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QC 101117

Ban on electronic sales suppression tools

Electronic sales suppression tools facilitate tax evasion by manipulating business sales records to under-report income.

Last updated 27 November 2024

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Make a tip-off

Businesses must keep and retain accurate records to meet their tax, super and employer obligations. While most people try to do the right thing, a small percentage are deliberately under-reporting their income. One of the ways they have been doing this is by using electronic sales suppression tools (ESSTs).

An ESST can be a device, software program or other thing that can interfere with a business' sales records electronically. This allows sales and income to be under-reported, and in turn, less tax to be paid. This contributes to the shadow economy and is unfair to honest businesses that do the right thing.

As a result, legislation was passed on 3 October 2018 that makes it illegal to:

- produce, supply, possess or use an ESST.
- help others to produce, supply, possess or use ESSTs.

Significant penalties can apply.

How to identify an ESST

ESSTs are constantly evolving and can come in different forms. For example, it could be:

- hardware (for example, a USB drive) that connects to a point of sale (POS) system
- cloud based software that works with a POS system
- incorporated as part of a POS system.

A POS system has ESST functionality if one of the tool's main purposes is to interfere with sales records. For example, an ESST may be able to:

- permanently delete and re-sequence transactions
- change transactions to reduce the amount of a sale
- misrepresent records (re-categorising a product to avoid GST)
- produce fake records.

ESSTs manipulate records so they no longer accurately reflect the transaction. For example:

- a downloaded software program that is compatible with an existing POS system, and specifically designed to manipulate POS system data by erasing certain sales records without leaving a trace
- a USB with a hidden program that deletes certain sales when POS system data is transferred to the USB
- a staff training module added to a POS system with an additional function to change or delete genuine business transactions (not just those that have been entered while in training mode) without leaving a trace.

What isn't an ESST

POS systems often have a feature that allows you to edit or change transactions to fix genuine mistakes. There is nothing wrong with changing a record to make sure that you capture the transaction accurately. For example:

- running a POS system in training mode to teach new employees how to use various functions, such as
  - correcting errors and issuing refunds, provided the POS system separates all training transactions from live transactions (for example, where a printer control adds a watermark on receipts to show how they were generated).
- using the 'void' function in a POS system to legitimately correct errors by
  - reversing the transaction and inputting a new transaction that accurately reflects the actual transaction (a record of this change should be kept in the history log of the POS system)
  - marking all receipts with sequential transaction numbers so any void transactions with missing receipts can be identified.

If you think you have an ESST

Most POS systems won't have an ESST, but it is possible that you may also unknowingly have one.

What to do if you have an ESST

If your POS has an ESST:

- review the information you have reported on past tax returns and activity statements to make sure it is accurate
- correct your tax returns and activity statements if you have used an ESST to change your sales data and under-report income

If you have produced or supplied an ESST:

This includes assisting an individual or business to possess or use an ESST, such as a software developer, supplier, maintenance technician or tax professional, we encourage you to do the right thing and let us know.

If you have had any involvement in ESSTs, it's better to come to us first before we contact you. We may remit penalties that apply.

Penalties now apply

Not removing your ESST when you have one, or not coming forward when you are involved in producing or supplying an ESST, may lead to an audit, amendments and significant penalties for your ESST involvement.

Penalties apply if you:

- produce or supply an ESST
- possess an ESST
- incorrectly keep records using an ESST.

This includes helping others to do any of the above, for example:

- a director whose actions assist their company to obtain and/or use an ESST to incorrectly keep records
- a registered tax professional or other advisor who helps a client to incorrectly keep records with an ESST
- anyone assisting another business owner to produce, supply or possess an ESST, or to use an ESST to incorrectly keep their records.

Penalties can be criminal or administrative in nature, and the amount of the penalty will depend on what you have done (for example, produce or supply, possess or incorrectly keep records using an ESST).

Producing or supplying an ESST

A penalty applies if you or your business:

- manufacture, develop or publish an ESST
- supply an ESST or make it available for use
- provide a service that involves the use of an ESST.

If you are outside of Australia, the penalties apply to you if the ESST is used to change the records that a business needs to keep under Australian law.

The criminal penalty for producing or supplying an ESST is 5,000 penalty units, and the administrative penalty is 60 penalty units for each ESST produced, or person you supplied an ESST to. If you assist others in taking action that would result in a penalty, then a penalty may also apply to you.

Example: developer and supplier based overseas

Sandra is a software developer based in Spain. She develops an ESST that allows businesses to delete recorded sales and advertises the tool for sale online.

Geoff owns a café in Brisbane. He purchases the ESST from Sandra's website, installs it on his POS system and uses it to modify his business' sales records.

Even though Sandra is not in Australia, she has broken the law by developing and supplying an ESST to change records that Geoff is required to keep under Australian tax law. Geoff has also broken the law by possessing an ESST and incorrectly keeping records using an ESST.

Possessing an ESST

Possessing an ESST includes obtaining, controlling, and having a right to use an ESST.

The criminal penalty for possessing an ESST is 500 penalty units, and the administrative penalty is 30 penalty units. If you assist others in taking action that would result in a penalty, then a penalty may also apply to you.

Example: possessing an ESST

Kim owns and runs a café. She purchases an ESST enabled POS system for her café. She shows her employees how to use the POS system's ESST function and instructs them to use it to delete cash transactions from the business' sales records.

Kim has broken the law by possessing an ESST when she purchased the ESST enabled POS system for her café.

By instructing her employees to use it on her behalf, Kim has also used an ESST to incorrectly keep records (discussed more in the example below).

Incorrectly keeping records using an ESST

It is illegal to keep, make, alter, or prevent the creation of a tax record using an ESST. This penalty can apply to your business even if the ESST is used to incorrectly keep your records by a person outside your business.

The criminal penalty for incorrectly keeping records using an ESST is 1,000 penalty units, and the administrative penalty is 60 penalty units. If you knowingly assist others in taking action that would result in a penalty, then a penalty may also apply to you.

