



Starting your own business

- <https://www.ato.gov.au/Business/Starting-your-own-business/>
- Last modified: 16 Mar 2018
- QC 31774

When you start a business, there are tax and super responsibilities you need to be aware of, including:

- the tax implications of your business structure
- whether you're [entitled to an ABN](#)^{EQ}
- registering your business
- records you need to keep
- deductions you can claim.

We provide information about the key things you need to know and do when starting your own business.

Find out about:

- [Before you get started](#)
- [Getting up and running](#)
- [Reporting and paying tax](#)
- [Supporting your small business](#)

For your tax and super basics, this video is a good starting point:

Media: Tax basics for small business - overview

<http://tv.ato.gov.au/ato-tv/media?v=bd1bdiubu5y95m>^{EQ} (Duration: 05:27)

See also:

- Plan & Start – for information on non-tax-specific information, tools and resources to help you with starting your business on business.gov.au^{EQ}

Before you get started

- <https://www.ato.gov.au/Business/Starting-your-own-business/Before-you-get-started/>
- Last modified: 10 Nov 2016
- QC 50440

As you get your business up and running, there are a few things you may need to consider, including:

- when your tax and other obligations start - this will depend on whether you are in business yet
- the implications of the structure you choose – tax and legal
- the location of your business (such as working from home).

Find out about:

- [Are you in business?](#)
- [Choosing your business structure](#)

Choosing your business structure

- <https://www.ato.gov.au/Business/Starting-your-own-business/Before-you-get-started/Choosing-your-business-structure/>
- Last modified: 10 Nov 2016
- QC 31723

There are four commonly used business structures in Australia:

- [Sole trader](#)
- [Partnership](#)
- [Company](#)
- [Trust](#)

It's important to understand the responsibilities of each structure because the structure you choose may affect:

- the tax you're liable to pay
- asset protection
- costs.

You're not locked into any structure and you can change the structure as your business changes or grows.

If you're unsure which structure to choose, we recommend you talk to your tax, business or legal adviser.

Media: Choosing your business structure: Tax basics for small business
<http://tv.ato.gov.au/ato-tv/media?v=bd1bdiubfurqjc>^{EQ} (Duration: 03:26)

See also:

- [Business structure](#)^{EQ} – business.gov.au

Sole trader

- <https://www.ato.gov.au/Business/Starting-your-own-business/Before-you-get-started/Choosing-your-business-structure/Sole-trader/>
- Last modified: 10 Nov 2016
- QC 31755

A sole trader is an individual running a business. It is the simplest and cheapest business structure.

If you operate your business as a sole trader, you are the only owner and you control and manage the business.

You are legally responsible for all aspects of the business. Debts and losses can't be shared with other individuals.

You can employ workers in your business, but you can't employ yourself.

As a sole trader, you are responsible for paying your worker's super. You're also responsible for your own super and may choose to pay it into a fund for yourself to help save for your retirement.

See also:

- [Self-employed – Super](#)

Key features

As a sole trader, you:

- use your individual tax file number when lodging your income tax return
- report all your income in your individual tax return, using the section for business items to show your business income and expenses (there is no separate business tax return for sole traders)
- apply for an ABN and use your ABN for all your business dealings
- register for Goods and Services Tax (GST) if your annual GST turnover is

\$75,000 or more

- pay tax at the same income tax rates as individual taxpayers and you may be eligible for the small business tax offset
- put aside money to pay your income tax at the end of the financial year - usually, you will do this by paying quarterly Pay As You Go (PAYG) instalments
- claim a deduction for any personal super contributions you make after notifying your fund.

As a sole trader you can't claim deductions for money 'drawn' from the business. Amounts taken from the business are not wages for tax purposes, even if you think of them as wages.

Personal services income (PSI)

If you're paid mostly for your personal efforts, skills or expertise, you might be receiving personal services income (PSI) and you may have to treat deductions in relation to this income differently.

See also:

- [Sole trader](#)^{E2} – business.gov.au
- [Small business tax offset](#)
- [Personal services income \(PSI\)](#)

Company

- <https://www.ato.gov.au/Business/Starting-your-own-business/Before-you-get-started/Choosing-your-business-structure/Company/>
- Last modified: 01 May 2019
- QC 31734

A company is a legal entity with higher set-up and administration costs. Companies also have additional reporting requirements.

A company is run by its directors and owned by its shareholders.

While a company provides some asset protection, its directors can be legally liable for their actions and, in some cases, the debts of the company.

Companies are regulated by the Australian Securities & Investments Commission (ASIC).

Key features

In this business structure, the company:

- must apply for a tax file number (TFN) and use it when lodging its annual tax return
- is entitled to an Australian business number (ABN) if it is registered under the *Corporations Act 2001*. A company not registered under the Corporations law may register for an ABN if it is carrying on an enterprise in Australia
- must be registered for GST if its annual GST turnover is \$75,000 or more
- owns the money that the business earns - the individuals who control the business cannot take money out of the business, except as a formal distribution of the profits or wages
- must lodge an annual company tax return
- usually pays its income tax by instalments through the pay as you go (PAYG) instalments system
- pays tax at the company tax rate or lower company tax rate (if a base rate entity)
- may be eligible for small business concessions
- must pay super guarantee contributions (SGC) for any eligible workers. This includes you, if you are a director of the company, and any other company directors.

Personal services income (PSI)

If you have a company structure and the income the company receives is mostly for your personal efforts, skills or expertise, you need to work out if the personal services income (PSI) rules apply. If the PSI rules apply, the income will be treated as your individual income for tax purposes. This will also affect the deductions you can claim.

See also:

- [Personal services income \(PSI\)](#)
- [Changes to company tax rates](#)
- [Company](#)^{EQ} – business.gov.au
- [Sole trader to a company](#)^{EQ} – business.gov.au
- [Taxation Ruling 2019/1 Income tax: when does a company carry on a business?](#)

Partnership

- <https://www.ato.gov.au/Business/Starting-your-own-business/Before-you-get-started/Choosing-your-business-structure/Partnership/>
- Last modified: 10 Nov 2016
- QC 31758

A partnership is a group or association of people who carry on a business and distribute income or losses between themselves. For example, if you and a friend or

family member decide to set up a business together, you might operate it as a partnership.

