



Buying a Business: Share Purchase vs Asset Purchase

Acquiring a business can be one of the most exciting steps in your professional journey, but the way you structure the purchase can make a huge difference to your risk, tax outcome, and financing options.

Two of the most common ways to buy a business are through a share purchase or an asset purchase.

Here's a clear comparison to help you understand the key differences:



SHARE PURCHASE VS ASSET PURCHASE

CONSIDERATION	SHARE PURCHASE	ASSET PURCHASE
What You Buy	The company itself – including all assets, liabilities, contracts, staff, and history.	Specific assets (goodwill, IP, equipment, stock) – leaving liabilities with the seller.
Risk Exposure	Higher: you inherit all historical liabilities (known and unknown).	Lower: you avoid most past liabilities (unless agreed).
Due Diligence	Extensive: review contracts, debts, employee entitlements, tax history, litigation risk.	Focused: review asset titles, valuations, and related liabilities.
Contracts & Licenses	Usually remain valid, so business continuity is smoother.	May need to renegotiate or transfer contracts, leases, and licenses.
Employees	Automatically transfer with all rights and entitlements.	Buyer can choose which employees to take on but may have redundancy costs.
Tax Implications	Generally, more tax efficient for the seller.	Often tax efficient for the buyer (can “step-up” asset values for depreciation).
Financing	Lenders may view as riskier (because you inherit liabilities).	Often easier to finance, assets can be used as security.
Complexity	Simpler contract but higher risk exposure.	More detailed contract but cleaner purchase.
Price Negotiation	Sellers often prefer this method.	Buyers often prefer this method.

What This Means for You

- Asset Purchase is generally safer for buyers – you choose what you’re buying and leave behind unwanted liabilities.
- Share Purchase can mean a smoother handover (staff, contracts, and operations stay as they are) but carries higher risk.
- Finance Structure Matters – how you purchase will influence how a lender assesses the deal and what security they require.

JLM Tip

Every business acquisition is unique. The right structure for you will depend on the type of business, your risk tolerance, tax position, and your goals for growth. Engage your finance broker early and get the right team of professionals (commercial accountant and solicitor) to assist. These specialists in acquisitions will ensure your funding structure matches your purchase strategy.

Ready to Explore a Business Acquisition?
At JLM Financial Solutions, we specialise in helping self-employed professionals secure the right funding for growth. Call us today or email us to discuss your plans before you sign the contract.

 0447 174 656

 JULIA@JLMFINANCIALSOLUTIONS.COM.AU

 JLMFINANCIALSOLUTIONS.COM.AU