Example: using an ESST through a third party

Nicole develops a POS system with a hidden backdoor that can be activated to give her remote access. Nicole sells her POS system to Lina for her shop and offers to provide an additional service where she uses the backdoor and changes Lina's sales transactions using an ESST. Lina agrees and pays Nicole a service fee.

At the end of each month, Nicole uses the backdoor to remotely access Lina's POS system and run a script to automatically reduce high-value transactions by substituting them for cheaper items.

By acquiring Nicole's services, Lina has manipulated her records with an ESST even though Nicole was the one using the tool. Lina has broken the law by possessing an ESST and incorrectly keeping records using an ESST.

Nicole has broken the law in this example by producing, possessing and assisting Lina to incorrectly keep records using an ESST.

Make a tip-off

The Serious Financial Crime Taskforce has released a new Intelligence Bulletin warning businesses against using ESSTs.

ESSTs help people avoid paying the amount of tax they're supposed to pay. This affects all of us – whether as members of the community or as other businesses trying to compete fairly.

If you suspect a person or business is producing, supplying, possessing or using an ESST, or assisted someone else to do so, make a tip-off to let us know.

You can remain anonymous if you wish, but try to give us as much detail as possible so we can better assess the information, for example:

- name and address of the business
- their ABN or a link to their website
- time and date details
- a copy of any receipts
- other details that make you think they are producing, supplying, possessing or using an ESST.

Refer to How to make a good tip-off.

QC 56938

Business activity statements

Last updated 31 March 2021

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Quarterly activity statements

Monthly activity statements

Lodging your BAS online

Fixing a mistake

Paying your BAS

> [Help completing your BAS]

Once your business has an Australian business number (ABN) and are registered for goods and services tax (GST), we will automatically send you business activity statements (BAS) when they are due to be lodged.

This is where you report your:

- GST
- pay as you go (PAYG) instalments
- PAYG withholding tax
- other taxes.

Quarterly activity statements

Most small businesses lodge their BAS quarterly.

If you lodge online, you may be eligible for an **extra** two-weeks to lodge and pay.

Quarter	Due date
Quarter 1. July, August and September	28 October
Quarter 2. October, November and December	28 February
Quarter 3. January, February and March	28 April
Quarter 4. April, May and June	28 July

Monthly activity statements

You will need to lodge your BAS monthly if your GST turnover is $20 million or more. If your GST turnover is under $20 million you can choose to lodge monthly.

The due date for monthly BAS is usually the 21st day of the following month.

Find out more

- Lodging your BAS online
- Fixing a mistake
- Paying your BAS
- Help completing your BAS

See also:

- Business activity statements (BAS)
- Two week lodgment concession – terms and conditions
- Your language for:
  - BAS and GST tips
  - GST for small business

Lodging your BAS online

By lodging your quarterly BAS online, you may qualify for an extra two weeks to lodge and pay for quarters one, three and four (quarter two already has a one month extension).

Each of the following online options will step you through the process as you go:

- Online services using myGov for individuals and sole traders – accessed via myGov (suitable if you're a sole trader)
- Online services for business – a secure ATO website, used to manage your business tax affairs
- SBR-enabled software – allows secure online lodgment directly from financial, accounting or payroll software.

The method you use to lodge your BAS will determine how you receive statements in future. For example, if you lodge through Online services for business, your next statement will be available in Online services for business.

We will notify you by email when your activity statements are available, so make sure your contact details are up to date.

Avoid penalties by lodging and paying on time. If you can't lodge or pay by the due date, contact us as soon as you can.

Find out more

- Fixing a mistake
- Paying your BAS
- Help completing your BAS

Fixing a mistake

If you make a mistake on a BAS, like not including items or deductions, don't worry, you can always correct it.

Many mistakes can be corrected in your next BAS. If you can't correct a mistake in your next BAS you'll need to lodge a revision. Conditions apply depending on if it's a credit or debit error.

Find out more

- Paying your BAS
- Help completing your BAS

See also:

- Fixing mistakes or making adjustments on your BAS in Your language

Paying your BAS

The quickest and easiest way to pay is by BPAY ®, or a credit or debit card.

If you lodge your BAS using Online services for business or myGov, you can find the relevant payment reference number (PRN) there.

Find out more

- Help completing your BAS

See also:

- How to pay your BAS
- Help with paying

Help completing your BAS

A tax or BAS agent registered with the Tax Practitioners Board may be able to help you complete and lodge your BAS.

Search the TPB register for a registered agent.

QC 59732

Concessions for small business entities

What concessions you can claim as a small business owner.

Last updated 29 October 2024

The Australian Government is now in Caretaker.

Announced measures that are not yet law will be subject to consideration by the incoming government. In these circumstances, you need to self-assess based on the current law. If you choose to anticipate new law in line with the announcement and it is not enacted, you may need to seek an amendment.

For more information, see [Administrative treatment of retrospective legislation].

On this page

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- Eligibility
- Range of concessions
- Income tax concessions
- CGT concessions
- GST and excise concessions
- FBT concessions
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- Super concessions
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Who can access the concessions

Small businesses can access a range of concessions including payment and reporting options.

This applies to sole traders, partnerships, companies or trusts.

Eligibility

To qualify for these concessions, you need to confirm your business is a 'small business entity' for the income year. You need to review this each year.

From 1 July 2016, you are a small business entity if you are a sole trader, partnership, company or trust, that both:

- operates a business for all or part of the income year
- has an aggregated turnover that is less than $10 million (the turnover threshold).

Previously the turnover threshold was $2 million.

When we say:

- 'small business' – we mean 'small business entity'
- 'turnover – we mean 'aggregated turnover'.

The $10 million turnover threshold applies to most concessions, except for:

- the small business income tax offset, which has a $5 million turnover threshold
- the capital gains tax (CGT) concessions, which have a $2 million turnover threshold.

