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Changing, selling or closing your business

What you need to know when changing business structure, pausing or closing a business or selling your business.

Changing, pausing, closing, selling, or winding up a business

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QC 31729

Changing, pausing, closing, selling, or winding up a business

Find out what you need to do when you plan to change, pause, sell or close your business.

Last updated 9 June 2026

Media: Selling or closing your business https://tv.ato.gov.au/ato-tv/media?v=bd1bdiubfiysjd (**Duration:** 2:40)

If you're changing, pausing, closing, selling or winding up a business, you should:

- Check whether your state or territory government has any special requirements.
- Check you have met all lodgment, reporting and payment obligations with any government agencies you have dealt with.
- Work with your tax adviser or an insolvency practitioner early on to minimise risk for your exit strategy or succession plan, and see what you need to do from a tax and super perspective, including
  - seeking advice from a registered professional, particularly if you may need to wind up your company
  - being wary of advisers who encourage you to engage in inappropriate or even illegal activity, such as illegal phoenix activity.
- Check and update authorisations for your business in Relationship Authorisation Manager and permissions for your staff in Access Manager.
- Check whether you need to pay goods and services tax (GST) or capital gains tax (CGT) on business assets you sell and cancel your GST registration.
- Work out and pay final pay and entitlements to your employees.

- Lodge final returns and reports and pay final PAYG instalments, tax and loans.
- Finalise your Single Touch Payroll (STP) reporting for your employees
- Keep business records of all transactions (including records related to selling or closing your business) for at least 5 years.

For more information:

- see Pausing or permanently closing your business. For a summary of this content in poster format, see Pausing or permanently closing your business (PDF, 214KB).
- visit information on **business.gov.au** at Exiting.

If you registered a business but haven't started

If you have registered a business but didn't start the business, and have now decided that you will not operate, you must cancel your ABN.

If you have started a business and have made a loss, you need to lodge a tax return before you cancel your ABN.

If you start running your business again, you'll need to apply for an ABN online at Australian Business Register. In most cases if your business structure hasn't changed, we'll register you with the same ABN.

QC 20300

Changing your business structure

Find out the information you need to change your business structure.

Last updated 12 July 2023

There are steps you will need to take if you change your business. For example, when you:

- change the composition of your business partnership because your previous partner retired or passed away or a new partner is admitted
- change your entity type because you have restructured your business
- incorporate your business.

Demergers

A demerger is a form of restructure. In a demerger, investors in the head entity (for example, shareholders or unit holders) gain direct ownership in an entity that they formerly owned indirectly (the 'demerged entity'). The underlying ownership of the companies or trusts that formed part of the group does not change. The company or trust that no longer owns the entity is known as the 'demerging entity'.

Under the demerger provisions you may not be eligible for tax relief if either the:

- demerger is not undertaken for substantive business reasons
- capital and profit elements of the demerger allocation do not reflect the circumstances of the demerger.

Practice Statement Law Administration PS LA 2005/21 *Application of section 45B of the Income Tax Assessment Act 1936 to demergers* provides administrative and technical guidance on applying the elements of section 45B. To provide certainty to your situation we recommend you seek a private ruling or class ruling.

Sole trader

If you are a sole trader and you are closing one business to start another, also as a sole trader, then you do not need to cancel your ABN. You must notify us of changes to your details, including your business type or ANZSIC on the Australian Business Register (ABR) within 28 days.

You may need to cancel registrations such as GST, LCT or fuel tax credits if they are no longer applicable to your business.

If you do cancel your ABN and later commence a new business as a sole trader, you can reapply online, and we'll register you with the same ABN.

Companies

If the company will not lodge tax returns in future years, print 'FINAL' in the box at this item on the company tax return.

If you are a subsidiary member of a consolidated group, **do not** print 'FINAL' if membership of the consolidated group is the only basis on which the company will not be required to lodge future tax returns.

A change of directors or shareholders is not a change of entity.

Once a company is deregistered with the Australian Securities & Investments Commission (ASIC), it ceases to exist and can no longer lodge forms with us. Any forms lodged in respect of a deregistered company will be cancelled and not processed.

We cannot discuss protected information relating to a deregistered company, including with people formerly authorised to act on behalf of that company.

Partnerships

If your partnership has stopped trading and the assets have been distributed during the year, answer 'YES' at the label stating 'Final tax return' on page 1 of the partnership tax return.

For more information, see Changing the makeup of a partnership.

Trusts

If you wound up the trust during the year and you have distributed all the trust's assets, print 'FINAL' at the label 'Final tax return' on page 2 of the trust tax return.

Show any proceeds you received from the sale of your business in your individual tax return.

GST when closing a business

Find out more about your GST obligations when you close your business.