A partnership is relatively inexpensive to set up and operate. The partners share income, losses and control of the business.

A written partnership agreement is not essential for a partnership to exist, but is a good idea. A partnership agreement should outline how income or losses will be distributed to the partners and how the business will be controlled.

A partnership agreement can help prevent misunderstandings and disputes about what each partner brings to the partnership, and what they are entitled to receive from the income of the business. This is particularly important for tax purposes if the profit or losses are not distributed equally among partners.

The partners in a partnership are not employees, but the partnership might also employ other workers.

Partners are responsible for their own superannuation arrangements. However, the partnership is required to pay superannuation for its employees.

Key features

In a partnership business structure:

- income, losses and control of the business are shared among the partners
- the partnership has its own TFN and must lodge an annual partnership return showing all income and deductions of the business
- the partnership doesn't pay income tax on the profit it earns – each partner reports their share of the partnership income in their own tax return
- each partner pays tax on their share of the partnership profit at the individual tax rate and may be eligible for the small business tax offset
- the partnership must apply for an ABN and use it for all business dealings
- the partnership must be registered for GST if its annual GST turnover is \$75,000 or more.

As a partner you can't claim deductions for money drawn from the business. Amounts you take from a partnership are not wages for tax purposes.

Personal services income (PSI)

If you are paid mostly for your personal efforts, skills or expertise, you may be receiving personal services income (PSI) and you may have to treat deductions in relation to this income differently.

See also:

- [Partnership](https://www.business.gov.au/partnership)²⁷ – business.gov.au
- [Personal services income](#)

Trust

- <https://www.ato.gov.au/Business/Starting-your-own-business/Before-you-get-started/Choosing-your-business-structure/Trust/>
- Last modified: 10 Nov 2016
- QC 31773

Setting up a trust can be expensive as a formal deed is required outlining how the trust will operate and there are formal yearly administrative tasks for the trustee.

A trustee is legally responsible for the operation of the trust. The trustee can be an individual or a company. Profits from the trust go to beneficiaries.

Key features

If you use a trust for your business structure, the trust:

- must have its own tax file number (TFN) for lodging its annual tax return
- must apply for an ABN and use it for all business dealings
- must be registered for GST if annual GST turnover is \$75,000 or more
- may be liable to pay tax depending on the wording of its deed and whether any income the trust earns is distributed to its beneficiaries
- may be able to access small business tax concessions
- must pay super for any of its employees (this may include the trustee if they are also employed by the trust).

Who pays income tax?

While a trust must lodge an annual tax return, whether the trust pays tax (or not) is determined by how the trust income is distributed:

- if all trust income is distributed to adult resident beneficiaries, the trust is not liable to pay tax – each beneficiary reports the income in their own tax return
- if all or part of the net trust income is distributed to non-residents or minors, the trustee is assessed on that share on behalf of the beneficiary – these beneficiaries may need to declare their share of the trust's net income in their own income tax returns, and can claim a credit for the tax paid on their behalf by the trustee
- where the trust accumulates net trust income (does not distribute it), the trustee is assessed on that accumulated income at the highest individual tax rate.

Personal services income

If you have a trust structure and the income the trust receives is mostly for your personal efforts, skills or expertise, you need to work out if the personal services income (PSI) rules apply. If the PSI rules apply, the income will be treated as your individual income for tax purposes. This will also affect the deductions you can claim.

See also:

- [Trusts](#)
- [Trust](#)^{EQ} – business.gov.au
- [Personal services income](#)

Are you in business?

- <https://www.ato.gov.au/Business/Starting-your-own-business/Before-you-get-started/Are-you-in-business-/>
- Last modified: 01 May 2019
- QC 31733

It is important to understand the differences between a hobby and a business for tax and other purposes.

Your tax and other obligations start once you are in business.

The following video will help you work out whether you are in business yet.

Media: Are you in business?: Tax basics for small business
<http://tv.ato.gov.au/ato-tv/media?v=bd1bdiubfurqipt>^{EQ} (Duration: 03:19)

Characteristics of a business

There is no single factor that determines if you are in business, but some of the factors you need to consider include:

- You've made a decision to start a business and have done something about it to operate in a businesslike manner, such as
 - registered a business name, or
 - obtained an ABN.
- You intend to make a profit – or genuinely believe you will make a profit from the activity – even if you are unlikely to do so in the short term.
- You repeat similar types of activities.
- The size or scale of your activity is consistent with other businesses in your industry.
- Your activity is planned, organised and carried out in a businesslike manner. This may include
 - keeping business records and account books
 - having a separate business bank account
 - operating from business premises
 - having licenses or qualifications

- having a registered business name.

If you aren't in business yet, it is important to keep these factors in mind as your activities change or grow, so you'll know when you need to register for tax and other business responsibilities.

Hobby

If you determine your activities are a hobby then you do not have any additional tax or reporting obligations.

If your activities are a hobby but you supply goods or services to businesses, they may request your ABN when they pay you.

Because you do not have an ABN and your activity is done as a hobby, you should use the 'Statement by a supplier' form. This will avoid the business you are supplying having to withhold an amount from their payment to you.

See also:

- [Online selling – hobby or business?](#)
- [Business or a hobby?](#)^{PDF} – business.gov.au
- [Statement by a supplier not quoting an ABN](#)
- [Taxation Ruling 2019/1 Income tax: when does a company carry on a business?](#)

Getting up and running

- <https://www.ato.gov.au/Business/Starting-your-own-business/Getting-up-and-running/>
- Last modified: 03 Dec 2019
- QC 50459

As soon as your business is running you're going to face new obligations. Understanding what you need to do from an early stage will help you stay on top of things.

On this page:

- [Registering your business](#)
- [Record keeping](#)
- [Hiring workers](#)
- [Setting up your business banking](#)
- [Setting up your electronic payment systems](#)

Registering your business

When you start your business there are a number of registrations you need to consider.

See also:

- [Registration](#)
- [Streamlining business registration](#)^{CA} – business.gov.au
- [Work out which registrations you need](#)

Record keeping

You need to set up a good record keeping system to track your income and expenses right from the start. This helps you know how your business is going, as well as meet your tax responsibilities and be able to claim all the deductions to which you are entitled.