The turnover threshold for the fringe benefits tax (FBT) concessions is:

- $10 million from 1 April 2017 to 31 March 2021
- $50 million from 1 April 2021.

Work out if you're a small business entity

You are a small business entity for the current income year if your turnover is either:

- less than $10 million in the previous income year
- estimated to be less than $10 million for the current year
- actually less than $10 million at the end of the current year.

There are some restrictions about how and when you can estimate your turnover for the current year. Some concessions won't be available if you use your actual turnover to qualify.

If you are completing a tax return for 2015–16 or an earlier income year, your estimated turnover for that year, as well as one of the two previous income years, must be less than $2 million.

Aggregated turnover

Aggregated turnover is generally your annual turnover plus the annual turnover of any business in Australia or overseas that is:

- connected with you
- your affiliate.

Annual turnover is all ordinary income you earned in the ordinary course of running a business for the income year.

It's your gross income, rather than your net profit. When working this out exclude any GST amounts you charge on a transaction.

There are aggregation rules that determine whether you need to include the annual turnover of another entity in your aggregated turnover.

If you're not a small business entity

If you're not a small business entity in an income year because of your turnover, you may still be able to access some of these concessions:

- temporary full expensing
  - for the business portion of the cost of eligible new depreciating assets, first used or installed ready for use, between 7:30 pm AEDT on 6 October 2020 to 30 June 2023, if your turnover is less than $5 billion
  - for the business portion of the cost of eligible second-hand depreciating assets, first used or installed ready for use, between 7:30 pm AEDT on 6 October 2020 to 30 June 2023, if your turnover is less than $50 million
  - for the business portion of the cost of improvement to eligible depreciating assets incurred between 7.30 pm AEDT on 6 October 2020 and 30 June 2023, if your turnover is less than $5 billion
- simpler depreciation rules – instant asset write-off – if your turnover is less than $500 million (for eligible assets that were first used, or installed ready for use, between 12 March 2020 and 30 June 2021, purchased by 31 December 2020, and the cost was less than $150,000)
- backing business investment – accelerated depreciation for the 2019–20 and 2020–21 income years if your turnover is less than $500 million

- deductions for professional expenses for start-ups – from 1 July 2020 if your turnover is less than $50 million
- simplified trading stock rules – from 1 July 2021 if your turnover is less than $50 million
- immediate deductions for prepaid expenses – from 1 July 2020 if your turnover is less than $50 million
- 2-year amendment period – for income years starting on or after 1 July 2021 if your turnover is less than $50 million
- capital gains tax concessions – if you pass the $6 million maximum net asset value test
- excise concession – from 1 July if your turnover is less than $50 million
- FBT car parking exemption and FBT work-related devices exemption for benefits provided on or after 1 April 2021 if your turnover is less than $50 million
- PAYG instalments concession from 1 July 2021 if your turnover is less than $50 million.

Range of concessions

As a small business entity you can access a range of concessions. There are different eligibility requirements for some of the concessions below.

Income tax concessions

As a small business entity, you may be eligible for the following income tax concessions.

Temporary full expensing

You can immediately deduct the business portion of the cost of eligible new or second-hand depreciating assets under temporary full expensing. These assets must be first held and first used, or installed ready for use for a taxable purpose, between 7.30 pm (AEDT) on 6 October 2020 and 30 June 2023.

You can also immediately deduct the business portion of the cost of improvements made to eligible depreciating assets if those costs are incurred between 7.30 pm (AEDT) on 6 October 2020 and 30 June 2023.

You also deduct the balance of your small business pool at the end of an income year ending between 6 October 2020 and 30 June 2023.

Simpler depreciation rules – instant asset write-off

If temporary full expensing doesn't apply, you can claim an immediate deduction for the business portion of the cost of each eligible new or second-hand depreciating asset under the instant asset write-off. The cost of each eligible asset must be less than the threshold applicable at the time the asset was first used or installed ready for use. The thresholds for assets first used or installed ready for use are:

- from 1 July 2023 to 30 June 2024 – $20,000
- from 12 March 2020 to 30 June 2021 for assets purchased between 7.30 pm (AEST) on 1 May 2015 and 31 December 2020 – $150,000
- from 7.30 pm (AEDT) on 2 April 2019 to 11 March 2020 – $30,000
- from 29 January 2019 to prior to 7.30 pm (AEDT) on 2 April 2019 – $25,000
- from 1 July 2016 to 28 January 2019 – $20,000.

Backing business investment – accelerated depreciation

For the 2019–20 and 2020–21 income years, you can claim accelerated depreciation deductions for eligible new assets if they are first held on or after 12 May 2020, and first used or installed ready for use for a taxable purpose between 12 March 2020 and 30 June 2021.

If you are using the small business simplified depreciation rules, you can claim 57.5% of the business portion of the cost of the asset (for those assets that cost more than the instant asset write-off threshold) in the first year you add the asset to the small business pool.

If you are not using the simplified depreciation rules, you can claim a deduction of 50% of the cost or opening adjustable value of an eligible asset on first use or installation. Existing depreciation rules apply to the balance of the asset’s cost.

You can't claim a backing business investment – accelerated depreciation deduction if the business is eligible and applies temporary full expensing or instant asset write-off to the same asset.

Lower company tax rates

From the 2017–18 income year, you may be eligible for a lower company tax rate if you are a base rate entity.

A company is a base rate entity if:

- their turnover is less than the turnover threshold – $25 million for the 2017–18 income year and $50 million from the 2018–19 income year
- 80% or less of their assessable income is base rate entity passive income (such as interest, dividends, rent, or a net capital gain).

The lower company tax rate is

- 27.5% for the 2017–18 to 2019–20 income years
- 26% for the 2020–21 income year
- 25% from the 2021–22 income year.

When working out the rate to use when franking your distributions, you need to assume that your turnover, assessable income and base rate passive income will be the same as the previous income year.

