Print whole section

Tax Time toolkit for small business

Information to help small businesses at tax time and all year round.

Last updated 27 May 2026

For a summary of this content in poster format, see Tax Time toolkit for small business (PDF, 1.6MB).

Welcome to the 2026 Tax Time toolkit for small business

Assistant Commissioner, Angela Allen, launches the 2026 Tax Time toolkit for small business.

Small business directory for tax time

A helpful directory for small businesses.

Small business guides

Helpful guides and fact sheets for small business.

What's new for small business

Stay up to date with the latest changes, obligations and opportunities for your small business.

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Welcome to the 2026 Tax Time toolkit for small business

Assistant Commissioner, Angela Allen, launches the 2026 Tax Time toolkit for small business.

Last updated 29 May 2026

We're here to help

The ATO is here to help you get your tax and super right in a way that supports you and your long-term success. We know most small businesses are doing their best to meet their obligations. That's why we're committed to giving you clear, timely and practical guidance, so you can feel confident, informed and supported.

Reach out early for support

Unexpected events like cash-flow pressures, supply chain issues, rising costs, or personal setbacks can make it difficult to stay on top of tax and super. If you need support, reach out early, either directly or through your registered tax professional, to discuss your situation. We're here to help you navigate your options, including managing debts.

Lodging and paying in full and on time

Our role is to collect tax so that the government can deliver services to the Australian community and it is our job to ensure everyone pays the right amount, to the benefit of all Australians. We will continue to encourage on-time lodgment and payment behaviour by:

- being firm, consistent and clear on the principle that those who can pay, must pay on time
- supporting those who have capacity to pay, but need some support to get back on track

- applying firmer actions for those who are choosing not to engage with us or are deliberately not paying their debt
- supporting those who do not have capacity to pay to exit the system.

Early engagement gives us the best chance to work with you to manage your debt.

Helping you get it right

We publish on a quarterly basis what is attracting our attention as part of our 'Getting it right' campaign, which is focused on preventing small issues from becoming big ones. We're seeing that common errors like omitted income and incorrect expense claims often happen unintentionally. We're here to help you avoid these mistakes by providing transparency on the areas we're focused on. The ATO has a responsibility to level the playing field, as small business owners rightfully expect of us, to ensure fair competition and compliance.

Good record-keeping is one of the most effective ways to protect your business. Keeping accurate and organised digital records not only simplifies tax time but also strengthens your understanding of how your business is performing. You can also use our small business benchmarks as a health check, allowing you to compare your performance including average expenses against other businesses in the same industry.

Fairness matters

We know small businesses value a level playing field. Tackling the shadow economy, such as unreported cash payments and unpaid super, helps ensure that businesses doing the right thing aren't disadvantaged by those who aren't. Addressing these behaviours also helps reduce the small business tax gap of $27.2 billion.

Reducing the small business tax gap, together with tackling the shadow economy, means the tax and super systems are working more fairly for everyone.

Getting ready for change

With Payday Super starting on 1 July 2026, employers will be required to pay super at the same time as wages. We understand this can be a

significant shift, so we encourage small businesses to start preparing now by using practical guidance like the Payday Super checklist for employers (PDF, 200KB).

This tax time we're also introducing pre-fill for taxpayers who receive taxable payments reporting system (TPRS) income. We will use data reported to us by employers and government entities on the Taxable payments annual report (TPAR). It's more important than ever to lodge your TPAR on time if you're a business in the building and construction, cleaning, courier and road freight, information technology (IT) or security, investigation or surveillance industry. This will ensure the information we use for pre-fill is accurate and complete and will help contractors and sole traders finalise their tax returns correctly. If you're a contractor or sole trader, most TPAR data will be available after 28 August each year. Lodging your tax return after this date may give you a better experience and reduce the risk of errors.

Engaging a trusted, registered tax or BAS agent can also be an invaluable way to stay on top of these changes. A good adviser can ease your workload, provide personalised support and help you avoid common pitfalls. You can check the Tax Practitioners Board's (TPB) public register to see if a tax professional is registered.

Practical tools you can rely on

Our Tax Time toolkit for small business (PDF, 1.57MB) brings together resources designed to help you meet your obligations confidently, not just during tax time but all year round. We update this toolkit every year to make sure you and your advisers have access to clear, relevant and practical information.

Our Essentials to strengthen your small business website includes more than 30 free short courses to help build your tax and business knowledge. These courses cover common day-to-day scenarios and offer practical steps to avoid mistakes before they happen.

I hope you find our resources helpful, and I encourage you to share them with others in your small business community. We're here to support you and to ensure every small business has the opportunity to succeed on a level playing field.

Angela Allen
Assistant Commissioner for small business experience – Australian Taxation Office

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Small business directory for tax time

A helpful directory for small businesses.

Last updated 29 May 2026

Help for small businesses at tax time

We have a range of information, tools, calculators and services available to help small businesses at tax time and all year round.

- Helping small business get it right – learn what risk areas we're focused on for small business and our approach to compliance.
- Starting your own business – the key things you need to know and do when starting your own business.
- Essentials to strengthen your small business – a flexible and free online learning resource for small businesses, educators and tax professionals to share and use with their staff, students and clients.
- Income tax return – there's no threshold for business income so you need to lodge a tax return if you carried on a business, even if your business has not earnt any income. This includes information on how to lodge an income tax return for your business.
- Assessable business income – find out what to include in your business's assessable income and what to exclude.
- Lodge with a registered tax agent – how to lodge your tax return using a registered tax agent.
- Concessions for eligible businesses – information on a range of concessions to help reduce the amount of tax you pay.
- Super for employers – how much, when and how to pay super to your employees. Payday Super starts from 1 July 2026.

- Instant asset write-off for eligible businesses – check if your business is eligible for the instant asset write-off.
- Business deductions – you can claim a tax deduction for most expenses from carrying on your business as long as they're directly related to earning your assessable income.
- Tradies – be certain about what you can claim – find out what you can claim on your tax return, whether you're an employee or run a small business.
- How to lodge your BAS – if you're registered for GST, you need to lodge a business activity statement (BAS) to report and pay your GST, pay as you go (PAYG) instalments, PAYG withholding tax and other taxes, by the due date. Even if you have nothing to report, you still need to lodge a 'nil' BAS.
- Cancelling your GST registration – if you've been lodging a 'nil' BAS for a while, consider whether you still need your GST and other registrations.
- Due dates by topic – find due dates for all your obligations by topic.
- atoTV Business channel – access a wide range of videos that cover tax time information at a time that best suits you.
- Support for individuals, employees and businesses – information if you have received state, territory or Australian Government grants, payments or stimulus as a result of COVID-19.