See also:

- [Manage your invoices, payments and records](#)

Hiring workers

If you're thinking of taking on workers it's important to understand you will have extra responsibilities. For example, you may have to:

- deduct tax from their pay and send it to the ATO
- pay super contributions to their nominated super fund, and
- pay fringe benefits tax if you provide them with benefits in addition to their wages.

See also:

- [Your workers](#)

Setting up your business banking

If you're operating as a partnership, company or a trust, you must have a separate bank account for tax purposes.

If you are operating as a sole trader, you don't have to open a business bank account, but it's a great idea to do so. It's important to keep business and personal expenses separate.

Find out about:

- [Setting up your business banking](#)

Setting up your electronic payment systems

Electronic payment systems allow your customers to pay for your goods or services electronically.

Find out about:

- [Electronic payment systems](#)

Setting up your business banking

- <https://www.ato.gov.au/Business/Starting-your-own-business/Getting-up-and-running/Setting-up-your-business-banking/>
- Last modified: 28 Nov 2019
- QC 42996

If you're operating as a partnership, company or a trust, you must have a separate bank account for tax purposes.

If you are operating as a sole trader, you don't have to open a business bank account, but it's a great idea to do so.

Separate business and personal expenses

It's important to keep business and personal expenses separate. One way to do this is to have separate bank accounts for your business.

If you are a sole trader and choose to use one account for both business and private purposes, you must clearly identify any personal payments or expenses including:

- any cash taken from money your business receives (often referred to as 'drawings')
- records of how you worked out the portion of expenses that are private when expenses relate to both business and personal use (for example, if you have a home-based business).

You can only claim amounts related to business use and these must be clearly documented.

Note: Keeping your private and business transactions recorded separately can save you time and money when it comes to preparing financial documents, activity statements and tax returns.

Find out about:

- [Running your business from home](#)

Benefits of a business bank account

A separate business bank account will help you to:

- clearly and easily show your business finances separate from your personal finances
- analyse your cash flow
- monitor your business income and expenses
- extract information needed to meet your tax and reporting obligations
- easily get detailed records of your business transactions, particularly if you put those transactions through a limited number of accounts.

If you have a business credit card attached to your business bank account, and do most of your transactions through your credit card, your bank statements will, in effect, be a checklist of your expenses.

Choosing a business bank account

When you set up your business bank account, consider how the information in your deposit books and statements will help you report on your income tax and GST. Most financial institutions offer bank account packages suitable for small business.

Requirements for opening business accounts can vary, so check details by visiting the financial institutions or their websites. If you have a financial adviser or use a tax professional, you may also seek their advice to determine the accounts, products and services you need to run your business.

When you choose your account, consider:

- the type of business you run, including services you need and cash flow
- any transaction fees and account service fees
- whether purchases and sales are domestic or international
- interest, including interest rates on deposits and interest-free periods on credit cards
- fees and charges on business cards
- merchant facilities, such as EFTPOS.

Access to internet banking should also be considered as you can do most payment transactions with us. Transacting with us electronically makes it easier to ensure your payments reach us on time, and refunds arrive quickly.

You should keep your bank records for five years, including one-off financial records, such as loan documents or lease agreements and contracts.

Find out about:

- [Set up a business bank account on business.gov.au](#)^{EQ}
- [Banking records you should keep](#)

Electronic payment systems

- <https://www.ato.gov.au/Business/Starting-your-own-business/Getting-up-and-running/Electronic-payment-systems/>
- Last modified: 28 Nov 2019
- QC 55934

Electronic transactions are becoming increasingly popular, and more consumers now expect the convenience of being able to pay by card.

Electronic payment systems allow your customers to pay for your goods or services electronically, and include:

- tap-and-go (contactless) payments
- credit and debit cards
- EFTPOS
- online payments
- smart phone and tablet card processing.

Offering electronic payments will make it easier for your customers by giving them an extra option to pay.

How to choose

There are many options available in the market, so there will be one that suits your business' needs. Here are some things to consider:

- how your customers want to pay – the use of cards or contactless payments are growing
- initial cost of the system – some can be purchased outright, others can cost less than \$10 a week
- transaction fees – some may charge a flat fee, others may charge a percentage for certain types of transactions
- how easy it is for you and your staff to use
- whether it can be integrated with your record keeping or other business systems.

There are plenty of options out there; you may want to talk to other business owners, your local small business association or financial institution to find out more.

Cost of transactions

You may choose to pass on the cost of certain transactions as a payment surcharge, but remember, you are only allowed to charge customers what is allowed by the Reserve Bank of Australia. Since 1 September 2017, all businesses (regardless of their size) are banned from imposing excessive payment surcharges.

Advantages

There are many advantages of electronic payment systems; some businesses have even become entirely cashless. Benefits can include:

- less admin and paperwork

- being more cost effective per transaction (tap-and-go payments cost nine cents less than cash payments)
- saving time and money per transaction (cash transactions cost 2.5% more when you include the time it takes to complete each transaction, balance the till and take money to the bank)
- reducing the risk of external and employee theft (card payments reduce mistakes and minimise security risks – cash businesses are more appealing targets for thieves)
- quicker transaction times for your customers (a tap-and-go payment takes on average about 20 seconds whereas a cash payment takes 38 seconds)
- convenience for your customers (not everyone will always have enough cash to pay for your goods or services – make it easier for potential customers).

See also:

- [Choosing payment methods](#)^{EQ} – more information on different payment methods
- [Ban on excessive payment surcharges](#)^{EQ} – questions and answers on payment surcharges
- [Electronic record keeping](#)

Reporting and paying tax

- <https://www.ato.gov.au/Business/Starting-your-own-business/Reporting-and-paying-tax/>
- Last modified: 13 Sep 2019
- QC 50461

As soon as you start up your business, you need to plan for how you will pay the tax you will owe each year when you lodge your tax return.

Paying tax in your first year

In your first year of business, you can stay on top of your obligations by:

- making tax pre-payments into your tax bill account
- putting money aside for your expected tax bill
- voluntarily entering into instalments.

See also:

- [Make a tax pre-payment](#)
- [How to start paying by instalments](#)

Paying tax by instalments

Once you lodge your first income tax return and report a tax-payable amount above

a certain threshold, you will automatically enter the pay-as-you-go (PAYG) instalment system.