Last updated 12 July 2023

Cancelling your GST registration

If you permanently close your business, you must apply to cancel your goods and services (GST) registration within 21 days of stopping your business activities.

Cancelling your GST registration may affect some, but not all, of your other registrations, including:

- fuel tax credits
- luxury car tax
- wine equalisation tax.

Disposing of capital assets

Check whether you need to pay goods and services tax (GST) or capital gains tax (CGT) on business assets you sell, including:

- land
- buildings
- intangible assets, such as patents, licences or goodwill.

For further information, see our rulings:

- GSTR 2002/5 *Goods and services tax: when is a 'supply of a going concern' GST-free?*
- GSTR 2003/9 *Goods and services tax: financial acquisitions threshold*

Margin scheme

The margin scheme is an alternative method of calculating the GST payable when you sell land or buildings as part of a business.

You may need more information if you are selling or buying property and the seller asks you to sign an agreement in writing for the margin scheme to apply.

QC 73009

Sale of a going concern

Information on selling a going concern.

Last updated 12 July 2023

What is a going concern

A going concern is a business that is operating and making a profit. No GST is payable on the sale of a going concern if certain conditions are met. However, as the seller, you may be able to claim input tax credits for GST you paid on expenses relating to the sale.

To work out whether the sale of your business meets these requirements, refer to GSTR 2002/5 *Goods and services tax: when is a 'supply of a going concern' GST free*.

Financial supply sale

The sale is a financial supply if your business is a:

- company, and you sell its shares
- trust or partnership, and you sell the underlying interests in the trust or partnership.

These types of sales are 'input taxed' if you exceed the financial acquisitions threshold.

An input-taxed supply means no GST is payable. You cannot claim input tax credits for GST expenses relating to the sale.

To work out whether you exceed the threshold, refer to GSTR 2003/9 *Goods and services tax: financial acquisitions threshold*.

Input taxed sale

If the sale of your business is input taxed, you may need to apportion the amount of input tax credits you can claim.

If you don't exceed the financial acquisitions threshold, the sale is treated as if it was GST free and you will be entitled to full input tax credits.

For guidance on apportionment methods, refer to GSTR 2006/3 *Goods and services tax: determining the extent of creditable purpose for providers of financial supplies*.

Capital gains tax

Capital gains tax (CGT) arises when you sell or dispose of assets you acquired on or after 19 September 1985 (post-CGT assets), minus any capital losses.

Under certain circumstances, pre-CGT shares in a company or trust may become subject to CGT.

You need to consider your CGT liability when selling any asset.

Small business concessions

There are various CGT concessions available to small business owners. Correctly applying these concessions may reduce your CGT liability when selling a business.

Specific concessions include the:

- 15-year exemption – that may exempt a capital gain from a business asset you have owned for at least 15 years
- 50% active asset reduction – that allows you to reduce the capital gain arising from the sale of a business asset
- retirement exemption – that allows you to receive relief from CGT if you sell assets called active assets used in your business – the exemption does not apply to gains made from passive (investment) assets
- rollover – that allows you to defer a capital gain from the disposal of a business asset for 2 years (you can defer the capital gain for

longer than 2 years if you acquire a replacement asset or make a capital improvement to an existing asset).

Earnouts

Broadly, an earnout is an arrangement where you:

- sell an income-producing asset – for example, a business
- agree to receive additional payments based on the future performance of the asset.

For tax purposes, you can use the look-through treatment for earn out rights or you can treat an earnout as a separate asset that may have separate CGT implications (including the small business CGT concessions).

Buy or sell agreements

A buy or sell agreement sets out an arrangement designed to protect the interests of the departing owners and the remaining owners, while preserving the business itself.

There are 2 key features to a buy or sell agreement:

- the transfer aspects of the transaction
- the funding arrangements.

The features of the buy or sell agreement may raise additional tax issues, such as CGT.

For more information, read:

- ATO ID 2004/668 *Income tax – Capital gains tax: buy-sell agreement - time of CGT event A1*
- ATO ID 2003/1190 *Income tax – Capital gains tax: business succession agreement - put and call options CGT event D2*.

Cap election

You need to complete the Capital gains tax cap election form if contributions have been made to your super fund during the financial year, from the disposal of certain small business assets.

This is important if you:

- want to exclude these contributions from the non-concessional contributions cap
- have not reached your CGT cap amount (this amount is indexed on an annual basis and rounded down to the nearest $5,000).

Rollover statement

Under tax law, you must provide certain information to a super fund when an individual (including a sole trader or partner in a partnership), company or trust rolls over an eligible termination payment consisting of a CGT-exempt component to a super fund.

You do not have to use the Capital gains tax cap election form, but it can help you:

- with record keeping
- facilitate the rollover process.

A CGT-exempt component is made up of the proceeds of the sale of certain small business assets in connection with retirement.