Latest news

- Small business newsroom and newsletter – visit the small business newsroom for the latest updates to help you get your tax and super right. You can also subscribe to our newsletter, *Small business news*, to receive regular updates direct to your inbox.
- Join the discussion online – join us on ATO Community and social media to get tax tips and updates, share information and stay informed.

Tools and calculators

- ATO app – free to download and use, with a range of features and tools to help you keep on top of your tax and super.

- myDeductions – a tool in the ATO app for sole traders or individuals to record business income and expenses, making it easier and more convenient to keep records in one place.
- Calculators and tools – use our other free calculators and tools to help you run your business.
- Small business benchmarks – help compare your business's performance against similar businesses in your industry.

Help and support

- ATO Community – get answers to your questions on our online community forum.
- A full list of tools and services, including help to lodge and pay, is available at Supporting your small business.

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Small business guides

Helpful guides and fact sheets for small business.

Last updated 29 May 2026

Information for primary producers is also available at Primary producer concessions.

Home-based business expenses

How to claim deductions for the costs of using your home as your main place of business as a small business owner.

Motor vehicle expenses

How to claim a deduction for motor vehicle expenses for your business.

Travel expenses

How to claim a deduction for expenses you incur when travelling for your business.

Digital product expenses

How to claim a deduction for digital product expenses for your business.

Using business money and assets

Running a business through a company or a trust and receiving financial or other benefits through the business.

Pausing or permanently closing your business

Information for small business owners who have had to pause or permanently close their business.

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Home-based business expenses

How to claim deductions for the costs of using your home as your main place of business as a small business owner.

Last updated 29 May 2026

About home-based expenses

- The types of expenses you can claim depend on how you operate your business from your home.
- You can only claim deductions for the portion of your expenses that relate to running your business.
- You must keep records for at least 5 years to show that your business incurred the expenses and how you calculated your claim.
- If you sell your home, there may be capital gains tax (CGT) implications.
- If you are entitled to goods and services tax (GST) input tax credits, you must claim your deduction in your income tax return at the GST exclusive amount.
- You should keep complete and accurate records so you can choose the method that works best for your circumstances.
- If you choose to use the fixed rate method, you need to keep a record of all hours worked from home.

You can download a summary of this content in poster format, see Home-based business expenses (PDF, 282KB).

Business structure

Your business structure affects your entitlements and obligations when claiming deductions for your home-based business expenses.

Sole traders and partnerships

If you operate your business as a sole trader or partnership, you can claim a deduction for the costs of running your business from home.

There are 2 types of expenses for your home-based business – running expenses and occupancy expenses. Whether you can claim running expenses only, or both running and occupancy expenses, depends on whether you have an area of your home set aside as a 'place of business'.

Running expenses

Running expenses are the increased costs from using your home's facilities for your business, for example:

- the costs of using a room (such as heating, cooling and lighting)
- cleaning costs
- landline phone and internet costs
- decline in value (depreciation) and cost of repairs to
  - equipment such as computers, tools and machinery
  - furniture such as chairs, desks and bookcases
  - furnishings such as curtains, carpet and light fittings (you can only claim furnishings if you have a dedicated or separate room).

You can claim running expenses if you run your business from home, such as in a separate study or a desk in a lounge room, even if it doesn't have the character of a 'place of business'.

Calculating your claim

There are several ways to work out your running expenses. You can use any method to calculate your running expenses, provided:

- it is reasonable in your circumstances
- you exclude your normal (private) living costs
- you have records to show how you calculated the business expense.

Actual cost method

The actual expenses you incur as a result of working from home.

Fixed rate method

The fixed rate method allows you to claim a fixed rate for each hour you operate your business at home. The fixed rate covers your deduction for energy expenses (electricity and gas), phone and internet usage, stationery, and computer consumables.

To use this method, you must keep a record of all the hours worked from home for the entire year, using a diary, spreadsheet, or similar document.

Floor area method

You can use the floor area method if you have an area of your home set aside as a 'place of business'. In addition to the floor area method, you can also claim a deduction for decline in value of the business-related portion of depreciating assets and equipment.

Heating, cooling and lighting

If you are using the actual cost method and have an area set aside for your business, it may be appropriate to split your heating, cooling and electricity bills based on the proportion of the floor area of your home that you use for your business and proportion of the year that you used it for business.

If you are using the fixed rate method, you don't need to calculate heating, cooling and lighting amounts as they are already included in the rate.

Home phone and internet

If you are using the actual cost method:

- for home (landline) phones, you can claim your business calls and a portion of the line rental costs
- for internet expenses, you can claim the proportion of time or data you used your internet for business use
- you can calculate the business portion of your home phone and internet using an itemised account or pattern of use.

Note: You can't claim the cost of assets, such as phones, modems and routers, because they are capital costs (not running expenses), but you can claim a deduction for the decline in value for them.

Depreciation (decline in value) of business assets

You can choose to use the simplified depreciation rules if you have an aggregated turnover of less than $10 million. Find out more at Simpler depreciation for small business.

If you use the fixed rate method, you can separately claim a deduction for the decline in value of depreciating assets, such as laptops, mobile phones and office furniture.

If you use assets for both personal and business use, you need to apportion your business deprecation expenses from personal based on your pattern of use.

For more information, see Running expenses.

Occupancy expenses

Occupancy expenses are expenses that you pay to own or rent your home, for example:

- mortgage interest or rent
- council rates
- land taxes
- house insurance premiums.

You can only claim occupancy expenses if the area of your house set aside for your business has the character of a 'place of business' (including if most of your business is conducted online). Indicators that the area of your home that you've set aside is a place of business include:

- clearly identifiable as a place of business (such as a sign at the front of your house)
- not easily suitable or adaptable for private or domestic use
- used exclusively or almost exclusively for your business
- used regularly for business visits by your clients.