If you voluntarily enter into instalments prior to lodgment of your first tax return, you will be able to make quarterly payments towards your tax bill.

See also:

- [Pay as you go \(PAYG\) income tax instalment](#)

Reporting

Once you're up and running, you'll need to report your business income and other tax information. The key reports you should be aware of are:

- Business Activity Statement (BAS)
 - the main taxes you will report on will be GST (if you're registered for GST)
 - any tax you withhold from employees' pay
 - instalments towards your own tax once you are in the pay as you go instalments system.
- Income tax return
 - to report your personal and business income and claim deductions.

Most of your business reporting can be done online.

Find out about:

- [Income and deductions](#)
- [Business activity statements \(BAS\)](#)

Next steps:

- [Lodge online \(using myTax – for sole traders\)](#)
- [Online services – Businesses](#)

Income and deductions

- <https://www.ato.gov.au/Business/Starting-your-own-business/Reporting-and-paying-tax/Income-and-deductions/>
- Last modified: 10 Nov 2016
- QC 50462

You may be eligible for a range of deductions for business expenses to reduce your assessable income.

When you lodge your tax return:

- You need to report all of your business income.
 - If you're a sole trader, you'll report your business income (and any other income) in your individual tax return.
 - If you have another business structure, you will lodge a return for the business entity in addition to your own individual return.
- You can claim tax deductions for most costs you incur in running your business, however there are some exceptions.

See also:

- [Income and deductions for business](#)
- [Income tax return](#)

Home based business

If you run your business from home, there are some tax issues to consider, including:

- what you can claim as expenses
- capital gains tax implications if you sell your home later

Operating your business from home may also affect your insurance.

See also:

- [Income and deductions for home-based businesses](#)
- [Home-based business](#)^{en} – business.gov.au

Business activity statements (BAS)

- [https://www.ato.gov.au/Business/Starting-your-own-business/Reporting-and-paying-tax/Business-activity-statements-\(BAS\)/](https://www.ato.gov.au/Business/Starting-your-own-business/Reporting-and-paying-tax/Business-activity-statements-(BAS)/)
- Last modified: 01 Oct 2019
- QC 33678

If you are a business registered for GST you need to lodge a business activity statement (BAS).

Your BAS will help you report and pay your:

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

When you register for an Australian business number (ABN) and GST we will

automatically send you a BAS when it is time to lodge.

Watch:

Media:Lodging and paying on time

<http://tv.ato.gov.au/ato-tv/media?v=bd1bdiunnywwjw>^{CA} (Duration: 1:04)

Find out about:

- [How to lodge your BAS](#)
- [Due dates for lodging and paying your BAS](#)
- [How to pay your BAS](#)
- [Expecting a refund?](#)
- [BAS and GST tips](#)
- [Fixing BAS mistakes or making adjustments](#)
- [If you can't lodge and pay on time](#)
- [Goods and services tax \(GST\)](#)
- [Pay as you go \(PAYG\) instalments](#)
- [Pay as you go \(PAYG\) withholding](#)
- [Fringe benefits tax \(FBT\) instalment](#)
- [Luxury car tax \(LCT\)](#)
- [Wine equalisation tax \(WET\)](#)
- [Fuel tax credits](#)
- [Instalment notices for GST and PAYG instalments](#)

Supporting your small business

- <https://www.ato.gov.au/Business/Starting-your-own-business/Supporting-your-small-business/>
- Last modified: 08 Apr 2021
- QC 48675



We offer a range of tools and services to make it easier for you to get your tax and superannuation right. We want to help you manage and grow your business and get back on track if you need to. You can also speak with a registered tax or BAS agent

for help.

On this page:

- [Tax time essentials](#) – including reporting JobKeeper and cash flow boost
- [JobMaker Hiring Credit](#)
- [Online services](#)
- [ATO app – tax and super on the go](#)
- [Help to lodge and pay](#)
- [Tools to help you](#)
- [Learning resources](#)
- [Dealing with disasters](#)
- [More support and services](#)
- [Aboriginal and Torres Strait Islander peoples and other languages](#)

Tax time essentials

Small business tax time toolkit

Our [Tax Time 2020 toolkit for small business](#) has fact sheets to help you with:

- home-based business expenses
- motor vehicle expenses
- travel expenses
- using your company's money or assets
- pausing or permanently closing your business due to COVID-19.

You can also download the [Small Business Tax Time Toolkit \(PDF 1.0MB\)](#) 

See also:

- [Tax time essentials 2020 for individuals](#)

Reporting JobKeeper payments

JobKeeper payments are taxable and need to be included in tax returns.

If you're a sole trader who has received JobKeeper payments, you need to include the payments as business income in your individual tax return.

If your business is a partnership, trust or company, and your business received JobKeeper payments, you don't need to include it as assessable income in your individual tax return, but you still need to report JobKeeper payments as either:

- business income in your partnership or trust tax return
- income in your company tax return.

Your accounting method will also affect the total JobKeeper payments that need to be included in your tax return. If your business operates on:

- an accruals accounting basis
 - JobKeeper payments relating to valid business monthly declarations

- made on or before 30 June 2020 are included in your 2019–20 tax return
- JobKeeper payments relating to valid business monthly declarations made on or after 1 July 2020 are included in your 2020–21 income tax return
- a cash accounting basis
 - JobKeeper payments you received on or before 30 June 2020 are included in your 2019–20 income tax return
 - JobKeeper payments received on or after 1 July 2020 are included in your 2020–21 income tax return.

If you have received a JobKeeper overpayment, you will need to repay the amount.

Depending on the circumstances, we may decide it does not have to be repaid (particularly if there was an honest mistake) and will let you know.

If you:

- have repaid, or are repaying JobKeeper overpayments, you do not need to include the amount as assessable income in your income tax return. If you have already included the overpaid amount in your business income tax return in an earlier year, you will need to amend that earlier return to reduce your assessable income by the amount you have repaid.
- don't need to repay JobKeeper overpayments because we have waived it, you will still need to include the overpaid amounts as assessable income in your business income tax return.

Your employees won't need to do anything different as the payments will be included as salary and wages, or an allowance, in the regular income statement or payment summary you provide as an employer.