If you were a small business in previous years, you may have also been eligible for the lower company tax rate, which was:

- 27.5% for the 2016–17 income year – the maximum franking credit allocated to a frankable distribution was determined by your corporate tax rate for imputation purposes.
- 28.5% for the 2015–16 income year – the maximum franking credit allocated to a frankable distribution was 30%.

For more information see Changes to company tax rates.

Small business income tax offset

You can claim a tax offset on the tax payable on your net small business income as a sole trader, and your share of net small business income from a partnership or trust.

If you are a small business with a turnover less than $5 million, the tax offset is:

- 8% up to $1,000 for the 2016–17 to 2019–20 income years
- 13% up to $1,000 for the 2020–21 income year
- 16% up to $1,000 for the 2021–22 income year onwards.

For the 2015–16 income year, if you were a small business with a turnover less than $2 million, the tax offset was 5% up to $1,000.

We work out your offset based on amounts you show in your income tax return.

Accelerated depreciation for primary producers

If you're a primary producer:

- from 12 May 2015 – you can immediately deduct the costs of fencing and water facilities
- from 19 August 2018 – you can immediately deduct the cost of fodder storage assets.

Deductions for professional expenses for start-ups

From 1 July 2015, you can deduct certain costs when starting up a small business. These costs include professional, legal and accounting advice and government fees and charges.

Small business restructure rollover

From 1 July 2016, you can change the legal structure of your business without incurring any income tax liability when active assets (CGT assets, trading stock, revenue assets and depreciating assets) are transferred by one entity to another.

Simplified trading stock rules

You can choose whether or not to do an end-of-year stock take if the value of your trading stock has not increased or decreased by more than $5,000 over the year.

Immediate deductions for prepaid expenses

You can claim an immediate deduction for prepaid business expenses where the payment covers a period of 12 months or less that ends in the next income year.

2-year amendment period

You generally have a 2-year time limit (from the day we issued your notice of assessment) for reviewing an assessment.

CGT concessions

As a small business, you may be eligible for the following capital gains tax (CGT) concessions:

- if your turnover is less than $2 million
- on assets used to conduct your business. We call these 'active assets'.

15-year exemption

If you are 55 years old or older, retiring or permanently incapacitated and your business has owned an asset for at least 15 years, you won’t pay CGT when you sell the asset.

50% active asset reduction

If you have owned an active asset you’ll only pay tax on 50% of the capital gain when you dispose of the asset.

Retirement exemption

Capital gains from the sale of active assets are exempt up to a lifetime limit of $500,000. If you're under 55 years old, the exempt amount must be paid into a complying super fund or a retirement savings account.

Rollover

If you dispose of an active asset and buy a replacement asset or improve an existing one, you can defer your capital gain until a later year.

GST and excise concessions

As a small business, you may be eligible for GST and excise concessions.

The turnover threshold for these concessions is:

- $10 million from 1 July 2016
- $2 million up to 30 June 2016.

Accounting for GST on a cash basis

You are not required to account for the GST on a sale you make until you receive payment for the sale.

Paying GST by instalments

You can pay GST by instalments we work out for you and you can vary this amount each quarter if you choose. Contact us to find out if you are eligible.

Annual apportionment of GST input tax credits

You can claim full GST credits on your activity statements for items you purchase and use partly for private purposes. You then make a single adjustment for the private use percentage at the end of the year.

Excise concession

You can apply to defer settlement of your excise duty and excise equivalent customs duty from a weekly to a monthly reporting cycle. To do this, apply in writing to vary your periodic settlement permission (PSP).

FBT concessions

As a small business, you may be eligible for fringe benefits tax (FBT) concessions.

The turnover threshold for these concessions is:

- $10 million from 1 April 2017
- $2 million up to 31 March 2017.

FBT car parking exemption

In some cases you may be exempt from FBT for employee car parking.

FBT work-related devices exemption

From 1 April 2016, if you provide employees with one or more work-related portable electronic devices in the same FBT year – such as laptops, tablets, calculators, GPS navigation receivers and mobile phones – all of the devices provided are exempt from FBT.

PAYG instalment concession

As a small business, you can pay PAYG by instalments using an amount we work for out for you. If required, you can vary this amount each quarter. To choose this option, complete the details under option 1 on your first activity statement or instalment notice for the year. Once chosen, it applies for the whole income year.

The turnover threshold for this concession is:

- $10 million from 1 July 2016
- $2 million up to 30 June 2016.

Super concessions

As a small business, you may be eligible for the following super concessions.

Small Business Superannuation Clearing House

The Small Business Superannuation Clearing House helps you pay super guarantee contributions for all your employees in a single electronic payment.

You can access this service if you have fewer than 19 employees or an annual aggregated turnover under $10 million.

The SBSCH service will be closed from 1 July 2026

The recent government announcement provided more detail about the implementation of Payday Super.

As part of this reform, from 1 July 2026 the ATO's Small Business Superannuation Clearing House (SBSCH) will be closed.

We'll ensure there is sufficient notice and information for small business to transition to an alternative. Find out more about Payday Super.

Contributions to your super fund

You may be able to contribute amounts from the CGT 15-year asset exemption and CGT retirement exemption to your super fund without affecting your non-concessional contributions limits.

The turnover threshold for this concession is $2 million as it relates to CGT concessions (this threshold has not changed).

More information

You can find out more about the small business entity concessions including what is new and if you are eligible at Small business entity concessions

If you do not speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service (TIS) on **13 14 50** for help with your call.

People who are deaf or have a hearing or speech impairment can contact us through the National Relay Service (NRS). There are two easy steps:

- select your preferred NRS access point
- provide the ATO number you need to call.

TTY users can also contact us by our direct TTY line **13 36 77**.

For ATO 1800 free-call numbers, phone **1800 555 727**.

You can also visit one of our shopfronts or speak to your registered tax agent.

QC 52529

Deductions for small business

Information on deductions you can claim as a small business owner.