If you're eligible to claim occupancy expenses, you can also claim running expenses.

You usually calculate occupancy expenses based on the proportion of the floor area of your home that is a place of business and the proportion of the year it was used for business.

If you earn personal services income (PSI), you may not be able to deduct some occupancy expenses. To find out more, visit Personal services income.

For more information, see Occupancy expenses.

Trusts and companies

If you operate your home-based business as a trust or company, there should be a genuine, market-rate rental contract (or similar agreement) with the owner of the property and the company or trust that operates your business. This will determine which expenses the company or trust pays for and can claim as a deduction. Generally, the agreement would cover running and occupancy expenses.

If there isn't a genuine rental contract, there may be tax implications for you (as an individual) and the company or trust that operates your business, for providing benefits to you. For more information, see Division 7A.

If you are an employee of the company or trust that operates your business, and it pays for or reimburses you for some of the costs of running your business from home, you can't claim a deduction for the expenses in your individual income tax return. Your company or trust that operates your business may be subject to fringe benefits tax (FBT) if it pays or reimburses you for the expenses.

Certain exemptions and concessions may reduce any FBT liability. You may need to keep additional records. For more information, see Fringe benefits tax (FBT).

Personal services income (PSI)

If you earn PSI, whether it is earned as a sole trader or through a partnership, company or trust, PSI rules may affect deductions for some occupancy expenses.

To find out more, see Personal services income (PSI).

Capital gains tax (CGT)

If you were entitled to claim occupancy expenses, or you own your home and receive rental income from your business, there may be CGT implications when you sell your home. The main residence exemption may not apply for the proportion of your home and the periods that you used it for your business.

For more information, see Home-based business and CGT implications.

Records you need to keep

You need to keep records to substantiate your claims for all of your home-based business expenses. This includes written evidence, tax invoices or receipts for:

- purchase and repairs of equipment, furniture and furnishings used for your business
- utility bills and cleaning expenses
- mortgage interest, rent, insurance and council rates (if you claim occupancy expenses)
- rental contract between homeowner and business (if you claim occupancy expenses)
- how you separate your business and private use (for example, a diary of time worked from home for the full income year or records of how you calculated the percentage of your floor plan dedicated to your business).

Example: fixed rate method

Rocco is a sole trader plumber who doesn't have a dedicated business premises. He travels to his clients' houses each day from home.

He does his bookkeeping in his dining room on a computer he purchased on 10 November 2025 that he only uses for his business.

Rocco kept a record of the total number of hours he worked from home for the period between 1 July 2025 and 30 June 2026.

Rocco calculates he spent 480 hours this income year on his bookkeeping.

Rocco claims:

- running expenses, by multiplying the fixed rate for the income year by 480 hours
- the cost of his computer, used only for his business under the simplified depreciation rules, because depreciation of computer equipment is not covered by the fixed rate.

Rocco can't claim occupancy expenses as he doesn't have a dedicated area for his business.

Example: owner of property and company

Fern runs her business – Fern's Photos Pty Ltd – as a company, from the home that she owns.

Fern's house has a dedicated studio where she keeps her photography equipment.

Fern's Photos Pty Ltd has a formal rental agreement with Fern to hire the studio for $500 per month. This covers use of the space and facilities such as electricity. It is consistent with what it would cost the company to hire a similar studio elsewhere.

Fern's Photos Pty Ltd claims rent paid to Fern.

Fern must report the rental income that she receives from her company in her personal income tax return. She can claim expenses that she incurs in making that income.

There may be CGT implications if Fern sells her house.

If you're a sole trader, you can use the myDeductions tool in the ATO app to record your business expenses. For more information, see myDeductions.

This is a general summary only. For more information speak to a registered tax professional.

QC 59613

Motor vehicle expenses

How to claim a deduction for motor vehicle expenses for your business.

Last updated 29 May 2026

About motor vehicle expenses

When claiming a deduction for motor vehicle expenses, you'll need to consider:

- The method you use to calculate your claim for motor vehicle expenses depends on your business structure.
- If you change your business structure, your entitlements and obligations may change.
- If you use your motor vehicle for both business and private use, you can only claim the portion of your expenses that is used for business.
- You must keep records of your expenses for 5 years – (consider keeping a logbook if you want more options when claiming a deduction for your motor vehicle).

You can download a summary of this content in poster format, see Motor vehicle expenses (PDF, 246KB).

Types of motor vehicles

The type of motor vehicle you drive can affect how you calculate your claim. A motor vehicle is either a car or an 'other vehicle'.

Your motor vehicle is a car

A 'car' is a motor vehicle (including electric vehicle) that is designed to carry:

- a load of less than one tonne, and
- fewer than 9 passengers.

Many four-wheel drives and some utes are classed as cars.

Your motor vehicle is an other vehicle

Your motor vehicle is an 'other vehicle' if it is not a car. Other vehicles include:

- motorcycles

- minivans that can carry 9 or more passengers
- utes or panel vans designed to carry loads of one tonne or more.

Similar to other vehicles, expenses incurred in running a ute are not automatically tax deductible; you need to use the ute in your business and you can only claim the business portion.

Types of motor vehicle expenses

Common types of motor vehicle expenses you can claim include:

- depreciation (decline in value) of the vehicle
- electricity (for charging an electric vehicle)
- fuel and oil
- insurance
- interest on a motor vehicle loan
- lease payments
- registration
- repairs and servicing.

Entitlements and obligations for your business structure

Your business structure affects your entitlements and obligations when claiming deductions for motor vehicle expenses.

Sole traders and partnerships

If you operate your business as a sole trader or partnership (where at least one partner is an individual), the way to calculate your deduction depends on the type of vehicle and how it is used. The vehicle can be owned, leased, or hired under a hire purchase agreement.

You can only claim motor vehicle expenses that are part of the everyday running of your business (such as travelling between different business premises). If the vehicle is used for both private and business purposes, you must exclude any private use (such as driving your children to school).

Claiming deductions for cars

For cars, you can calculate your deduction using the cents per kilometre method or the logbook method.

Cents per kilometre method

You can claim a maximum of 5,000 business kilometres per car per income year using the cents per kilometre method.