See also:

- [Support for businesses and employers – COVID-19](#)
- [Paying your eligible employees – tax consequences](#)
- [JobKeeper overpayments](#)
- [JobKeeper voluntary repayments](#)

Reporting cash flow boost credits

You don't pay tax on cash flow boost credits, as they are non-assessable non-exempt income. How you report the amounts in your returns or financial statements is different depending on your business structure.

Cash flow boost credits do not need to be included in your tax return. However, if you have included the amounts in your gross income for accounting purposes, you can include it at:

- item P8 business income and expenses as other business income and as an income subtraction reconciliation amount in the individual tax return for sole traders
- item 5 as other business income and as an income subtraction reconciliation

- amount for partnership and trust tax returns
- item 6R other gross income and item 7Q other income not included in assessable income for company tax returns.

See also:

- [Individuals - Business and professional items 2020](#)
- [Partnership tax return instructions 2020](#)
- [Trust tax return instructions 2020](#)
- [Company tax return instructions 2020](#)
- [Accessing the cash flow boosts](#) – tax consequences

Other government payments

If you've received an Australian, state or territory government grant or payment in response to recent natural disasters or COVID-19, you may need to include it in your assessable income.

See also:

- [Government payments to include in your business's assessable income](#)
- [Government grants and payments during COVID-19](#)

Single Touch Payroll

With Single Touch Payroll (STP), you report employees' payroll information to us each time you pay them through STP-enabled software.

STP started on 1 July 2018 for employers with 20 or more employees and 1 July 2019 for employers with 19 or fewer employees. If you haven't started reporting through STP, you need to start as soon as possible.

Every year, employers must make an end-of-year finalisation declaration through STP. Generally, you need to make this declaration by 14 July each year. If you can't make a finalisation declaration by the due date, you need to apply for a [deferral](#).

You can finalise your data earlier if it's ready. The sooner you finalise your employees' information, the sooner they will be able to lodge their tax returns.

Reporting through STP means you no longer need to give your employees payment summaries or lodge an STP payment summary annual report with us.

Your employees can find the information they need in their income statement in ATO online services through myGov, or by contacting their tax agent.

Find out about:

- [Single Touch Payroll](#)
- [End-of-year finalisation through STP](#)

More information

- [Concessions at a glance](#)
- [Income and deductions for business](#)
- [Claiming deductions for PAYGW payments](#)
- [Manage your business cash flow](#)
- [Taxable payments annual report \(TPAR\)](#)

JobMaker Hiring Credit

The JobMaker Hiring Credit scheme is an incentive for businesses to employ additional young job seekers aged 16–35 years.

Eligible employers can access the JobMaker Hiring Credit for each eligible additional employee they hire between 7 October 2020 and 6 October 2021.

Through the JobMaker Hiring Credit scheme, eligible employers may receive payments of up to:

- \$200 per week for each eligible additional employee aged 16–29 years old inclusive
- \$100 per week for each eligible additional employee aged 30–35 years old inclusive.

All payments under the JobMaker Hiring Credit scheme are assessable as ordinary income.

The normal deductions apply for amounts your business pays to employees if those amounts are subsidised by JobMaker Hiring Credits.

JobMaker Hiring Credits are:

- not subject to GST
- do not need to be included in your business activity statements (BAS).

See also:

- [JobMaker Hiring Credit](#)
- [JobMaker Hiring Credit – tax consequences](#)

Online services

Our online services help make it quick and easy to manage your tax and super:

- [ATO online services](#) – sole traders can access this on any device to lodge their tax return, manage activity statements, PAYG instalments and accounts, make payment arrangements and more
- [Online services for business](#) – replacing the Business Portal, this new service allows you to prepare and lodge activity statements and annual reports, organise payment plans, manage accounts, and more, at a time that's convenient to you
- [Business Portal](#) – while you transition to Online services for business, the Business Portal will be available until it is decommissioned later in 2021.

ATO app – tax and super on the go

The [ATO app](#) gives you quick access to answers to frequently asked questions, handy tools and calculators, as well as:

- [Key dates](#) – creates a list of due dates that you can save as reminders in your smartphone or tablet
- [Small business benchmarks](#) – helps you compare your business's performance against similar businesses in your industry
- [myDeductions](#) – enables sole traders to track business income, expenses, and car trips – you can upload this information to pre-fill your tax return or email it to your tax agent at tax time (never miss out on claiming a deduction because of a lost or faded receipt again)
- [Voice authentication](#) – enables sole traders to save their voiceprint for fast and secure identity confirmation over the phone.

Help to lodge and pay

It's important to lodge on time, even if you can't pay. This will give you certainty of your tax and super position, which means you'll have a greater understanding of what you need to do, when to ask for help, and the support options available to you. If you forget a due date or are stressed that you won't be able to lodge or pay on time, it's never too late to ask for help.

We have options to help you if you're having problems lodging or paying on time.

Find out about:

- [Help with paying](#)
- [Support to lodge and pay](#)

See also:

- [Managing debt](#)¹³ – find out what to do if you haven't been paid and how to deal with business debt.

Tools to help you

Use our [calculators and tools](#) to help you run your business. These include:

- [Record-keeping evaluation tool](#) – see how well your business keeps records
- [Employee/contractor decision tool](#) – find out if your worker is an employee or contractor for tax and super purposes
- [Small Business Superannuation Clearing House](#) – check if you're eligible to use the clearing house to pay your super contributions in one online transaction
- [Superannuation guarantee charge statement and calculator tool](#) – works out how much super you need to pay if you have not paid your super contributions on time.

See also:

- [Hiring employees checklist](#)^{EQ} – what to consider when you take on an employee, such as pay rates, workplace health and safety, workers' compensation and more
- [ABN Lookup](#)^{EQ} – check that businesses you deal with have an active ABN and whether they're registered for GST
- [Small business litigation funding](#) – financial assistance for eligible small businesses to help them meet their reasonable litigation costs.

