



Australian Government
Australian Taxation Office

Small business:

Pausing or permanently closing your business



This information will help you understand what you need to do for tax purposes if you are a small business owner and you have had to pause or permanently close your business.

Key points

- There are different things you need to know and do depending on whether you are pausing or permanently closing your business.
- This includes registrations (ABN and GST), tax and super obligations, disposing of capital assets, Single Touch Payroll (STP) and record keeping.

Registrations (ABN and GST)

Pausing your business

You don't need to cancel your 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'.

We may still contact you to confirm you are still using your ABN. If contacted, 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.

Example: Jodie pausing her café

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 income 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 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.

These may include:

- preparing final accounts, activity statements and income tax returns
- finalising super payments and quarterly lodgments (including superannuation guarantee charge statements for missed or late super payments)

- finalising your STP data or lodging a payment summary annual report (for payments you don't report through STP).

GST

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.

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 ato.gov.au/GSTceasingbusiness

You need to lodge your final BAS before permanently closing your business. This allows the ATO to finalise your account and issue any refunds that might be owed to you.

i Note: You need to cancel your GST registration if you no longer need it. If it is your only obligation, you'll no longer receive a BAS. Remember to also finalise all outstanding lodgment and payment obligations. For more information, see ato.gov.au/cancelGSTregistration

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.

For more information, see [Cancel your ABN](https://ato.gov.au/CancelYourABN)

Example: Joel closing his shop

Joel runs a craft shop selling craft supplies and decides to close his shop. All assets are sold except for some stationery items. Joel expects to sell the stationery items in the future and pays to have them stored in a commercial warehouse.

The business has not permanently closed until the stationery is sold or is determined to be of no or little value.

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:

- fringe benefits tax
- pay as you go (PAYG) withholding for employees
- Super guarantee (SG) for your employees
- income tax – including any capital gains tax (CGT) events
- GST.

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.

By contacting us, we will be able to provide more personalised support based on your individual circumstances.

You still need to pay the minimum amount of super for your employees (based on their ordinary time earnings for the quarter) into the correct fund by the due date to avoid becoming potentially liable to pay the SG charge.

If you cannot pay the full SG contributions, pay as much as you can to their fund by the due date, as this will reduce the SG charge. You will need to lodge an SG charge statement within a month of the SG due date and pay the charge to us to avoid additional penalties.

For more information, see ato.gov.au/SGcharge, ato.gov.au/SuperRate and ato.gov.au/helpwithpaying

Disposing of capital assets

There may be GST and CGT implications when you dispose of your capital assets. See ato.gov.au/InvoluntarydisposalCGT

Single Touch Payroll (STP)

STP reporting provides important information to the ATO. Having the most up-to-date employment information helps us support the community.

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 allows individuals to lodge their income tax return at the end of the year.

For more information on Single Touch Payroll finalisation requirements, see ato.gov.au/STPfinalisation

Pausing your business

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**.

Record keeping

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 ato.gov.au/ceasingbusiness_records

More information

If you're affected by a recent event or disaster such as a bushfire, COVID-19, cyclone, drought, flood or storm and you need assistance with your tax affairs, we can help you.

For more information, see ato.gov.au/support or talk to your tax professional for help tailored to your circumstances.

 **This is a general summary only.**

For more information, go to ato.gov.au/ceasingbusiness or speak to a registered tax professional.