Division 7A

If you are a private company owner, under tax law you must treat your private expenses separately from your company expenses.

When buying or selling a private company, you must treat any advances, loans and other payments or credits to shareholders (or their associates) correctly.

Payments, loans and debts forgiven by a private company to shareholders and their associates may be treated as dividends under Division 7A of Part III of the *Income Tax Assessment Act 1936*.

Debt forgiveness

Division 7A also applies to debt forgiveness.

If a private company forgives all or part of a debt owed by you when you are a shareholder or an associate of a shareholder, the debt may be treated as dividends under Division 7A.

Also, the rules are designed to ensure that a trustee cannot shelter trust income at the prevailing company tax rate. This is by creating a present entitlement to an amount of net income in favour of a private company without paying it, and then distributing the underlying cash to a shareholder (or their associate) of the company.

For more information, see Debt forgiveness and CGT.

Calculator and decision tool

Use the Division 7A calculator and decision tool to:

- work out whether a direct transaction by a private company to a shareholder or their associate will be deemed a dividend
- calculate the minimum yearly repayment required on a loan to avoid a deemed dividend arising under Division 7A
- calculate the amount of the loan not repaid by the end of an income year.

QC 73010

Winding up a company

Find out information on winding up a company.

Last updated 12 July 2023

When you wind up a company

Both solvent and insolvent companies can be wound up voluntarily or involuntarily. While some of the references on this page relate to the winding up of insolvent companies, they may also apply to the voluntary winding up of solvent companies.

The tax consequences of winding up a company can be at the company level or the shareholder level (or both).

Shareholders are normally entitled to the surplus that remains after a company has paid off its creditors and discharged all its outstanding liabilities in the winding up process.

Shareholders that receive distributions of surplus assets in the winding up of Australian companies may be liable to taxation under either the deemed dividends or capital gains tax provisions.

Seek professional advice

It's important to seek advice from a trusted professional adviser sooner rather than later. Ensure that the person you engage is a registered professional, such as an accountant, lawyer or accredited insolvency adviser.

Be cautious of unregistered advisers who claim to give pre-insolvency advice and who may encourage you to engage in inappropriate or even illegal activity, like illegal phoenix activity. Illegal phoenix activity is when a business is deliberately shut down to avoid paying its debts. It also includes inappropriately removing assets from a business prior to winding up.

Be wary of advisers cold calling you with advice or ways to restructure in a way that will help you avoid paying debts or obligations, or to transfer or conceal assets so that they are not available to pay creditors.

Deemed dividends

The winding up of a company or the discontinuation of its business is covered in section 47 of the *Income Tax Assessment Act 1936* (ITAA 1936). The basis of section 47 is that it may deem certain distributions to be dividends. Certain distributions may be deemed to be dividends which are included in the shareholder's assessable income.

The appropriation of a distribution from a particular fund (such as paid-up capital, retained earnings or capital gains accounts) determines the character of the distributed amount.

In certain situations, the character of these amounts does not 'wash out' in the course of liquidation distributions as it would if made prior to liquidation. For example, a pre-capital gains tax (CGT) capital gain in the hands of the company may retain its tax exempt status when distributed by a liquidator, but it may lose its exempt status if distributed prior to liquidation.

Taxation Determination TD 95/10 explains how the appropriation from a particular fund determines the character of the distributed amount.

TD 2000/5 explains how capital losses are treated in the context of TD 95/10.

If you meet specific conditions, we may disregard a deemed dividend that would otherwise arise under Division 7A, or allow you to choose to frank the deemed dividend.

For more information, see Commissioner's discretion under section 109RB.

Capital gains tax

In general, the normal CGT provisions apply to an act carried out by a liquidator, as if the act had been carried out by the company. For example, if a liquidator sells a CGT asset of the company, any capital gain or loss is made by the company, not by the liquidator.

At the shareholder level, the CGT provisions can also be triggered when a company being wound up makes final or interim distributions and/or when a company is deregistered under the *Corporations Act 2001*.

TD 2001/27 explains how the CGT provisions treat final and interim distributions where all or part of the distribution is not deemed to be a dividend under section 47.

In certain circumstances, shareholders can choose to realise a capital loss on worthless shares prior to the dissolution of the company.

Other considerations

Commercial debt forgiveness provisions may apply where a company's obligation to pay a commercial debt is extinguished because the company is wound up.

For information for companies being wound up as part of a consolidated group, see:

- ATO ID 2003/739 *Income tax – consolidation – liquidation of a head company* (relates to a head company)
- ATO ID 2003/964 *Income tax – consolidation: subsidiary in liquidation – membership of consolidated group* (relates to a

subsidiary)

- TD 2007/12 *Income tax: consolidation: subsidiary in liquidation* (relates to intra-group liabilities)
- TR 2007/13 *Income tax: application of the transferor trust and controlled foreign company measures* (relates to CGT event L5).