Rates are reviewed regularly so make sure you check the rate for the income year you are claiming for. The rate is 88 cents per kilometre for 2025–26 and takes all of your car running expenses, including depreciation, into account. This means you can't make a separate claim for depreciation of the car's value.

You don't need to keep a logbook, but you must be able to show how you worked out your business kilometres (for example, calendar or diary records).

For claims above 5,000 kilometres, you must use the logbook method to claim the entire amount.

Logbook method

You can claim the business-use percentage of each car expense, using the logbook method.

You must record:

- when the logbook period begins and ends
- the car's odometer reading at the start and end of the logbook period
- details of each journey, including start date and finishing date, odometer readings at the start and end, kilometres travelled, and reason for the journey.

You must keep the logbook for a period (at least 12 continuous weeks) that is representative of your travel throughout the year. You can then use this representative period to calculate your claim for 5 years if you:

- keep the logbook
- take odometer readings at the start and end of each year that you use it.

Work out the percentage of business travel from your logbook and use this to claim your business-related car expenses.

You can’t claim capital costs, such as the purchase price of the car, as a general deduction but you can claim the depreciation over the life of the vehicle.

Claiming deductions for other vehicles

For all other vehicles, you can’t use the cents per kilometre or logbook method. Your claims must be for actual costs for expenses you incurred, based on receipts. You can use a diary or journal to separate private use from business use.

If you're a sole trader, you can use the myDeductions tool in the ATO app to keep a logbook and record business-related car trips and other car expenses. For more information, see myDeductions.

Companies and trusts

If you operate your business as a company or trust, you can only claim the actual costs for motor vehicle expenses that are part of the everyday running of your business (such as travelling between different business premises, visiting clients or picking up goods for sale). You can only claim actual costs based on receipts for expenses incurred.

Your company or trust **can't** use the cents per kilometre or logbook method to calculate your claim.

If your business is a private company that provides a vehicle to a shareholder or their associate to use in their capacity other than as an employee, this may be treated as a dividend or loan (Division 7A) which could affect the deductibility of your motor vehicle expenses. For more information, see Division 7A and fringe benefits tax.

Motor vehicle ownership

There are other things you need to consider depending on the ownership of the vehicle.

Vehicle owned or leased by your company or trust

Your company or trust can claim a deduction for the running expenses of a vehicle that is owned or leased by your business.

If the vehicle is available for private use by an employee or their associate (such as a spouse), fringe benefits tax (FBT) may apply. For more information, see Car fringe benefits.

Vehicle owned by your employee

If your employee uses their own vehicle for business-related purposes and you pay them a motor vehicle allowance or reimburse them their costs, your business can claim a deduction for the allowance or expenses reimbursed, such as the cost of fuel.

You can't claim depreciation if the vehicle is owned by your employee.

Your employee can claim a deduction for costs related to the business use of their vehicle in their own tax return, minus any reimbursements they received from your business.

Depreciation (decline in value) of a motor vehicle

If you work out your deduction for expenses using the logbook method or actual costs, then you can generally claim a deduction for capital costs, such as the purchase price of a motor vehicle, over a period of time. This is known as depreciation. For more information, see Depreciation.

You can choose to use the simplified depreciation rules if you have an aggregated turnover of less than $10 million. Find out more at simpler depreciation for small business.

If the business vehicle is a car, there's a limit on the cost you can use to work out your depreciation claim. For the 2025–26 income year, the limit is either:

- $69,674, or
- the cost of the vehicle if it's less than this amount.

If you're a sole trader or partnership and use:

- the cents per kilometre method, you cannot make a separate claim for depreciation of the vehicle as this is already taken into account
- the logbook method, you can only claim depreciation on the business portion of the motor vehicle's cost.

Records you need to keep

The records you need to keep depends on the method you use to calculate your motor vehicle expenses. Regardless of the method you use, you will need to keep:

- details on how you calculated your Aclaim
- loan or lease documents
- registration papers
- tax invoices.

Other records include:

- details of the kilometres travelled for business and private use
- receipts for fuel, oil, repairs, servicing and insurance cover.

This is a general summary only. For more information, see Deductions for motor vehicle expenses or speak to a registered tax professional.

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Travel expenses

How to claim a deduction for expenses you incur when travelling for your business.

Last updated 29 May 2026

About travel expenses

When claiming a deduction for travel expenses, you need to:

- keep your business travel expenses separate from your private expenses – you can only claim the business portion
- keep records for 5 years that prove your expenses
- keep a travel diary if you travel for 6 or more consecutive nights.

We have a separate factsheet about business motor vehicle expenses and travelling to and from your places of business. For more

information, see Motor vehicle expenses.

You can download a summary of this content in poster format – see Travel expenses (PDF, 327KB).

Types of travel expenses

As the owner of a small business, you can claim a deduction for expenses that you incur when you travel for your business. Common expenses include:

- accommodation and meals if you are away overnight
- airline, bus, train, tram and taxi or ride-sourcing fares
- car-hire fees and the costs you incur when using a hire car for business purposes
- fuel, tolls and car parking.

You can't claim a deduction for any travel undertaken before you started running your business.

Claiming travel expenses

You can claim a deduction for travel expenses related to your business, whether the travel is taken within a day, overnight, or longer. You must have records to prove that the expenses were for business.

You can't claim any private costs of the travel, for example, leisure activities, a holiday that you add onto your business travel, or the costs of a family member who travels with you.

To claim expenses for overnight travel, you must have a permanent home elsewhere and your business must require you to stay away from home overnight. You can't claim travel expenses that arise because you are relocating or living away from home.

If you operate your business as a company and it pays for private portions of your travel, there may be tax implications for you (as an individual) and your company for providing benefits to you. For more information, see Division 7A and Fringe benefits tax (FBT).

Employee travel expenses

Whatever your business structure, if you have employees who travel for your business, the business must actually incur the travel expense (by paying for it directly or reimbursing the employee) to be able to claim it as a deduction.

Your business may be subject to FBT if it pays or reimburses your employees for their private travel expenses or activities. Certain exemptions and concessions may apply to reduce your FBT liability. To access the exemptions and concessions, you may need to obtain records from your employee. For more information, see Exemptions and concessions.

If you pay your employees a travel allowance or a living-away-from-home allowance, there are different considerations.