Last updated 30 July 2024

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[What business travel expenses can I claim?](#)

[Can I deduct the cost of some assets straight away?](#)

[What can I claim if I have a home-based business?](#)

[More information](#)

When can I claim a deduction?

You can claim a deduction for most costs you incur in running your business, for example staff wages, marketing, and business finance costs.

Remember – you can't claim private expenses and make sure you keep records to support your claims.

What business travel expenses can I claim?

If you or your employees travel for business, you can claim:

- airfares, train, tram, bus or taxi fares
- accommodation costs and meal expenses for overnight business travel – fringe benefits tax may apply for some employee travel expenses.

Can I deduct the cost of some assets straight away?

Under the small business instant asset write-off you can immediately deduct the business portion of the cost of eligible new or second-hand depreciating assets. The cost of each eligible asset must be less than the threshold applicable to the date range that the asset was first used or installed ready for use. The thresholds for assets first used or installed ready for use are:

- from 1 July 2023 to 30 June 2024 - $20,000
- from 12 March 2020 to 30 June 2021 for assets purchased between 7.30pm (AEST) on 1 May 2015 and 31 December 2020 - $150,000
- from 7.30pm (AEDT) on 2 April 2019 to 11 March 2020 - $30,000
- from 29 January 2019 to prior to 7.30pm (AEDT) on 2 April 2019 - $25,000
- from 1 July 2016 to 28 January 2019 - $20,000.

For assets first held and first used or installed ready for use for a taxable purpose, between 7.30pm (AEDT) on 6 October 2020 and 30 June 2023, you can immediately deduct the business portion of the cost of eligible new or second-hand depreciating assets under temporary full expensing.

What can I claim if I have a home-based business?

If you run your business at your home, or your business is based from home, you can claim the business portion of some expenses, including mortgage interest and electricity.

If you sell your home, you may have to pay capital gains tax (CGT) on the business portion and declare it in your tax return.

More information

For more information see:

- Business travel expenses
- Simplified depreciation for small business
- Home-based business
- Deductions
- Concessions for small business entities (also available in Arabic, Chinese, Korean and Vietnamese).

QC 53345

Fringe Benefits Tax (FBT) fact sheet

Last updated 22 October 2008

Attention icon

This document is a simplified version for special audiences. Please refer to www.ato.gov.au for further information.

Introduction to Fringe Benefits Tax

This fact sheet explains fringe benefits tax (FBT) and helps employers work out if they are providing a fringe benefit to their employees.

What fringe benefits tax is

FBT is separate from income tax. It is a tax paid on certain benefits provided to employees or employees' associates, because of the employee's employment. Employees' associates are typically their family members.

What a fringe benefit is

A fringe benefit is a benefit provided to an employee (or their associate) because that person is an employee. Benefits can also be provided by a third party under an arrangement with the employer. An employee can be a current, future or former employee.

If you are a director and run your business through a company, you may be regarded as an employee of that company. This may mean that fringe benefits provided to yourself result in your company having FBT obligations.

Examples of fringe benefits include:

- allowing an employee to use a work car or other vehicle for the employee's own private purposes (including taking the car home overnight)
- giving an employee a cheap or interest free loan

- paying an employee's private health insurance, children's school fees or giving them tickets to sporting events or other entertainment.

Example: Car fringe benefit

Michelle is the director and an employee of a company. The company owns and operates a bakery and has a car which is used for deliveries. Michelle is allowed to take the car home on the weekends. She uses the car on the weekends for her own private use, such as going grocery shopping and taking her children to and from sporting activities. The company is providing Michelle with a fringe benefit.

The following are not fringe benefits:

- payments of salary or wages
- shares provided to an employee under an approved employee share acquisition scheme
- employer contributions to complying superannuation funds, and
- employment termination payments (for example, a company car sold or given to an employee when they resign or retire).

There are also some benefits that are exempt from FBT.

The best way to find out what counts as a fringe benefit and what doesn't is to talk to your tax adviser.

Paying FBT

Employers pay FBT, even if the benefit is provided by an associate or by a third party under an arrangement with the employer. For example, if a supplier of goods to your business provides goods or services to your employees for free or at a reduced cost under an arrangement with you as the employer, then it is you who is liable for any FBT owing.

In most cases, employers can claim an income tax deduction for the cost of providing the fringe benefit and for any fringe benefits tax they pay as a result.

There are ways of reducing the amount of FBT payable, so consult your tax adviser for more information.

Obligations if you provide fringe benefits

1. Calculate how much FBT you have to pay
   Employers must self-assess and calculate how much FBT they must pay each FBT year.
2. Keep the necessary FBT records
   The FBT law requires employers to keep certain records relating to the fringe benefits they provide.
3. Register for FBT
   We recommend employers register once they establish that they must pay FBT.
4. Report fringe benefits on employee payment summaries
   Employers must report certain fringe benefits on employees' payment summaries.
5. Lodge an FBT return and pay FBT to the Tax Office
   A return covering the FBT year, which runs from 1 April to the following 31 March should be lodged by 21 May each year.

Need More Information

For more information on your FBT obligations consult your tax adviser or contact the Tax Office on **13 28 66**. If you don't speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service on **13 14 50** for help with your call.

QC 21345

Fuel tax credits for business

Last updated 6 February 2015

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Activities and fuels that are not eligible

Rates

How to claim

Get your claim right

More information

This provides you with general information on fuel tax credits, including:

- eligibility
- rates
- how to claim
- where to get more information.

Fuel tax credits generally provide you with a credit for the excise or excise equivalent customs duty included in the price of fuel you use for your business in:

- machinery
- plant
- equipment
- heavy vehicles.

Eligibility

There are four questions to ask about receiving fuel tax credits:

- Are you an eligible business?
- Are you using eligible fuel?
- Are you doing eligible activities?
- What activities and fuels are not eligible?