A liquidator's taxation responsibilities

The appointment of a liquidator can be compulsory or voluntary for either solvent or insolvent companies.

Normally, a liquidator must be a registered liquidator and must not be an officer, employee or auditor of the company. However, a member's voluntary winding up is exempted from this requirement under the *Corporations Act 2001*.

Liquidators' income tax responsibilities are separate from, and in addition to, their responsibilities under the *Corporations Act 2001* and other taxing Acts.

Our Practice Statement Law Administration in section 5 of PS LA 2011/16 sets out the tax obligations of representatives of incapacitated entities, this includes liquidators and administrators.

Failure to comply may result in penalties or the liquidator being personally liable.

When contacting us about insolvency, complete the Debt insolvency cover sheet. This will ensure your tax clearance request is allocated and actioned correctly.

For more information, see:

- Insolvency practitioners
- ATO ID 2003/506 *Income tax: Taxation obligations of company administrators*

Final pay and superannuation for employees

Find out information on your employees final pay and superannuation when you close a business.

Last updated 6 November 2025

Meeting your obligations

Your business must continue to meet its obligations until it is either closed or sold to the new owners.

If you are an employer, it is important for you to consider finalising important tax issues for your workers, even though the business is no longer trading or has been sold. These issues include:

- fringe benefits tax (FBT)
- pay as you go (PAYG)
- superannuation
- eligible termination payments
- Single Touch Payroll (STP) reporting.

Find out more about when you're no longer hiring workers. Your obligations may vary, depending on whether the worker is an employee or independent contractor.

We have tax tables and information on the taxation of termination payments to help work out your obligations.

Be aware that director penalties can apply for unpaid superannuation, PAYG withholding and GST liabilities the business has incurred, even if they are not yet due when you close the business.

Paying superannuation

This information is only for employee earnings paid up to 30 June 2026.

> For employee earnings paid from 1 July 2026, the new Payday Super rules apply.

You are still required to pay the minimum amount of superannuation (SG) for your employees (and some contractors) to the correct fund by the due date in order to avoid being liable to pay a super guarantee charge (SGC). The SG contribution will be based on ordinary time earnings for the quarter.

If you can't pay the full SG contributions, you should:

- pay as much as you can to the employee's and some contractor's funds by the due date so as to reduce the SGC
- lodge the SGC statement within 28 days after the quarterly SG is due
- pay the SGC to us.

If you are having trouble paying the SGC, we can work with you to set up a payment arrangement.

For more information, see Super for employers.

Single Touch Payroll (STP) reporting

If an employee's employment has ended, make sure you report their cessation (end) date in your STP report.

If you have already paid them their final pay, you can still tell us this information by submitting an update event. You don't need to wait until the end of the financial year to finalise your STP data. Finalising is an important step as it enables individuals to lodge their income tax return at the end of the year.

If you don't report through STP you will need to lodge a PAYG payment summary annual report.

Effect of changing your business structure on STP reporting

If your business structure changes, the ABN and/or branch that you include in STP reporting may change.

If this occurs, you must:

- finalise your STP reporting under the ABN and/or branch you have been using for your STP reporting
- commence reporting your employee's year to date amounts from zero under the new ABN and/or branch.

It's important to finalise your STP reporting under the ABN and/or branch you have been using before cancelling your ABN and other registrations.

Your superannuation

If you are planning for retirement, are semi-retired or just looking at your options, the superannuation system may influence what you do with the proceeds from the sale of your business.

The withdrawing your super and paying tax measure allows individuals to access their super benefits, once they reach their preservation age, without having to retire or leave their jobs.

For more information, see Super.

QC 73012

Final lodgments, payments and record keeping

Information on your final lodgments and record keeping requirements.

Last updated 19 August 2026

FBT return

Finalise and lodge your fringe benefits tax (FBT) return if you're registered for FBT and you are closing your business.

PAYG instalments

When you exit your business, you may still have a PAYG instalment obligation through to the date of ceasing business. You may continue to receive instalment activity statements even after cancelling your Australian business number (ABN).

You can choose to vary your PAYG instalment rate or amount if you think the amount or rate we calculated on your instalment activity statement doesn't correctly reflect your circumstances due to you ceasing business.

Paying outstanding tax liabilities

When you close your business, you need to pay any outstanding amounts owed to us, including any liabilities that arise from your final income tax return or activity statement lodgment and any liabilities which are not yet due.

We understand that occasionally it may not be possible to pay on time, and we can help you.

Lodging final activity statements

You must complete an activity statement for the tax period in which your registration cancellation 'date of effect' occurs. You must report **all** of the following information:

- all the sales, purchases and importations made in your final tax period including the sale of the business
- any adjustment for assets held after cancellation
- any other adjustments.