Learning resources

We also have learning resources to help you run your business, such as:

- [Small business workshops](#) – face-to-face workshops are currently on hold, but you can register for an online webinar
- [Small business webinars](#) – register to find out about tax and super obligations and entitlements for your business, with topics including
 - GST
 - activity statements
 - income tax deductions
 - home-based business
 - record keeping
- [Multi-agency live stream](#)^{EQ} – register to attend the live webcast on Wednesday 5 May, where five key government agencies discuss what support and help is available for small businesses looking to recover from the impact of COVID-19
- [atoTV](#)^{EQ} – watch our videos about tax and super
- [ATO podcast – Tax inVoice](#) – listen to the latest tax and super information
- [Record keeping for business](#) – find out what you need to do to meet your business' record-keeping requirements
- [PAYG withholding](#) – find out if you need to register for PAYG withholding, how much tax to withhold, payment summaries or income statements and more
- [PAYG instalments](#) – many small businesses automatically enter the PAYG instalment system after they lodge their tax return, but entering earlier might help reduce the tax you may need to pay at the end of the year
- [Super for employers](#) – everything you need to know about paying super for your workers
- [Fringe benefits tax \(FBT\)](#) – find out if you need to pay FBT on certain employee benefits
- [Small business showcase](#)^{EQ} – access information on workplace laws and other topics relevant to small business owners at every stage
- [Business.gov.au](#)^{EQ} – access government transactions and services, as well as information on how to plan, start and run your business.

Dealing with disasters

If you're affected by COVID-19, or a natural disaster such as a bushfire, cyclone, flood, storm or drought, we can help you with your tax affairs so you can focus on your family and community.

Depending on your circumstances, we may:

- give you extra time to pay your debt or lodge tax forms such as activity statements
- help you find your lost tax file number (TFN) after verifying your identity
- re-issue tax returns, activity statements and notices of assessment
- help you re-construct lost or damaged tax records
- prioritise any refunds you are owed
- set up a payment plan tailored to your individual circumstances, including an interest-free period
- remit penalties or interest charged during the time you have been affected.

Find out more:

- [Dealing with disasters](#)
- [Disaster Assist](#)^{ext} – information about assistance from other government agencies in Australia.

More support and services

Additional resources that can help you with your small business include:

- [Small business newsroom](#) – subscribe and get the latest tax and super news delivered to your inbox
- [Live chat](#)^{ext} – ask about GST, ABN, myGovID, BAS and your account from
 - 3.00pm–8.00pm (AEDT) Monday to Friday
 - 10.00am–2.00pm (AEDT) on Saturday (except public holidays)
- [Contact us](#) for account balance, business registration, business tax return preparation, BAS enquiries and more
- [National Relay Service](#)^{ext} – if you have difficulty hearing or speaking to people on the phone, you can contact us through the National Relay Service
- [After-hours call back service](#)^{ext} – get help at a time that's convenient for you by completing the online form to book a time to talk to us from 6.00pm–8.00pm Monday to Thursday (except public holidays)
- [Join the discussion online](#) – follow us on social media for tips and updates or check out our ATO Community forum to ask questions about tax and super
- [Registered tax or BAS agents](#)^{ext} – contact a registered agent to help manage your tax and super
- [Support in difficult times](#) – support for anyone who needs help with their tax and super during difficult times.

Aboriginal and Torres Strait Islander peoples and other languages

In addition to our range of tools and services, we have information:

- on [Tax for businesses](#) – for Aboriginal and Torres Strait Islander peoples
- in [languages other than English](#) (including Arabic, Chinese, Hindi, Korean, Punjabi and Vietnamese) to help people from culturally and linguistically

diverse backgrounds understand tax and super in Australia.

If you would like to speak to us, you can also:

- phone our Indigenous Helpline on 13 10 30
- phone the Translating and Interpreting Service (TIS) on 13 14 50 if you would like to talk to us in your language.

Small business webinars and workshops

- <https://www.ato.gov.au/Business/Starting-your-own-business/Small-business-webinars-and-workshops/>
- Last modified: 19 Mar 2020
- QC 61059

We are committed to delivering a better client experience for small business. Helping you access the right information, at the right time, in the right way and building strong relationships is an important part of this commitment.

We are offering free webinars and workshops for small business on a variety of tax topics in a number of locations around Australia.

In the interest of your wellbeing and in response to the Australian Government's announcement advising against holding non-essential gatherings, our face-to-face workshops are currently on hold. We will update this information as soon as practicable; in the meantime, you can register for an online webinar.

Find out about:

- [Webinars](#)
- [Workshops](#)

Key webinar topics for small business

- <https://www.ato.gov.au/Business/Starting-your-own-business/Small-business-webinars-and-workshops/Small-business-webinars/>
- Last modified: 15 Apr 2021
- QC 16164

We are committed to delivering a better client experience for small business. Helping you to improve your skills and knowledge to be successful in your small

business venture is an important part of this commitment.

We offer free webinars on a variety of topics. There are general topics that suit all small businesses and others that are specific to particular industries or circumstances. Some are also offered in [Chinese](#), [Arabic](#) and [Vietnamese](#).

When registering for a webinar the times listed will be in:

- Australian Eastern Standard Time (AEST)
- from October to March, Australian Eastern Daylight Time (AEDT).

Our webinars are interactive online seminars presented by experienced tax officers. They are live and you can ask questions to help you apply the information to your situation. If you register for a webinar, make sure you're online by the start time as the session will be locked 10 minutes after the webinar begins.

Small business webinars

Topic	Description
Considering your small business viability ^{EQ}	Are you at a business crossroads? Unsure whether you should continue trading? In this 45-minute session you will learn how to use our Business Viability Assessment Tool. This tool provides information about your business viability to help you and your advisers in your decision-making. You will receive the details of professional services offering free or low-cost advice to help inform your business decisions.
Running a home-based business ^{EQ}	Running your small business from your home may cost you more in expenses such as electricity, gas, phone, furniture, and cars. In this 60-minute session find out what expenses you can claim for tax deductions and how to calculate the amounts you can claim.
Digital options for your small business ^{EQ}	There are many online services and digital systems that can help you perform your business activities such as marketing, sales, accounting and reporting. Come along to this 60-minute session to find out benefits of digital systems and what systems are available for each area of your business operations. Note: If you need information on how to use Online services for business or ATO online services, please attend our 'Connecting online with the ATO' sessions that explain how to register, lodge and pay online to the ATO.
Connecting online with the ATO: Sole traders ^{EQ}	This session is for sole traders who want to know how to manage their tax and super commitments online. In this 60-minute session you will learn how to register, lodge and pay online for commitments such as your goods and services tax