For more information, see Fringe benefits tax (FBT) and Travel allowances.

If you are entitled to goods and services tax (GST) credits, also known as input tax credits, you can only claim a deduction for the GST exclusive amount of an expense.

Records you need to keep

You need to keep records that prove all your business travel expenses for 5 years. These records may include:

- boarding passes
- details of how you worked out the private portion of expenses
- tax invoices
- tickets
- travel diary.

If you are a sole trader or a partner in a partnership, you need to keep a travel diary if your business travel involves you being away from home for 6 or more consecutive nights. A travel diary is also highly recommended if you run your business as a company or trust, as it will help you to determine the portion of the travel that was for private purposes.

If you're a sole trader, you can use the myDeductions tool in the ATO app to record your business expenses.

How to keep a travel diary

In your travel diary, record the details of each business activity as you go, including:

- the nature of each business activity
- the date and approximate time the business activity began
- how long the business activity lasted
- the name of the place where you engaged in the business activity.

The travel diary can be in any format that records this information.

Example: Rebecca's travel diary

Rebecca owns a business as a sole trader landscape gardener. She is invited to exhibit at the Chelsea Flower Show in England. This involves 6 days of work representing her business at the show. After the show is finished, Rebecca spends some time sightseeing.

Rebecca's son James joins her on her trip. James is not involved in the business and spends the days exploring London while Rebecca is at the Chelsea Flower Show.

As Rebecca is travelling for more than 6 nights, she keeps the below travel diary.

Rebecca's travel diary entries

- Saturday 9 May – 10:00 am flight Q13 to London (via Dubai)
- Sunday 10 May – Arrive London 1:00 pm local time. Bus to hotel in Chelsea 3:00 pm
- Monday 11 May – Rest-day
- Tuesday 12 May – Chelsea Flower Show set-up day from 9:00 am
- Wednesday 13 May – Chelsea Flower Show day 1
- Thursday 14 May – Chelsea Flower Show day 2
- Friday 15 May – Chelsea Flower Show day 3
- Saturday 16 May – Chelsea Flower Show day 4

- Sunday 17 May – Chelsea Flower Show day 5, ends 5:00 pm
- Monday 18 May – Sightseeing in London
- Tuesday 19 May – Sightseeing day trip to Oxford
- Wednesday 20 May – Bus to airport. Flight home Q23 6:00 pm from London, arrive 10:00 pm local time.

This shows that Rebecca travelled for 12 days. She spent the majority of the time on business-related activities and took the opportunity to do some sightseeing while in London for 2 extra days. Rebecca can only claim deductions for the business-related portion of her travel.

Rebecca can claim:

- the return airfare to London (which does not have to be separated out as the primary purpose of her travel is for business, the sightseeing was incidental)
- her bus fares to and from the airport
- the costs associated with working at the Chelsea Flower Show, including the exhibitor's fee and transport to and from the location from her hotel
- Rebecca’s accommodation in Chelsea up to and including 17 May
- meals and incidental costs on the days she attended the Chelsea Flower Show.

Rebecca can't claim:

- accommodation, meals or transport expenses on the days noted for sightseeing
- additional private costs from the whole of her time away (such as souvenirs)
- costs of visas, passports or travel insurance
- any of James’s expenses (such as his airfares, the cost of his meals or the cost of an extra hotel room for James).

Example: Noah's travel diary

Noah owns a business as a sole trader interior designer and decorator. He lives and works in Perth. A new customer has asked him to design and decorate her home in Broome. This will take 2 weeks to complete.

Noah flies to Broome on Sunday evening and returns to Perth 2 weeks later. On the weekend in Broome, he does some sightseeing and catches up with friends. He keeps the following diary:

Noah's travel diary entries

- Sunday 1 September – Fly to Broome (depart 4:00 pm, arrive 6:30 pm)
- Monday 2 September – Purchase decorating supplies from 9:00 am to 10:30 am. Working at client's house from 10:45 am to 4:00 pm
- Tuesday 3 – Friday 6 September: Working at client's house from 7:30 am to 4:00 pm
- Saturday 7 September – Day trip to Horizontal Falls. Dinner with Pam and Geoff
- Sunday 8 September – Sightseeing around Broome
- Monday 9 to Friday 13 September – Working from 7:30 am to 4:00 pm at client's house
- Saturday 14 September – Return flight to Perth (depart 10:00 am, arrive 12:30 pm).

Noah can claim:

- his return airfare to Broome and taxi to his hotel and from hotel to airport
- accommodation in Broome for all nights (as the weekend in between was incidental and the primary purpose of travel was for business)
- costs of undertaking his work in Broome (such as hire of tools)
- meals and incidental costs of his work.

Noah can't claim his private expenses, including:

- the cost of the sightseeing he does on the weekend
- the dinner he has with friends.

This is a general summary only. For more information, see Deductions for business travel expenses or speak to a registered tax professional.

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Digital product expenses

How to claim a deduction for digital product expenses for your business.

Last updated 29 May 2026

Find out about Claiming a tax deduction for digital product expenses for your business.

For a summary of this content in poster format, see Digital product expenses (PDF, 222KB).

QC 59613

Using business money and assets

Running a business through a company or a trust and receiving financial or other benefits through the business.

Last updated 29 May 2026

About using business money and assets

- There may be tax consequences if you take or use money or assets from your company or trust for private purposes.
- You need to
  - report these transactions correctly in the company, trust and individual tax return
  - keep accurate records.

For a summary of this content in poster format, see Using business money and assets (PDF, 235KB).

How to record and report the use of business money or assets

There are different ways to take or use money or assets from a company or trust. It's important to understand the reporting and record-keeping requirements for these transactions.

Salary, wages and directors' fees

You can be an employee, shareholder and director of the company that operates your business. You can also be an employee, trustee and a beneficiary of the trust that operates your business.

You must include any salary, wages or directors' fees you receive from your business as assessable income in your individual tax return.

The **company or trust** that operates your business can generally claim a deduction for any salaries, wages or director's fees paid if it complies with the pay as you go (PAYG) withholding and reporting obligations for each payment.

