

## **Explanatory notes: Australian Taxation Office (ATO)**

### **Member taxation guidance**

MTAA is actively lobbying Government to streamline taxation requirements to benefit members. This includes removing or reducing payroll and income tax that may be offset by a small increase in the Goods and Services Tax (GST).

The following guidance gives a brief overview of the Australian Taxation Office (ATO) and what information is contained in its website that is relevant to members. It is not a substitute for qualified financial advice.

### **Australian tax office (ATO)**

The ATO is the principal revenue collection agency of the Australian government.

The ATO activities include:

- Collecting revenue.
- Administering the goods and services tax (GST) on behalf of the Australian states and territories.
- Governing a range of programs which result in transfers and benefits back to the community (i.e. tax refunds).
- Administering the major aspects of Australia's superannuation system.
- Custodian of the Australian Business Register.

The ATO provides a range of tax advice services for businesses including planning, submitting, claiming and paying tax.

### **The ATO web-based business portal**

The ATO provides web-based tax services including a business portal which is a secure online method of completing your tax requirements. Information on and access to ATO advice and the Business Portal is available by clicking on the following links:

- <https://www.ato.gov.au/Business/Business-Portal/>
- <https://www.ato.gov.au/general/online-services/>

Through the Business Portal, you can:

- Prepare, lodge and revise Business Activity Statements (BAS).
- View your statement of account and payment options.
- View your reports for Single Touch Payroll.
- Request a refund or transfer of funds between accounts.
- Update your business registration details.
- Register for goods and services tax (GST) and PAYG withholding (PAYGW).
- Test, lodge and/or download files.

- Lodge an online form, which includes the super guarantee charge statement, certificate of coverage request, and the employee share scheme annual report.
- Request a ruling or lodge an objection.
- Communicate with us through a secure mailbox.

## **Tax forms that you need to submit**

Through the portal, businesses (or their financial staff or accountants) are required to submit the following documents:

- Annual investment income report – from January 2016
- Employee Share Scheme – from January 2016
- Quarterly TFN report – from January 2016
- TFN declaration reports – from 27 June 2016
- Withholding where no ABN quoted reports – from 27 June 2016
- PAYG withholding payment summary annual report – from 1 November 2016

## **Tax planning**

The ATO encourages taxpayers to ensure their tax arrangements are within the law. The ATO provide a video that assists businesses when planning the tax requirements which can be accessed by clicking on the following link: <https://www.ato.gov.au/General/Tax-planning/>

## **What makes the ATO suspicious**

Things that the ATO examine that may indicate unlawful tax claims are:

- Excessively large deductions or tax offsets when compared to investment income.
- Mixing private expenses with business expenses.
- Investing now, with no return until later years, if ever.
- Complex financing arrangements with no obvious commercial purpose.
- Creating a loan that may never need to be repaid.
- Claiming deductions that may never be paid for.

## **Business activity statement (BAS)**

If you are a business registered for GST you must lodge a business activity statement (BAS). To access information about how a business lodges and pays your BAS click on the following link:

[\(https://www.ato.gov.au/Business/Business-activity-statements-\(BAS\)/Lodging-and-paying-your-BAS/\)](https://www.ato.gov.au/Business/Business-activity-statements-(BAS)/Lodging-and-paying-your-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, the ATO will automatically send you a BAS when it is time to lodge.

Your BAS is broken up into sections, called 'labels', and you need to fill out different labels depending on how you choose to report and pay.

You can lodge your BAS electronically, by mail or for nil lodgments on the phone. You can pay electronically, by mail or in person at Australia Post.

To avoid penalties you need to lodge and pay on time. If you can't lodge or pay by the due date, contact us as soon as you can.

By accessing the BAS link above, members can access other web links (including a video) that give advice on the following topics:

- How to lodge your BAS.
- Due dates for lodging and paying your BAS.
- How to pay your BAS.
- Expecting a refund?
- Record keeping.
- What if you've made a mistake?
- What if you can't lodge and pay on time?

Although the ATO gives advice of the tax collection and claim processes (including applying for an ABN number) and provides the means to submit tax documents, the MTAA recommends that this should be done with advice of those with financial knowledge/certification.