Lodging final taxable payments annual report

If your business provides taxable payments annual report (TPAR) relevant services you may need to lodge a TPAR for payments to contractors up until you close or sell your business.

Shareholder loans and assets

Remember to correctly report transactions related to any shareholder loans and remaining assets. Not correctly reporting and keeping appropriate records for transactions can result in an unfranked deemed dividend being included in your assessable income.

Record keeping

Under the tax law, you must keep business records for 5 years after the records are prepared or obtained, or the transactions are completed, whichever occurs later. These include records relating to:

- sales and purchases (including the sale of your business and assets if applicable)
- payments to employees
- payments to other businesses.

You must keep these records even if you sell or close your business.

QC 73013

Cancelling business registrations

Find out what you need to know about business registrations when you close a business.

Last updated 20 August 2026

If your business changes

If your business changes, sells or closes you may need to cancel one or more registrations. What you need to cancel depends on whether the business has permanently closed or is still operating in some way.

What to do before cancelling registrations

Before you cancel any registration, you must:

- lodge all required activity statements and tax returns
- pay any outstanding tax debts

- complete employee obligations, including super and STP (if applicable)
- repay any refunds you were not entitled to.

You must meet these obligations even if your business is closing.

Cancelling registrations

If your ABN remains active, you may still need to cancel individual registrations you no longer require.

These may include:

- pay as you go (PAYG) withholding
- goods and services tax (GST)
- fringe benefits tax (FBT)
- fuel tax credits (FTC)
- luxury car tax (LCT)
- wine equalisation tax (WET).

You should only keep registrations that are still required for your business activities.

Cancelling registrations does not remove your obligation to:

- lodge final tax returns and activity statements
- complete employee and super reporting
- keep business records for the required period.

You must still meet these requirements after cancelling registrations.

How to cancel registrations

You can cancel registrations:

- through Online services for business
- through your registered tax or BAS agent
- by phoning us
- by lodging the approved cancellation form.

You can cancel registrations together or separately, depending on your circumstances.

Cancelling your ABN

You need to cancel your ABN if your business is permanently closed or if you've paused trading activities in your business, with the intent of restarting. Cancel your ABN if your business has stopped trading, otherwise you will continue to have lodgment obligations.

When you cancel your ABN, most tax registrations linked to it (such as GST) are cancelled automatically. Don’t cancel your ABN if you are pausing your business and plan to restart later or you still use the ABN for another business.

For all ABNs you must lodge activity statements as required (even if they are nil) and update your ABN details within 28 days of any changes.

Before cancelling your ABN, check your postal address on the ABR is correct, as this is where the cancellation notice will issue.

How to cancel your ABN

To cancel your ABN online, you need to have set up your Digital ID and Relationship Authorisation Manager (RAM).

To cancel your ABN online:

1. Go to the ABR website.
2. Select **Continue with Digital ID** and log in with your myID.
3. Select **Cancel ABN.**
4. Answer prompts to confirm that your business has ceased trading or has been sold, as applicable.
5. Submit the cancellation request.

If you're unable to cancel your ABN online, go to the ABR website for alternative options.

Reactivating your ABN

If you start another business, you need to reapply for your ABN through the Australian Business Register. If you keep the same business structure, you will be issued the same ABN you had previously.

For more information see:

- Pausing or permanently closing your business
- Financial difficulties, disasters and vulnerability support

QC 73014

Changing the makeup of a partnership

Find out about changing the makeup of a partnership.

Last updated 12 July 2023

If the composition of your partnership changes – for example, a partner retires or dies, or a new partner is admitted – the partnership is dissolved and a new partnership is formed.

If the changes in composition amount to:

- a technical dissolution of the partnership only, the partnership may be able to continue as a reconstituted partnership
- more than a technical dissolution of the partnership, leading to the winding up of the partnership, a new partnership is formed.

GSTR 2003/13 – *Goods and Services Tax Ruling for general law partnerships*

Creating a new partnership

The new partnership needs:

- a new TFN
- ABN.

Both partnerships will need to lodge a separate partnership tax return.

- Lodge one tax return for the old partnership from the beginning of the income year to the date of its dissolution.
- Lodge another tax return for the new partnership from the date of its formation to the end of the income year.

Reconstituted partnership

A dissolution that does not result in the winding up of a partnership is called a technical dissolution and occurs where:

- the assets and liabilities of the partnership are taken over by the continuing partners (and any new partners)
- the partnership business is continued without any apparent break.

The reconstituted partnership does **not** need a new TFN and ABN, and only one partnership tax return is required covering the full income year.

The reconstituted partnership does not need a new GST registration (where the partnership was already required to register).