Eligible businesses

Before you can make a claim, you must be registered for both goods and services tax (GST) and fuel tax credits. You claim fuel tax credits on your business activity statement (BAS).

Most businesses can claim fuel tax credits. The amount of fuel tax credits you can claim depends on what fuel you use, when you acquired it and how you use it. Depending on your circumstances, you may also need to meet an environmental criterion for heavy diesel vehicles that were manufactured before 1 January 1996.

Eligible fuels

You can claim fuel tax credits for any taxable fuel you acquired, manufactured or imported to use in your business.

Fuel is generally considered taxable fuel if an excise or excise equivalent customs duty is required to be paid on it. Examples of taxable fuels are:

- diesel
- petrol
- kerosene
- heating oil
- toluene
- fuel oil
- transport liquefied petroleum gas (LPG)
- transport liquefied natural gas (LNG)
- transport compressed natural gas (CNG).

Eligible activities

You can claim fuel tax credits for the fuel you use in road transport, all other business uses, and packaging or supplying fuel.

Road transport

You can claim fuel tax credits for the fuel you use in road transport using:

- vehicles with a gross vehicle mass (GVM) greater than 4.5 tonnes travelling on public roads

- diesel vehicles you acquired before 1 July 2006 with a GVM equal to or greater than 4.5 tonnes travelling on public roads.

The fuel tax credit rate for fuel used in heavy vehicles for travelling on public roads is reduced by the road user charge (which is subject to change). Fuel used in auxiliary equipment (for example, a cement mixer or refrigeration unit) in heavy vehicles while travelling on public roads is not reduced by the road user charge.

All other business uses

You can claim fuel tax credits for the fuel you use in all other business uses on private roads, off public roads and for non-fuel uses.

Examples of the activities

- Agriculture
- Fishing
- Forestry
- Mining
- Construction
- Manufacturing
- Marine and rail transport (including emergency vessels)
- Nursing and medical
- Burner applications
- Electricity generation by a commercial generation plant, stationary generator or a portable generator
- Wholesale/retail
- Property management
- Landscaping
- Non-fuel uses include fuel you use
  - directly as a mould release
  - as an ingredient in the manufacture of products that cannot be used as fuel in an internal combustible engine.

Packaging or supplying fuel

You can claim fuel tax credits for the fuel you use in packaging or supplying fuel – including:

- packaging certain fuels in containers of 20 litres or less
- filling transport LPG into cylinders of 210 kg or less for supply for non-transport use
- supplying transport LPG for residential use
- supplying certain fuel for domestic heating.

Activities and fuels that are not eligible

Some activities and fuels are not eligible, including:

- fuels you use in light vehicles with a GVM of 4.5 tonnes or less travelling on public roads, for example, a car, small van or taxi
- gaseous fuels you use in heavy vehicles **for travelling** on public roads, as the road user charge reduces the fuel tax credit to nil. (However, you can claim for gaseous fuels that power auxiliary equipment in heavy vehicles.)
- aviation fuels (aviation gasoline and aviation kerosene)
- some alternative fuels, such as ethanol or biodiesel, that have already received a grant or subsidy
- fuel you acquired but have not used because it has been lost, stolen or otherwise disposed of.

Find out more

- Fuel tax credits for business

Rates

Fuel tax credit rates are indexed every six months in line with the consumer price index - generally on 1 February and 1 August . Rates for fuel used in heavy vehicles for travelling on public roads are also subject to change due to periodic changes in the road user charge.

When calculating your fuel tax credits, including fuel used in heavy vehicles, you need to use the rate that applied when you **acquired** the fuel – this may not necessarily be the rate in effect when you use the fuel or claim your fuel tax credits.

For current and previous years' rates, refer to Fuel tax credit rates and eligible fuels.

How to claim

You must assess your fuel tax credit claims yourself. This means you are responsible for:

- assessing your own eligibility for fuel tax credits
- working out the dollar amount you can claim by multiplying your eligible litres by the correct fuel tax credit rate
- keeping records that support your claims.

Find out more

- Fuel tax credits – keeping records and calculating eligible quantities

Get your claim right

The following tips and tools can help you get your fuel tax credit claim right.

Use the right rate

Check the right rate online each time you lodge your BAS. For current and previous years' rates, refer to Fuel tax credit rates and eligible fuels.

Check your fuel use is eligible

A common mistake is to claim for vehicles with a GVM of 4.5 tonnes or less travelling on public roads. To help avoid mistakes, use our Fuel tax credit eligibility tool.

Keep records to support your claim

Your records need to show how you apportioned fuel for different activities.

Check your calculations

A common mistake is claiming fuel tax credits based on the cost of the fuel instead of the quantity of fuel multiplied by the relevant rate. To help work out your entitlement use our:

- Fuel tax credit calculator
- ATO app, which includes the calculator. Download or update the app from Google PlayTM, Windows Phone Store or the Apple App Store.

Check your contracts

The wording of the contract may affect who can claim fuel tax credits.

Find out more

- Fuel tax credits for business
- How we can help

More information

If you do not speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service (TIS) on 13 14 50 for help with your call.

People who are deaf or have a hearing or speech impairment can contact us through the

QC 37772

Helping small businesses be competitive

Last updated 3 July 2017

On this page

Compare your business

How small businesses will benefit

If you're outside the benchmark

How we use benchmarks

More information

Small business benchmarks are a guide to help you compare your small business against similar businesses in your industry. They are updated with new information every year, and are available for over 100 industries.

Using information collected from the tax returns and activity statements of over 1.4 million small businesses across Australia, the benchmarks show industry averages of business income to business expenses.

Compare your business

The quickest and easiest way to see how your small business compares is by using the **business performance check tool** in the ATO app, which does the calculations for you:

1. Download the ATO app from Google Play, the Windows Phone Store or the Apple App Store.
2. Go to **Business**.
3. Select **Business performance check**.
4. Have the information you need ready and enter the figures into the tool.