	<p>(GST), pay as you go withholding, pay as you go instalments, your tax return and more.</p> <p>Note: This session explains how to use ATO online services for individuals and sole traders. We recommend partnerships, companies and trusts use Online services for business and attend the 'Connecting online with the ATO: Businesses' session.</p>
<p>Connecting online with the ATO: Businesses</p>	<p>This session is for companies, partnerships and trusts who want to know how to manage their tax and super commitments online. In this 60-minute session you will learn how to register, lodge and pay online for GST, pay as you go withholding, pay as you go instalments and more using Online services for business which is replacing the Business Portal.</p> <p>Note: This session explains how to use Online services for business. We recommend sole traders use ATO online services for individuals and sole traders and attend the "Connecting online with the ATO: Sole traders' session.</p>
<p>myGovID: your digital identity</p>	<p>Are you using myGovID? The myGovID app is an easy and secure way to prove who you are when using government online services. This 60-minute webinar shows you the step-by-step process to create a myGovID.</p>
<p>Closing your small business</p>	<p>If you have decided to close your business this session is for you. The closing process can take time depending on your business size and complexity. This 60-minute session explains what you need to do to close your business.</p>
<p>Introduction to business records</p>	<p>Are you starting a new small business? In this introductory 60-minute session you'll learn about which business records to keep, the legal requirements and how long to keep your records. This basic session also introduces you to the benefits of developing good record keeping habits as well as tools to help you manage your records.</p>
<p>Cash flow for small business success</p>	<p>Cash flow is the life blood for small business. Come along to this 60-minute session to learn critical cash flow management skills. This session demonstrates how to use specific tools to manage your cash flow.</p> <p>You will learn how to map your cash flow cycle and use online tools to:</p> <ul style="list-style-type: none"> • work out your current cash flow position • test whether potential changes in your business will give you the cash flow you want • Track and monitor your cash flow as you work towards achieving your business goals.

	<p>On completion of this session we recommend you sign up for the webinar <i>Strategies for improving your cash flow</i>.</p>
<p>Strategies for improving your cash flow^{EQ}</p>	<p>Cash flow management is critical to the success of any business, but it's not always easy to find ways to improve your cash flow. This 60-minute session explores seven key strategies that may improve the cash flow of your business. We also recommend you sign up for our webinar 'Cash Flow for small business success' which demonstrates free online tools you can use for cash flow management.</p>
<p>Budgeting for your commitments^{EQ}</p>	<p>In this 60-minute session you'll learn a straightforward five-step process to stay on top of your regular financial commitments. Find out how to identify business activities that trigger financial responsibilities as get practical help to plan for and meet your future commitments.</p>
<p>Recording income (GST)^{EQ}</p>	<p>Is your business registered for goods and services tax (GST)? How do you record your business income? A good record keeping system will give you information about your business operations to help you with your business decisions. In this 60-minute session where you'll record the monthly income of an imaginary small business and learn how to apply that to your own business success.</p>
<p>Electrician: Recording Income (GST)^{EQ}</p>	<p>Is your business registered for GST? How do you record your business income? A good record keeping system will give you information about your business operations to help you with your business decisions. In this 60-minute session you will record the monthly income of an example electrician small business and learn how to apply that to your business success.</p>
<p>Hospitality: Recording Income (GST)^{EQ}</p>	<p>Is your business registered for GST? How do you record your business income? A good record keeping system will give you information about your business operations to help you with your business decisions. In this 60-minute session you'll record the monthly income of an example hospitality small business and learn how to apply that to your business success.</p>
<p>Recording expenses (GST)^{EQ}</p>	<p>Is your business registered GST? How do you record your business expenses? A good record keeping system will give you information about your business operations to help you with your business decisions. Recording all of your expenses correctly will help you claim all your entitled deductions, making sure you pay only your fair share of tax. In this 60-minute session you'll record the monthly expenses of an imaginary small business and learn how to apply that to your own business success.</p>

Electrician: Recording expenses (GST)	<p>Is your business registered for GST? How do you record your business expenses? A good record keeping system will give you information about your business operations to help you with your business decisions. Recording all of your expenses correctly will help you claim all your entitled deductions, making sure you pay only your fair share of tax. In this 60-minute session you'll record the monthly expenses of an example electrician small business and learn how to apply that to your business success.</p>
Hospitality: Recording expenses (GST)	<p>Is your business registered for GST? How do you record your business expenses? A good record keeping system will give you information about your business operations to help you with your business decisions. Recording all of your expenses correctly will help you claim all your entitled deductions, making sure you pay only your fair share of tax. In this 60-minute session you'll record the monthly expenses of an example hospitality small business and learn how to apply that to your business success.</p>
Starting a small business	<p>Are you thinking of starting a small business? Maybe you have a hobby that's becoming a business?</p> <p>This 40-minute session will help you understand:</p> <ul style="list-style-type: none"> • the difference between a hobby and a business • what to do if your hobby turns into a business • the most common business structures and the registrations you may need in business. <p>Getting it right is important, so come along and ask questions to give your business the best chance of success.</p>
Becoming an employer	<p>Are you a new employer or thinking of becoming an employer? In this 60-minute introductory session you'll learn about hiring workers, paying employees, paying contractors and providing benefits to workers.</p>
Employer: Hiring Workers	<p>Come along to this 60-minute session if you are thinking about hiring workers for your business. You'll learn about things to consider before hiring workers and your obligations as an employer when hiring workers. This session does not cover how to pay your workers.</p>
Employer: Paying Workers	<p>Come along to this 60-minute session to learn about how to set up systems and pay your workers. You'll learn about your payment obligations to your workers and your reporting obligations to the ATO. This session does not cover your payment obligations when hiring workers.</p>
Employer: Introduction to	<p>Fuel your knowledge on car fringe benefits. If your employees use a business car for private use, you may be providing a car</p>