Reconstituted continuing entity

Generally, we will treat a changed partnership as a reconstituted continuing entity if the original partnership agreement included a provision for a change in membership or shares and the following apply:

- the partnership is a general law partnership
- at least one of the partners is common to the partnership before and after reconstitution
- the partnership agreement includes an express or implied continuity clause
- there is no break in the continuity of the enterprise or firm – the partnership's assets remain with the continuing partnership and there are no changes to
  - the nature of the business
  - the customer or customer base
  - the business name or name of the firm

- there is no period where there is only one partner – in a two-person partnership, there is a direct transfer of interest from the outgoing partner to a new partner.

A two-person partnership can be reconstituted. This may occur where a partner dies, and the partnership agreement allows for continuity of the partnership with the executor, trustee or beneficiary of the deceased partner's estate.

Procedures for the continued use of the partnership's TFN

To apply for continued use of the partnership's TFN, a partner, or an authorised contact (who states they are authorised to notify us of the changes) must inform us within 28 days of the change of registration.

You can phone us to speak with a customer service representative or write to:

Australian Taxation Office
PO Box 3373
PENRITH NSW 2740

You must supply the following information:

- a clear statement by an authorised continuing partner that all new, continuing and retiring partners agree to the continuity and reconstitution of the partnership
- the date of the reconstitution
- the names of the new, continuing and retiring partners
- the TFN or address and date of birth of all new partners
- any changes to persons authorised to act on behalf of the partnership
- a statement that
  - the partnership is a general law partnership
  - at least one of the partners is common to the partnership before and after reconstitution

- there is no period where there is only one 'partner' (that is, in a two-person partnership, there is a direct transfer of interest)
- the partnership agreement contains a continuity clause, or in the absence of a written partnership agreement, the conduct of partners is consistent with continuity
- there is no break in the continuance of the enterprise.

Lodging the tax return

At the end of the financial year, a reconstituted continuing partnership needs to lodge only one partnership tax return covering the full financial year. The tax return must include the distributions made to every person who was a partner at any time during the financial year, including those who left the partnership during the year.

When lodging the partnership tax return, you need to supply the following details on a schedule of additional information:

- the date of dissolution
- the date of the reconstitution
- the names of the new, continuing and retiring partners
- the TFN or address and date of birth of all new partners
- details of the changes, if the persons authorised to act on behalf of the partnership have changed.

Other legal obligations

We have made this concession for ease of administration, but it does not change any legal obligations which may exist, including compliance with:

- appropriate accounting standards (the International Financial Reporting Standards)
- appropriate income tax requirements of the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997*
- the requirements of the relevant state partnership Act.

QC 40493

Deregistering a company

Before voluntarily deregistering your company, ensure the company's tax and super obligations are up to date.

Last updated 29 January 2025

Overview of deregistration

A company may be deregistered:

- voluntarily, for example after it is closed down
- by the Australian Securities & Investments Commission (ASIC), for example for outstanding annual review fees
- by court order, for example following amalgamation or because of winding-up.

Once a company is deregistered, it ceases to exist as a legal entity and can no longer do anything in its own right.

To prevent administrative deregistration of your company by ASIC, keep your contact details and obligations up to date with ASIC.

Before voluntary deregistration

Before you voluntarily deregister your company, you must make sure all the company's tax and superannuation obligations are up to date.

This includes:

- lodging and confirming we have processed all overdue and final tax forms including
  - tax returns
  - activity statements
  - fringe benefits tax returns
  - taxable payments annual reports

- paying all outstanding debts
- finalising your company’s super affairs, including paying super guarantee amounts and charges
- finalising your end of year reporting, for example if you report through Single Touch Payroll (STP)
- ensuring a replacement trustee is appointed if you are acting as the corporate trustee of a super fund or trust
- finalising lodgments and other obligations if the company is
  - part of a goods and services tax (GST) group
  - an income tax group, or
  - a partner in a partnership.

Early tax returns can be lodged electronically using Standard Business Reporting (SBR)-enabled software.

After deregistration

Once deregistered, a company ceases to exist. This means we will stop:

- paying refunds
- interacting with the company, including through former directors and other representatives
- processing forms lodged after deregistration
- enabling reporting, for example through STP.

We will also:

- cancel any tax forms received after deregistration
- cancel the company's Australian business number (ABN) and all registrations, for example pay as you go (PAYG) withholding and GST
- cancel any links the company has to registered intermediaries
- refund credits the company was entitled to before deregistration, including to

- the company only, where its registration has been reinstated by ASIC
- the liquidator, where a GST credit arose after they were appointed
- ASIC in all other cases.

Director penalties

Company directors may still be liable for some debts incurred before deregistration. For example, if a company does not meet its obligations, we may recover the following amounts under the director penalty regime:

- PAYG withholding
- net GST (including luxury car tax and wine equalisation tax)
- super guarantee charge (SGC).