The tool will calculate your business' performance for you. Remember, the information you enter into the tool isn't recorded and will only be used for completing the tool.

How small businesses will benefit

Seeing how your small business compares to the industry standard is a good way to check if your business is on track. If your business is within the benchmark range, you can generally be satisfied that you are doing just as well as your competitors.

If you're outside the benchmark

There can a number of reasons why your business is outside the benchmark range. It may be due to particular circumstances, incorrect figures on your tax return, or your business may have potential areas for improvement.

The benchmarks are published as a range to recognise the variations that occur between businesses, for example, due to factors such as location and business circumstances.

Example 1: Business above benchmark range for its industry

Helping small businesses be competitive – Example 1

Example 2: Business below benchmark range for its industry

Helping small businesses be competitive – Example 2

If your business is significantly outside the key benchmark range for your industry, it doesn’t necessarily mean you have done anything wrong. But it does indicate something is unusual and we may contact you to find out more. You should check your records and ensure you can explain and support why you’re reporting outside the benchmarks for your industry.

How we use benchmarks

We use the benchmarks to protect honest businesses – it is one of the risk indicators we use to identify businesses that may be deliberately doing the wrong thing.

If a business does not meet their record keeping requirements, we may also use the benchmarks to determine how much tax they should have paid.

More information

For instructions, a checklist of what you need and more information in English, visit [Small business benchmarks].

You can also contact a registered tax professional if you need more help.

QC 52803

Lodging a tax return for your business

Last updated 21 September 2017

If you are a sole trader, partnership, trust, or company, you have a choice in how to lodge your tax return.

How do you lodge your tax return?

You can lodge:

- through a registered tax agent
  - contact them before 31 October if you haven't lodged with them before
  - check they are registered with the Tax Practitioners Board
- online with myTax if you're a sole trader
- using standard business reporting (SBR) enabled software if you're a company, trust or partnership
- by paper.

Make sure you check your return before it's lodged, even if you use a tax agent.

When is your tax return due?

If you lodge:

- through a tax agent, they will tell you when your tax return is due
- the return yourself as a sole trader, partnership or trust, your tax return is due by 31 October
- as a company, you will need to check the due date. If you have any outstanding tax returns, the due date is 31 October.

Next steps:

- How to lodge your [income tax return]

- Search the Tax Practitioners Board register.

Find out about:

- Lodging online with myTax for sole traders
- Due dates

Watch:

How to complete the business section in myTax 2017.

QC 53344

Pay as you go instalments for business and investment income

Last updated 24 October 2022

On this page

Start PAYG instalments

Calculate PAYG instalments

> Vary or stop your PAYG instalments

Start PAYG instalments

Pay as you go (PAYG) instalments are regular prepayments of the tax on your business and investment income. Paying tax throughout the year will help you avoid a large tax bill when you lodge your tax return. Most instalments are paid quarterly.

If you're new to business, or think you will make a profit from your business or investment income, it's a good idea to enter PAYG instalments voluntarily. This way you can get on top of your finances early.

If you choose not to enter voluntarily, you may be entered automatically. This happens when you lodge a tax return with instalment income above the entry threshold.

See Starting PAYG instalments (in English).

Calculate PAYG instalments

You can use our PAYG instalment calculator to decide whether you should enter voluntarily and how much you will need to pay in instalments over the financial year.

The calculator will ask you to estimate your annual income and your tax deductions related to this income.

Your instalment amount is based on your estimates. Your actual tax payable will be determined when you lodge your tax return.

See PAYG instalments calculator (in English).

Vary or stop your PAYG instalments

You can vary your instalments if you think you are paying too much or too little tax for the year. If you have overpaid, you will receive a refund when you lodge your tax return. See How to vary your PAYG instalments (in English).

If you are no longer earning business or investment income you can request to exit PAYG instalments. Make your request in your myGov account linked to ATO online services. See Stopping PAYG instalments (in English).

QC 70710

Record keeping for small business

Last updated 23 June 2023

On this page

Why keep records

What the law requires

How to keep records

Business records you need to keep

Other records you may need to keep

Record keeping evaluation tool

Seeking advice or help

Why keep records

Keeping accurate and complete records is required by law. It is also essential for anyone in business because it makes it easier to:

- manage your cash flow
- meet your tax obligations
- understand how your business is doing.

What the law requires

By law your records must:

- explain all transactions
- be in writing (electronic or paper)

- be in English or in a form that can be easily translated
- be kept for 5 years (some records may need to be kept longer).

If you don't keep the right tax records, you may incur financial penalties, or be required to complete a record-keeping course (or both).

How to keep records

You can keep invoicing, payment and other business transaction records electronically or on paper.

Keeping electronic records will help you perform daily business activities and meet your tax and super obligations.

With the right electronic record-keeping software, you can:

- automatically tally amounts and provide ready-made reports
- produce invoices, summaries and reports for goods and services tax (GST) and income tax purposes
- keep up with the latest tax rates, tax laws and rulings
- report certain information to us online
- save on physical storage space
- back up records in case of flood, fire or theft.

If you intend to use a bookkeeper or accountant, get their advice about the best system for you – choose a system you can understand and operate easily.

Business records you need to keep

You must keep records to help you prepare your business activity statements (BAS) and annual tax return, and to meet other tax obligations. Make sure you keep the records listed below.

Income and sales records

Keep records of all income and sales transactions, including:

- tax invoices

- receipt books
- cash register tapes
- records of cash and digital sales.

Expense or purchase records

Keep records of all business expenses, including cash purchases. Records could include:

- receipts
- tax invoices
- cheque book receipts
- credit card vouchers
- diaries to record small cash expenses.

If you bought something for your business, but sometimes use it for private use, you also need to keep records showing how you worked out how much of its use is private.

Year-end records

Keep year-end records, including:

- lists of creditors (people you owe money to) or debtors (people that owe you money)
- expenses you incur buying, maintaining, repairing and selling business assets or stock.

