system.
- ☐ Understand your legal obligations as a director, and ensure all officeholders consent to their roles.

You can learn more about Director Identification Number (DIN) by clicking [here](#).

Our [Direct Selling team at Russell Kennedy](#) can help you set up your company in Australia.

Understanding legal, tax and reporting obligations

Tick here	What to do
<input type="checkbox"/>	Limitation of liability. <ol style="list-style-type: none"> Sole trader: As a sole trader, you are personally liable for all financial and tax debts. Private or proprietary limited: A company is generally liable for its business debts, but your personal assets can still be at risk if you are a director and the company cannot pay its debts.
<input type="checkbox"/>	Consider the corporate tax rate.
<input type="checkbox"/>	Register for GST if your turnover is \$75,000 or more.
<input type="checkbox"/>	Be aware of fringe benefits tax.
<input type="checkbox"/>	Be aware of payroll tax.
<input type="checkbox"/>	Be aware of PAYG (pas as you go) withholding for employees.
<input type="checkbox"/>	Ensure you make superannuation contributions.
<input type="checkbox"/>	Ensure you maintain accurate financial records to stay compliant with tax.
<input type="checkbox"/>	<i>*If your company is foreign-owned, you must also comply with international tax agreements and may need to pay taxes on Australian-sourced income.</i>
<input type="checkbox"/>	Comply with various regulations, depending on the products you sell. <i>*See later page for a list of key regulators.</i>

Relationships and processes

Tick here	What to do
<input type="checkbox"/>	Have you connected and are you building relationships with the right people and organisations to start and grow your business? For example: Direct Selling Australia, product fulfillment and logistics experts, regulatory experts for food standards and TGA, tax experts.

Russell Kennedy have been working in the industry for a long time and we can help you make these connections.

Data and regulatory considerations

Tick here	What to do
<input type="checkbox"/>	Join the DSA.
<input type="checkbox"/>	Have access to the Legal Compliance and Risk Management Guide
<input type="checkbox"/>	Understand the nuances of legislations in your state and territory.

Key regulators

Regulator	Function
ACCC	Enforces the Australian Consumer Law.
FSANZ	Food standards.
OAIC	Privacy and freedom of information
TGA	Therapeutic goods.
DSA	National industry association for direct selling, which enforces the Direct Selling code of practice.

An updated version of the Legal Compliance and Risk Management Guide is due to be published this year (2025) and Russell Kennedy have co-authored this guide.

Our team also often give advice on the nuances of legislation in each state and territory.

Other important things to be aware of

Items
When creating a compensation plan, ensure it focuses on the legitimate sale of products and services rather than recruitment incentives. This helps avoid illegal pyramid schemes and ensures the plan is legal
Advertising and consumer protection are other important areas to be aware of. Avoid misleading and deceptive conduct, especially for cosmetics, food, beverages, and therapeutic goods.
Privacy laws, which govern the collection, use, storage, and disclosure of personal information, are also undergoing reform.

Experts in Direct Selling Law

Russell Kennedy (RK) are legal advisors to Direct Selling Australia and have acted for participants in the direct selling industry in Australia for over 40 years. We are respected for the specialist service and insight that we offer stakeholders within the direct selling industry.

As experts in this area, RK regularly distributes information and hosts seminars

With offices in Sydney and Melbourne, we are well positioned to deliver exceptional expertise to our clients and have worked with many direct selling businesses, small and large, local and multinational.

Russell Kennedy have a comprehensive and practical understanding of all relevant Australian legal issues as they apply to direct sellers, including:

- Independent distributor contracts and policies
- Consumer law compliance
- Disputes and crisis management
- Tax and revenue law
- Electronic commerce
- Intellectual property protection
- Information privacy
- Therapeutic goods compliance

We offer a full range of legal services in the following areas:

- Business start-ups, mergers and acquisitions
- Business structures
- Disputes and litigation
- Regulatory investigations and audits
- Defamation
- Social media
- Employment and workplace relations
- Commercial advice and contract negotiations
- Commercial property sales, acquisitions and leasing
- International trade
- Estate planning business succession
- Technology law
- Insolvency and insurance

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