The company or trust must:

- register for PAYG withholding and withhold an amount from salary, wages and directors' fees
- report PAYG withholding information in its business activity statements (BAS)
- report the payment information to the ATO using Single Touch Payroll (STP), unless covered by a deferral or exemption
- pay the amount withheld to the ATO

- pay superannuation contributions for eligible employees to the right super fund account on time.

For more information about employer obligations, see Obligations when people work for you.

Example: taking money as salary or wages

Daphne is the sole director of a private company that sells speciality gift hampers to customers. She and her partner Jo are equal shareholders in the company. Before this income year, Daphne ran the business as a sole trader.

As a sole trader, Daphne paid herself $1,500 a month out of her business account and into her personal account for personal expenses. Regardless of the amounts transferred to her personal account, all the income Daphne earned as a sole trader is included as business income in the *Business and professional items schedule* on her *Individual tax return*.

Daphne decides to change business structure and sets up a private company to run her business. Daphne is an employee, shareholder and director of the company.

Daphne's tax agent explains to her that there are different tax consequences now that the business is run through a company, which is a separate legal entity.

As an employee of the company, Daphne is paid $1,500 a month as a salary. Daphne now reports the $1,500 a month she receives from her employment as salary in her individual tax return.

The tax agent helps Daphne set up PAYG withholding and STP reporting, as well as meet her company's superannuation guarantee obligations.

The company lodges a separate annual tax return. It reports the business income and claims a deduction for the salary paid to Daphne in the company tax return.

Fringe benefits tax and allowances

Fringe benefits tax (FBT) may apply when an employer (for example, a company or trust) provides certain benefits to its employees, directors,

employees' families or other associates. These benefits can include a payment or reimbursement of private expenses, or being allowed to use the business assets for private purposes (such as the business's car).

Your **business** (company or trust):

- may be entitled to claim a deduction for the cost of providing fringe benefits
- can generally claim GST credits for items provided as fringe benefits
- must lodge an FBT return and pay any FBT that applies to the fringe benefits provided to the employees or their associates
- must keep all records relating to the fringe benefits it provides, including how the taxable value of benefits was calculated.

You don't need to report the value of fringe benefits that you (or your associate) receive in your individual tax return, unless they are included as reportable fringe benefits on your income statement.

For information about exemptions, concessions and reducing FBT liability, see Fringe benefits tax (FBT).

There are also rules that address when Division 7A and FBT could both apply to a payment, loan or debt forgiven by a private company.

Example: reporting a fringe benefit

Sameera is the sole director and shareholder of a small tourism company that runs tours and owns 3 coastal holiday houses. Sameera is also one of 3 employees of the private company.

Each employee of the company is given the opportunity to stay in one of the holiday houses for up to 4 weeks each year during the off-peak season.

This year, Sameera and her family take up this offer and stay at their favourite holiday house for 2 weeks at no cost.

This is an employee's private use of one of the company's business assets. The company is providing Sameera, in her capacity as an employee, with a fringe benefit.

The company reports the fringe benefit in its FBT return and pays FBT on the benefit.

Distribution of income and profits

Dividends

If your business is run through a company, the company can distribute its profits by paying dividends to its shareholders, which can include you.

The dividend may include a franking credit (the amount of tax already paid by the company) which can be used by shareholders to offset their income tax liability.

The **company**:

- must issue a distribution statement to each shareholder who receives a dividend, showing the franking credit on the dividends paid
- may need to lodge a franking account tax return
- can't claim a deduction for dividends paid as these are a distribution of company profit and not a business expense.

You must report any dividends you receive (and the franking credits on them) in your individual tax return.

For more information about paying dividends and other distributions to shareholders, see Paying dividends and other distributions.

Trust distributions

If your business operates through a trust, the trustee may distribute a share of trust income to beneficiaries.

The **trustee** should advise and document in the trustee resolution:

- details of the beneficiaries
- their share of the net income of the trust.

If the trustee resolution is not made according to the terms of the trust deed, default beneficiaries or the trustee may be assessed on the relevant share of the trust's income at the highest marginal tax rate.

Details of the trust distribution should be included in the statement of distribution which is part of the trust tax return. The trust can't claim a deduction for distributions paid as it is a distribution of trust income and not a business expense.

If the beneficiary of a trust is a company, and the trust doesn't pay the amount the company is entitled to, there may be tax implications.

For more information, see Division 7A and trusts.

If you have a trust within your family group, you may need to include a trustee beneficiary statement as part of the trust tax return lodged.

For further guidance, see Rules for closely held trusts.

Lending money or assets

Companies lend money or assets to shareholders and their associates

When a private company lends money or assets to you, and you are a shareholder of the company or shareholder's associate, you may be taken to have received a Division 7A deemed dividend if certain conditions are not met.

If this happens, you will need to report an unfranked dividend in your individual tax return. The company also needs report the unfranked dividend paid and the loan balance in its tax return.

To avoid a Division 7A deemed dividend, before the company tax return is due or lodged (whichever comes first), the loan must either be repaid in full or put on complying terms.

To be put on complying terms, the loan must:

- be made subject to a written agreement, signed and dated by the lender and loan recipient
- have an interest rate for each year of the loan that at least equals the benchmark interest rate
- not exceed the maximum term of 7 years, or 25 years in certain circumstances when the loan is secured by a registered mortgage over real property.

The **company** must include any interest earned from the loan in its company tax return and complete the Division 7A company tax return labels.

You (the shareholder or shareholder's associate):

- must make the required minimum yearly repayment on the complying loan each year (use the Division 7A calculator to work this out)
- can't borrow money from the company to make repayments
- can make payments on the loan by offsetting against your entitlement to a dividend declared by the company. This dividend must be reported in your individual tax return.

For more information, see Private company benefits – Division 7A dividends.

Example: loan received from the company and put on complying terms

Amir is the sole director of a private company that provides administration services to other businesses. He and his partner Aiesha are equal shareholders in the company.

Amir's and Aiesha's daughter is about to start high school and they have to pay $2,000 in school fees. Amir decides to use money from the company to pay the fees.

Amir knows that he can't pay for a private expense using the company's money without properly accounting for it. As the director, he decides the company will lend them the $2,000.

He draws up a written loan agreement for the loan to be repaid over 2 years, with an interest rate equal to the benchmark interest rate. The loan agreement identifies the company, Amir and Aiesha as the parties, and the repayment terms. It is signed by all parties. The loan agreement is made on complying terms under Division 7A.