You should keep worksheets to calculate the decreasing value of your assets (also called 'depreciating assets'), stocktake sheets and capital gains tax records.

Bank records

Your banking records can include things like:

- deposit slips
- cheque butts or payment records
- bank and credit card statements
- loan or lease agreements.

Your business and personal expenses must be kept separate if you are a partnership, company or trust.

If you're a sole trader, a separate business bank account can make your records easier to manage.

Other records you may need to keep

Depending on your tax obligations you may also need to keep other records. Some examples are listed below.

Goods and services tax (GST) records

If you are registered for GST, keep all tax invoices from your suppliers, which will help you claim GST credits. You must keep any other document that records adjustments, a decision or a calculation made for GST purposes.

You report GST amounts and claim GST credits for purchases on your business activity statements (BAS).

Fuel tax credits records

To claim fuel tax credits for your business, your records must show you:

- acquired the fuel
- used the fuel in your business
- applied the correct rate when calculating how much you could claim
- are carrying on business activities that are eligible for fuel tax credits.

Employee and contractor records

If you have workers, you will need to keep records of any:

- tax file number (TFN) declarations and withholding declaration forms
- wages, allowances and other payments you make to them
- tax you withhold from payments you make to them
- contributions to their super guarantee and how it was calculated

- evidence that you have offered each eligible employee a choice of super fund
- fringe benefits you provided
- contracts.

Your tax and super obligations will change depending on whether your worker is an employee or a contractor. It's important you correctly determine and document your workers' classification, ensuring mutual understanding.

Record keeping evaluation tool

To work out what records you need to keep for your business, you can use the record keeping evaluation tool.

Seeking advice or help

Registered tax or BAS agents

You may want to get a registered tax or BAS agent to help you with your tax obligations. If you do use a tax agent, you still need to have all your records ready to give to them. This way, they can help you claim all the business tax deductions you are entitled to.

It's important to choose a registered tax or BAS agent, because it means they are qualified and experienced with tax. Only a registered agent can legally charge you a fee.

To check your agent is registered, you can search the register on the Tax Practitioners Board website or phone **1300 362 829**.

How we can help

You can get help with your record-keeping systems from us, free of charge. Our Tax basics for small business videos can help you learn about a range of tax and superannuation topics and make it easier for you to comply with your obligations.

You can also phone us on **13 28 66** between 8:00 am to 6:00 pm, Monday to Friday.

Alternatively, you can speak to your professional tax adviser.

If you don't speak English

Our website has information and videos in other languages to help you understand tax and superannuation in Australia. You can:

- visit web content in Other languages
- watch videos in other languages on atoTV
- phone the Translating and Interpreting Service (TIS) on **13 14 50** if you don't speak English well and need help.

If you have a hearing or speech impairment

If you are deaf, or have a hearing or speech impairment, phone us through the National Relay Service (NRS) on the numbers listed below:

- TTY users, phone **13 36 77** and ask for the ATO number you need.
- Speak and Listen (speech-to-speech relay) users, phone **1300 555 727** and ask for the ATO number you need.
- Internet relay users, connect to the NRS on relayservice.com.au and ask for the ATO number you need.

QC 26714

Register your business

Last updated 20 February 2008

Attention icon

This document is a simplified version for special audiences. Please refer to www.ato.gov.au for further information.

The Tax Office is reminding business operators to register their business for the tax system or risk paying penalties and interest or, in more serious cases, facing prosecution.

Deputy Commissioner of Taxation, Erin Holland, said that the taxes for which business owners or operators should register will depend on how they operate their business.

"You may operate as a sole trader, a partnership, a trust or a company.

"All four have to register for a tax file number or TFN for short, however if you are a sole trader you can use your personal TFN while the other three need separate TFNs."

Ms Holland said the tax file number is used for identification and record keeping when dealing with the Tax Office.

"You don't need a new TFN if you only change the business name or address, but you do need to let the Tax Office know about these changes."

Ms Holland said all four business structures should also register for an Australian business number or ABN which is used when a business deals with other businesses, government departments and agencies or the Tax Office.

"If you don't have an ABN or if you don't provide one when doing business, other businesses may have to withhold tax at the top marginal rate from any payments they owe you."

"Businesses with an annual turnover of $75,000 or more must also register for the Goods and Services Tax or GST.

"That's so they can claim what's called a GST credit for any GST included in the price the business pays for goods or services.

"Businesses with an annual turnover under this threshold may also choose to register for GST so they can claim a credit for the GST paid.

"An exception to this rule covers taxi drivers who have to register for GST regardless of their annual turnover," she said.

Ms Holland said that any business employing people should also be registered for the tax withheld from their employees, otherwise known as 'pay as you go' withholding or PAYG.

She said pay as you go withholding applies to wages and salary and can also apply to directors fees and other payments made under labour hire arrangements or voluntary agreements.

"You would also withhold money under PAYG if an ABN was required, but not provided," she said.

To save time and effort, business operators can register for a tax file number, and Australian business number, goods and services tax and pay as you go on the one form that can be obtain from the Tax Office website at ato.gov.au or phoning the Tax Office on **13 28 66**.

Ms Holland also recommends that employers register for fringe benefits tax or FBT, if they provide non-cash benefits to employees such as:

- the private use of a work car or other work equipment
- clothing that can be worn when they are not working
- private health insurance, or
- cheap loans, entertainment like tickets to sporting fixtures or other events or other goods and services.

She said some things are exempt from fringe benefits tax including:

- one laptop computer per employee per fringe benefits tax year
- mobile phones for business purposes
- taxi travel for business purposes
- some work-provided health care facilities, and
- minor benefits below a set value.

"Remember that the FBT year is different to the tax year as it runs from 1 April to 31 March," she said.

Business operators seeking more information about which taxes they should register for and how to register should visit the Tax Office website or phone the Tax Office on **13 28 66** during office hours.

QC 20218

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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