Requesting confidential information to meet your obligations

We can disclose confidential information to a former director to help them understand or comply with their tax obligations, including where they require further information in relation to a director penalty.

We won't disclose confidential information if you request it for purposes other than to support you to meet your tax obligations – for example, to support your position in a private dispute.

Example: when disclosure is permitted

Tom is a former director of ABC Pty Ltd, that was deregistered in 2023. Tom no longer has access to ABC Pty Ltd's company records. In 2024, we issue a director penalty notice to Tom in relation to $4,000 in unpaid super guarantee charge (SGC) incurred by ABC Pty Ltd prior to deregistration.

Tom contacts us and requests information regarding the calculation of the underlying SGC liability, and the names of the employees to which the shortfalls relate. Tom states he is seeking the information so he can satisfy himself of the amount

of the liability, and confirm whether he has already made payments towards the outstanding liability.

The ATO officer considers Tom's request and determines the information would enable him to understand or comply with his tax obligations. They disclose the information to Tom.

Reinstatement of registration

If your company has been deregistered by ASIC, you can seek advice from them regarding whether:

- your entity's circumstances meet their criteria for administrative reinstatement
- you have to apply to the court for an order that they reinstate your company.

Once the company is reinstated by ASIC, we will treat it as if it had never been deregistered. You can make lodgments which we will process.

Lodgments made to us during the period of deregistration must be re-lodged by the company after reinstatement, unless there is a court order validating those lodgments.

We may apply to reinstate a deregistered company for the purpose of pursuing outstanding liabilities owed by the company before deregistration.

QC 62643

Incorporating your business - tax implications

Helps small businesses decide whether to incorporate and to explain the tax implications of that decision.

Last updated 12 July 2023

Overview of incorporating your business

Incorporating your business will have tax, reporting and compliance implications for both you and your business.

Speak to a solicitor, accountant or registered tax agent to help you make an informed decision and the right one for your situation.

This information may help you:

decide whether to incorporate your small business

understand the tax implications of that decision.

This information is limited to tax and superannuation issues arising from restructuring a business through incorporation.

Apart from the issues covered below, find out about what your super and fringe benefit tax (FBT) obligations are as the director of your company.

While this document deals with the federal tax implications of a decision to incorporate, you should contact state and local government bodies for advice on other implications of incorporation.

Incorporating and capital gains tax

There could be capital gains tax (CGT) implications if you incorporate and transfer existing business assets to the new structure.

Find out about:

- Transferring assets
- Rollovers
- The sale of goodwill
- Trading stock considerations

Transferring assets

When you incorporate your business, it is likely you will transfer business assets from your original business structure to your new company.

Transferring an asset to your company is a CGT event. When a CGT event occurs, a capital gain or capital loss can arise. However, provided certain conditions are satisfied, you can choose to rollover the capital gain or loss under the CGT rollover provisions.

Rollovers

The rollover is optional and you do not have to provide us with a special notification of your choice. Your decision will be clear by the way you treat the capital gain or loss in your tax return.

The small business restructure rollover allows eligible small businesses to defer any potential tax liability when transferring CGT assets, trading stock, revenue assets (work in progress) and depreciating assets.

There are also separate rollover relief provisions available for businesses who don't meet the requirements for the small business restructure rollover.

These are for transfers of a single CGT asset and transfers of all business assets, provided that certain conditions are met.

This means that if you want the original business entity to retain ownership of some of the business assets (for example, you may not want to transfer to the company a motor vehicle you used in your business but also used for personal travel), you would apply rollover to each asset you transfer individually.

You cannot rollover the capital loss or gain arising from transferring a collectable or personal use asset If the restructure rollover does not apply you can only apply rollover relief in relation to trading stock if you transfer all of the assets of your business.

See also

- CGT concessions

The sale of goodwill

Where recognised goodwill is transferred to a corporate structure, any capital gain will be subject to tax, unless relief is available under the small business active asset concessions.

The circumstances that permitted the recognition of no-goodwill arrangements in applying CGT law to the admission and retirement of

partners are not applicable on the transfer of the business to a company.

This is influenced by the circumstance that the business is being transferred to the company and an ongoing interest in the company by way of shares is acquired.

Trading stock considerations

If a business has trading stock on hand ceases to exist – or is sold in its entirety to another entity – disposal of trading stock is considered outside the ordinary course of business.

For income tax purposes and where the small business restructure rollover does not apply, the sale price assigned to the items of trading stock, disposed of other than in the ordinary course of business, is ignored. The disposal value to be included as assessable income is deemed for income tax purposes to be the market value of the trading stock disposed of.

Where at incorporation, a business is sold to another entity – for example, a business conducted by a partnership decides to incorporate – there is a disposal of the trading stock on hand by the partnership old entity and a corresponding acquisition of this trading stock by the new company.