The company lends Amir and Aiesha the money, which they pay back to the company with interest each year according to the agreement over the next 2 years. When Amir prepares the company tax return, he declares the:

- interest as income of the company
- loan balance, as at the end of the income year.

Trustees lend money or assets to beneficiaries and their associates

If you borrow money from a trust, **you** need to keep a record of it. If the loan is on commercial terms, **you** need to repay the principal and interest as per the loan agreement. The **trust** needs to report the interest in its tax return.

For more information on an integrity rule that may apply to certain loans by trustees, see Trust taxation – reimbursement agreement.

Repayments of loans made to companies and trusts

If you have lent money to your company or trust, it will generally make repayments to you.

Your company or trust can't claim a deduction for any repayments of principal it makes. However, it may be able to claim a deduction for interest it pays on the loan if it incurred the interest expense for an income-producing purpose.

The company or trust should keep records of any loan agreements and documents explaining payments made to you.

You don't have to declare the principal repayments, but any interest you receive from your company or trust is assessable income to you and must be included in your individual tax return.

When you take money or assets in another way

If you take money out of your company or trust or use its assets for private purposes in a way not previously described, you or your company or trust may have unintended tax consequences. This may include triggering Division 7A.

To ensure your business transactions are transparent, you should:

- consider setting up a separate bank account for your business to pay business expenses from, and don't use it for private expenses
- keep records that explain all your business transactions, including income, payments and loans to you and your associates from the business, and loans from you to the business
- if your private company lends money to its shareholders or their associates, make sure the loans comply with Division 7A

- report transactions correctly for tax purposes.

If you make an honest mistake when trying to comply with these obligations, tell us or your registered tax agent as soon as possible.

Example: repaying private expenses

Jian is the director and sole shareholder of a private company, that he uses to run his plumbing business. Jian decides to have his home repainted, which he pays for using his company's bank account. He meets regularly with his bookkeeper, who notices the unusual transaction.

The bookkeeper advises Jian that the transaction will be treated as a Division 7A deemed dividend if he doesn't pay the money back or make it a complying loan before the company tax return is due or lodged for the income year (the company lodgment day). Jian has enough money in his personal bank account, so he decides to repay the company the full amount.

As he repays the full amount before the company's lodgment day, there are no Division 7A consequences for Jian. He also takes his bookkeeper's advice and stops paying for his private expenses with the company bank account.

This is a general summary only. For more information, speak to a tax professional.

QC 59613

Pausing or permanently closing your business

Information for small business owners who have had to pause or permanently close their business.

Last updated 29 May 2026

If you pause or permanently close your business

There are different things you need to know and do depending on whether you are pausing or permanently closing your business.

This includes registrations, tax and super obligations, disposing of capital assets, Single Touch Payroll (STP) and record keeping.

You can download a summary of this content in poster format, see Pausing or permanently closing your business (PDF, 216KB).

Managing your registrations

Pausing your business

You don’t need to cancel your Australian business number (ABN) and GST registration if you have:

- paused trading activities in your business, with the intent of restarting
- paused your business for a lengthy or uncertain time period.

You will continue to receive a business activity statement (BAS). Even if you have nothing to report, you still need to lodge your BAS as 'nil' by the due date.

You are still required to update your ABN details within 28 days of changes to your registered business details. For more information, see Update your ABN details.

We may still contact you to confirm you are still using your ABN. If we contact you, you will need to follow the instructions in our communication to confirm your ABN is still required.

You will only need to cancel your ABN and GST registration if you permanently close your business. You can also cancel your GST registration if you no longer need to be registered for GST.

Example: pausing business

Jodie runs a café and needs to pause her business. She doesn't provide takeaway services and she is uncertain when she will reopen her business.

Jodie keeps the café's assets and continues to pay reduced rent on the premises. The business has not permanently closed so she doesn't need to cancel her ABN. Jodie will continue to report business expenses and losses in her tax return and lodge her BAS to claim GST credits for the GST on expenses related to her business.

Permanently closing your business

A business closes when the activities related to that business stop. This occurs when all business assets are disposed of (for example, selling, scrapping or abandoning assets) or converted to another purpose or use, and all tax and super obligations have been met.

When permanently closing your business, there are several obligations that need to be finalised before you cancel your registrations. These may include:

- preparing, lodging and paying final accounts, activity statements and tax returns
- finalising super payments for your employees, including any late or missed payments
- finalising your STP data or lodging a payment summary annual report (for payments you don't report through STP).

Cancel your GST registration

If you permanently close or sell your business, you need to cancel your GST registration within 21 days of ceasing to carry on your business. If it is your only obligation, you'll no longer receive a BAS.

Cancelling your GST registration may affect some of your other registrations, including:

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

For more information, see If your business changes or ceases.

You need to lodge your final BAS, and finalise all outstanding lodgment and payment obligations, before permanently closing your business. This allows us to finalise your account and issue any refunds that might be owed to you.

Cancel your PAYG withholding registration

You need to cancel your pay as you go (PAYG) withholding registration if you no longer need it. For more information, see PAYG withholding registration.

Cancel your FBT registration

To cancel your fringe benefits tax (FBT) registration, advise this in your annual *Fringe benefits tax return* or *Notice of non-lodgment – Fringe benefits tax*. For more information, see How to register or cancel FBT.

Cancel your ABN

If you permanently close your business, you need to cancel your ABN within 28 days of stopping your business activities. It is important that your tax and super obligations are finalised to avoid being charged penalties and interest.

Example: permanently closing business

Joel runs a craft shop selling craft supplies and decides to close his shop. All assets are sold and the shops lease is terminated.

Joel prepares and lodges his final BAS and tax return and settles all outstanding amounts he owes the ATO.

Since Joel has finalised his ATO obligations, he cancels his GST and ABN registrations.

Tax and super obligations

If you are pausing or permanently closing your business, you still need to meet your tax and super obligations. This may include:

- FBT
- GST

- income tax – including any capital gains tax (CGT) events
- PAYG withholding for employees
- Super guarantee (SG) for your employees.