car fringe benefits ^{EQ}	<p>fringe benefit. In 60 minutes, this introductory session will help you work out whether you are providing a car fringe benefit. You will also learn what records to keep. You can attend a different session to learn how to work out your fringe benefits tax amount.</p> <p>Note: Salary packaged cars and fleet car situations are not covered in this session.</p>
Ride-sourcing and tax (sole traders) ^{EQ}	<p>Do you provide ride-sourcing services for a fare or work through a facilitator such as Uber, SheSafe, Shebah or GoCatch?</p> <p>Do you know how income tax and GST applies to your earnings?</p> <p>Ride-sourcing is taxi travel for GST purposes. If you have a ride-sourcing enterprise, you need:</p> <ul style="list-style-type: none"> • an Australian business number (ABN) • to register for GST from the day you start • to charge and pay GST on the full amount of every fare • to keep records of income and expenses for both GST and income tax purposes. <p>You can then claim GST credits for expenses associated with your ride-sourcing enterprise.</p> <p>In this 60-minute session we'll help you understand how to get it right.</p> <p>Note: If you already have a business structure, this session is designed for sole traders.</p>
Ride-sourcing: Income, expenses and GST ^{EQ}	<p>Do you provide ride-sourcing services for a fare; working through a platform such as Didi, GoCatch, Ola, Shebah, or Uber?</p> <p>Information is provided to help you gather the figures from your platform statements, work out your ride-sourcing deductions, calculate your GST and know where to put all that information in your business activity statement.</p> <p>This session will help you understand how to:</p> <ul style="list-style-type: none"> • keep track of your ride-sourcing records • work out your income, deductions and GST • complete your business activity statement. <p>This 60-minute session will help you understand how to get it right.</p> <p>This session is the second in the ride-sourcing series and follows on from what you learned in Ride-sourcing and tax (sole traders).</p>
Courier services –	<p>Do you provide courier services and pay contractors to carry out those services? Did you know that you may be required to</p>

TPAR: Introduction ^{EQ}	<p>report payments to contractors? In this 50-minute session find out how this affects you.</p>
Courier services – TPAR: How to report ^{EQ}	<p>This is a follow-up to the Courier services – TPAR: Introduction^{EQ} session. If you provide courier services and need to report payments you make to contractors, this 45–60-minute session gives you practical help on how to report.</p>
Cleaning services – TPAR: Introduction ^{EQ}	<p>Do you provide cleaning services and pay contractors to carry out those services? Did you know you may be required to report your payments to contractors? In this 50-minute session find out how this affects you.</p>
Cleaning services – TPAR: How to report ^{EQ}	<p>This is a follow-up to the Cleaning services – TPAR: Introduction session. If you provide cleaning services and need to report payments you make to contractors, this 45–60-minute session gives you practical guidance on how to report.</p>
Building and construction services – TPAR ^{EQ}	<p>Do you run a business in the building and construction industry and pay contractors to carry out building and construction services? Did you know that you may be required to report your payments to contractors? In this 60-minute session to find out how this affects you.</p>
Builder: Recording income (GST) ^{EQ}	<p>Is your business registered for GST? How do you record your business income? A good record keeping system will give you information about your business operations to help you with your business decisions. In this 60-minute session you'll record the monthly income of an example small business builder and learn how to apply that to your business success.</p>
Builder: Recording expenses (GST) ^{EQ}	<p>Is your business registered for GST? How do you record your business expenses? A good record keeping system will give you information about your business operations to help you with your business decisions. Recording all your expenses correctly will help you claim all your entitled deductions, making sure you pay only your fair share of tax. In this 60-minute session you will record the monthly expenses of an example small business builder and learn how to apply that to your business success.</p>
IT services – TPAR: Introduction ^{EQ}	<p>Do you provide IT services and pay contractors to carry out those services? Did you know there is new legislation that may affect you? In this 45-minute session find out how this affects you.</p>
IT services –	<p>This event is a follow-up to the IT services – TPAR:</p>

TPAR: How to report [↗]	Introduction session. If you provide IT services and need to report payments you make to contractors, this 45-minute session gives you practical guidance on how to report.
Road freight services – TPAR: Introduction [↗]	Do you provide road freight services and pay contractors to carry out those services? Did you know there is new legislation that may affect you? In this 45-minute session find out how this affects you.
Road freight services – TPAR: How to report [↗]	This event is a follow-up to the Road freight services – TPAR: Introduction session. If you provide road freight services and need to report payments you make to contractors, this 45-minute session gives you practical guidance on how to report.
Security services – TPAR: Introduction [↗]	Do you provide security, investigation or surveillance services and pay contractors to carry out those services? Did you know there is new legislation that may affect you? In this 45-minute session find out how this affects you.
Security services – TPAR: How to report [↗]	This event is a follow-up to the Security services – TPAR: Introduction session. If you provide security services and need to report payments you make to contractors, this 45-minute session gives you practical guidance on how to report.
Employers: Single Touch Payroll [↗]	This 60-minute session is for small businesses that are new to employing people and paying them for their work. As an employer, you are required to report salaries, wages, tax withheld and super information to the ATO through Single Touch Payroll (each time you pay your employees). Join this session to find out how STP works, reporting options and how to report.

See also:

- [Tax basics for small business videos series](#)
- [Starting your own business](#)

Small business workshops

- <https://www.ato.gov.au/Business/Starting-your-own-business/Small-business-webinars-and-workshops/Small-business-workshops/>
- Last modified: 19 Mar 2020
- QC 61060

In the interest of your wellbeing and in response to the Australian Government's

announcement advising against holding non-essential gatherings, our face-to-face workshops are currently on hold. We will update this information as soon as practicable; in the meantime, you can register for an online webinar.

We are holding face-to-face workshops across Australia that are specifically designed for small business.

Our workshops cover a range of topics from record keeping and tax essentials through to employer obligation, taxable payments reporting and more.

Workshops by location

You can view the dates and locations of events in different states and territories by clicking on the links below.

- [Australian Capital Territory](#)
- [New South Wales](#)
- [Northern Territory](#)
- [Queensland](#)
- [South Australia](#)
- [Tasmania](#)
- [Victoria](#)
- [Western Australia](#)

Online support

If you can't find a workshop that suits you we also have free online support, including:

- [online webinars](#) – you can participate in
- [Small business newsroom](#) – short articles and key dates
- [new to business essentials](#)¹⁷ – a series of online education modules.

If you have any questions about support available for small business operators, send an email to sbtalk@ato.gov.au.

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.

Copyright notice

© Australian Taxation Office for the Commonwealth of Australia

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).