This disposal of trading stock is outside the ordinary course of business.

For income tax purposes, and where the small business restructure rollover does not apply, the value of the trading stock is deemed to be its market value rather than the sale price of the items.

Example

A newsagent business is run as a partnership by John and Mary Smith. They decide to incorporate. At the time of the change in business structure, the trading stock on hand is valued by the partnership at a market selling value (based on the retail sale prices) of $12,500, which does not correspond to the market value of the trading stock at the time of $13,000. In the sale agreement between the vendors John and Mary Smith and the purchaser, the amount of $15,000 was assigned to the value of the trading stock.

However, for taxation purposes, there has been a disposal of trading stock outside the ordinary course of business. A deemed market value of $13,000 must be included in the business income in the partnership return.

As the purchaser, the company is treated as having bought the trading stock for the market value that is included in the vendor's assessable income. In this case, regardless of the contract price, the value of the purchase of the trading stock is $13,000.

See also

- Valuing trading stock
- Rollovers

Debtors

Unless the business you are selling is a money lending business, the company purchasing the business will be unable to obtain a deduction under the bad debt provisions for any debts transferred to it.

This means that if, after the transfer, the debt is written off as bad, the new company will not be able to claim a deduction for the bad debt. This is because the bad debt rules allow a deduction only when the debt has previously been included as assessable income by the taxpayer claiming the deduction (in this case, the original business).

If, however, you do not transfer the book debts of the business to the new company, the debts will be deductible if they are later written off by the original business structure.

Prepayments

Your business may have made prepayments for services or goods prior to incorporation. If, at the date of incorporation, not all the services or goods have been provided, the original business structure may remain entitled to a deduction for the portion of the prepayment that relates to the goods or services yet to be provided.

For example, a partnership may have paid two months' rent in advance for the use of the business premises, but after a month the business is transferred to a company structure. Half of the prepayment relates to

rent for the month occurring after the business is transferred to the company. The partnership is able to claim a deduction for the expenditure that relates to this period.

A deduction will not be available, however, if the prepayment is capital expenditure (money spent on assets such as plant and equipment, goodwill, buildings, business names, patents and copyrights).

- Deductions for prepaid expenses

Employee leave entitlements

Accrued leave entitlements refers to leave payments that your employees are presently entitled to but which have not yet been taken. When incorporating your business the new company may assume liability for accrued leave.

If the purchase price of the business is reduced because the new company assumes liability for accrued leave:

- the company does not have to return the amount of the price reduction as income
- the original business structure is not allowed a deduction for the price reduction.

If the company assumes liability for accrued leave, and the original business structure pays the new company an 'accrued leave transfer payment':

- the original business structure will be entitled to a deduction for the payment
- the company must include the payment in its assessable income.

An accrued leave transfer payment is a payment made:

- in respect of an employee's leave (some or all of which accrued while the original business structure was required to make payments in respect of the employee's leave)
- when the original business structure is no longer required (or are about to stop being required) to make payments in respect of such leave
- to another entity when the other entity has begun (or is about to begin) to be required to make payments in respect of such leave,

and

- under (or for the purposes of facilitating the provisions of) an Australian law; or an award, order, determination or industrial agreement under an Australian law.

Regardless of which of the above ways the transfer of the liability for accrued employee leave entitlements occurs, the company as employer will be entitled to a deduction in respect of accrued leave entitlements when they are actually paid to the employee.

See also

- Salary, wages and super

Capital expenditure incurred in restructuring your business

Capital expenditure related to business restructuring may be deductible in equal proportions over five years, subject to the non-commercial loss rules that apply to individuals (operating either alone or in partnership).

For example, a sole trader or partnership that decides to incorporate may deduct, over five years, costs such as legal, search or lodgment fees incurred by them in relation to the incorporation.

Using service entities

If you choose to incorporate an entity to employ staff who are on-hired to your business, you need to ensure that the amounts claimed for these services are correctly calculated.

We can help you decide whether all the payments made under service arrangements are deductible under income tax law. Our service entity arrangements guide covers:

- service arrangements and income tax
- how a service arrangement can be conducted to minimise the risk of audit
- other common services that can be provided through a service entity, such as recruitment, paying of expenses, hiring of equipment and renting of premises.

See also

- Your service entity arrangements

Stamp duty

Stamp duty is usually payable on the transfer of a business by the purchaser of the business.

Stamp duty is administered by the revenue authority of each state and territory. The relevant office in respect of your sale will depend on which state your business is conducted in and the location of your business assets. If your business operates in multiple states, stamp duty may be payable to multiple state authorities.

To determine your obligations in relation to stamp duty, contact your relevant state or territory revenue authority.

QC 19526

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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