Before pausing or permanently closing your business, contact us to discuss your changed circumstances if you:

- were on a payment plan for amounts you owe
- had arranged for the deferral of some or all of the amounts you owe.

We will be able to provide more personalised support based on your individual circumstances.

You need to finalise your FBT obligations by completing either a:

- final Fringe benefits tax return – if you need to pay FBT or if you've paid FBT instalments for the current year
- Fringe benefits tax – notice of non-lodgment – if there are no payments to be made or instalments to be refunded.

See our tax tables and information on the taxation of termination payments to help work out your PAYG withholding obligations. Remember to also finalise all outstanding lodgment and payment obligations.

You still need to pay the minimum amount of super for your employees into the correct fund by the due date to avoid becoming potentially liable to pay the super guarantee charge.

If you can't pay the full super guarantee contributions, pay as much as you can to their fund by the due date, as this will reduce the super guarantee charge.

For more information, see:

- The new super guarantee charge
- Super guarantee percentage
- Help with paying
- When you're no longer hiring workers

Disposing of capital assets

There may be GST and CGT implications when you dispose of your capital assets. See GST and the disposal of capital assets.

Single Touch Payroll (STP) requirements

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.

If you have let employees go, you don't need to wait until the end of financial year to finalise your STP data. Finalising is an important step as it provides employees with the right information to lodge their tax return.

For more information on STP requirements, see End-of-year finalisation through STP and When STP reporting can cease.

When you no longer need to report to us

You or your registered tax or BAS agent can let us know that you no longer need to report to us through:

- Online services for business – select **Employees**, then **STP deferrals and exemptions**, and select the most appropriate option
- Online services for agents – select **Business** then **STP deferrals and exemptions**.

Records you need to keep

Whether you are pausing or permanently closing your business, you will need to keep records of all transactions relating to:

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

For more information, see Selling or closing your business – records.

Help when pausing or closing your business

If you're affected by a recent event or disaster such as a bushfire, cyclone, drought, flood or storm and you need assistance with your tax affairs, we can help you.

For more information, see Financial difficulties, disasters and vulnerability support or talk to your tax professional for help tailored to your circumstances.

This is a general summary only. For more information, see Changing, selling or closing your business or speak to a registered tax professional.

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What's new for small business

Stay up to date with the latest changes, obligations and opportunities for your small business.

Last updated 29 May 2026

Payday Super

The introduction of Payday Super from 1 July 2026 means that super guarantee:

- is paid to your employees' nominated super funds for each payday
- is calculated on qualifying earnings which brings together ordinary time earnings and other payments
- must reach employees' super funds within 7 business days after payday (unless a longer timeframe applies, such as for new employees).

From 1 July 2026, you also must report both qualifying earnings and super liability in your Single Touch Payroll (STP) reporting.

Updated SuperStream data and payment standards allow near real-time payments to help you and your intermediaries meet deadlines. Improved error messaging allows you to address errors faster.

If super payments aren't received by the right super funds in full and within the required time, super guarantee charge (SGC) will apply. Until you get an assessment of SGC, you should pay your late contributions to your employee's super fund.

Late payment offsets aren't available under Payday Super or for the quarter ending June 2026.

Remember you won't be able to use the Small Business Super Clearing House (SBSCH) for any payments on or after 1 July 2026. You should allow sufficient time to download your super records and transition to an alternative provider.

For more information, see Payday Super.

Denying deductions for ATO interest charges

If you incur general interest charge (GIC) or shortfall interest charge (SIC) on or after 1 July 2025, you can't claim these amounts as an income tax deduction in your 2025–26 or later tax returns. GIC or SIC incurred before 1 July 2025 can still be claimed in the 2024–25 and earlier income years.

For more information, see Denying deductions for ATO interest charges.

Pre-fill for sole traders

Pre-fill is available to sole traders completing their tax return. It securely imports verified information directly into your tax return, helping you get it right the first time. We're continuing to expand the amount of trusted business data included in pre-fill – including new Taxable payments annual report (TPAR) data – so you can enjoy a faster, smoother and more accurate tax time.

Pre-fill data is added as it becomes available from banks, government agencies, health funds and other third-party providers.

From Tax Time 2026 for sole traders, the following additional information will be pre-filled into your tax return:

- assessable payments received by you, including government grants and payments reported on your Taxable payment annual report

(TPAR)

- your Australian business number (ABN)
- the value of your opening stock (if any).

Note that any grants or payments not reported through the TPAR won't be included.

If you wait until this information is ready, you'll have fewer gaps to fill in and may reduce the need for amendments. Most TPAR data will not be available until after 28 August, unless the payer lodges early.

You stay in control – all pre-filled information must be reviewed and confirmed by you before lodging.

For more information, see Pre-fill availability.

Claim a deduction on the cost of eligible assets

A deduction is available to businesses with an aggregated annual turnover of less than $10 million. If you're eligible, you may be able to deduct the business portion of eligible assets which cost less than $20,000.

Eligible assets must be first used or installed ready for use, between 1 July 2025 and 30 June 2026. The $20,000 limit will apply on a per asset basis, so you can instantly write off multiple assets.

For more information, see Instant asset write-off for eligible businesses.

Personal use of PHEVs and FBT

If you provide your employees, their family members or associates with plug-in hybrid vehicles (PHEVs) for personal use, there are important changes that may affect your obligations this fringe benefits tax (FBT) tax time.

Home-charging expenses – new shortcut method

There is now a new optional shortcut method to make working out home-charging electricity costs easier. We've updated guidance to include a simpler method to help you calculate electricity costs when

an employee charges a PHEV at home. To use this method, you must meet the eligibility requirements, or you can continue to calculate the actual electricity costs instead.

Eligibility for FBT exemption

Since 1 April 2025, PHEVs are not considered as a zero or low emissions vehicle under FBT law and will no longer qualify as exempt. This means, you may now have FBT obligations for the 2025–26 FBT year if you've continued providing PHEVs to employees for personal use.

You may continue to be eligible for the electric car exemption if you meet the FBT exemption requirements.

Business tax return amendment period extended

Businesses with an annual aggregated turnover of less than $50 million now have up to 4 years from the date of their tax assessment to request amendments. This applies to assessments for the 2024–25 and later income years.

For more information, see Request an amendment to a business or super tax return.

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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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