



Measures to help small business meet their tax obligations

On 1 June 2009, we introduced measures to help small businesses that are struggling to manage their tax payment obligations. We have now extended these measures for a further 12 months, until 30 June 2011.

Twelve-month general interest charge (GIC) free payment arrangements

If your business has an annual turnover of less than \$2 million and an activity statement debt, you can apply to enter into a GIC-free payment arrangement with us from now until 30 June 2011. However, you must have all of your lodgments up to date and we will expect you to enter into a direct debit payment arrangement.

These payment arrangements will be GIC-free for a maximum period of 12 months, provided they are maintained. Also, there is no limit on the amount of debt your business can have in order to enter into a payment arrangement with us.

Who is eligible?

You are eligible if your business has all of the following:

- an annual turnover of **less than** \$2 million
- an activity statement debt
- a mutually acceptable and sustainable payment arrangement with us that you enter into between now and 30 June 2011.

How does it work?

- The GIC-free period applies to activity statement debts – for example, goods and services tax (GST) and pay as you go (PAYG).
- Super guarantee charge (SGC) debts are not included as the GIC forms part of your employees' entitlements.
- You will not have to pay a GIC for a maximum of 12 months from the day on which you enter into the arrangement with us.
- The actual GIC-free period (maximum of 12 months):
 - starts on the day you make the agreement with us
 - finishes on the day your final instalment is due.
- If you default on the arrangement, the GIC-free period will end on the date of default.
- We expect you to enter into a direct debit payment arrangement.
- You must continue to meet all of your ongoing tax payment and lodgment obligations.



If your business is part of a group of entities, we may consider the circumstances across all members of the group when we work out if you are eligible for these offers.

How do you apply?

To apply, phone us on **13 11 42** between 8.00am and 6.00pm, Monday to Friday.

If you are a registered user, you can contact us via the [Business Portal](#).

Tax agents can contact us using the [Tax Agent Portal](#).

You can also submit a question via the [debt payment email enquiry](#).



Use our [online calculator](#) to calculate different payment scenarios based on your circumstances. You can then use these as a guide to propose a payment arrangement that enables you to meet your tax obligations.

Deferred activity statement payment due dates

As a small business operator, you can also request a deferral of payment on your next activity statement.

If you have a short-term cash-flow problem, we can grant you a deferral of up to:

- two months if you pay quarterly or annually

- one month if you pay monthly.

You still have to lodge your activity statements on time; however, no GIC applies for the period of the deferral. If you lodge your activity statements late, they may be subject to failure-to-lodge penalties.

Who is eligible?

You are eligible if your business has all of the following:

- an annual turnover of **less than** \$2 million
- an activity statement that must be lodged but is not yet lodged
- made the payment deferral request on or before the original due date.

Eligible activity statements include:

- monthly – July 2010 to June 2011 inclusive
- quarterly – September 2010 to June 2011
- annual – 2009–10.

Forms not eligible for the offer are:

- Activity statements or remittance advices that do not need to be lodged. These can be identified by the red form type in the top left hand corner of the activity statement or instalment notice. Form types B, N, R, S and T are not eligible for the payment deferral.
- income tax returns.

How does it work?

- If you wish to request a payment deferral, you must make a separate request for each activity statement.
- The due date for lodgment is not affected by a payment deferral. However, you can still request a lodgment deferral.
- For quarterly and annual activity statements, a payment deferral of up to two months from the original due date is available. The actual date for an activity statement may vary between taxpayers depending on a number of factors, such as whether lodgment is made by a tax agent.
- For monthly activity statements, a payment deferral of up to one month from the original due date is available. The actual date for an activity statement may vary between taxpayers depending on a number of factors, such as whether lodgment is made by a tax agent.
- You will not have to pay a GIC for the period of the deferral.



If your business is part of a group of entities, we may consider the circumstances across all members of the group when we work out if you are eligible for these offers.

How do you apply?

To apply, phone us on **13 11 42** between 8.00am and 6.00pm, Monday to Friday.

If you are a registered user, you can contact us via the [Business Portal](#).

Tax agents can contact us using the [Tax Agent Portal](#).

Frequently asked questions

GIC-free payment arrangements

Q1: What is the cut-off date for applying for a GIC-free payment arrangement?

You need to apply on or before 30 June 2011.

Q2: When does the GIC-free period start?

It starts on the day you enter into the GIC-free payment arrangement. This will usually be earlier than the date on which your first payment instalment is due.

Q3: Can I get a GIC-free payment arrangement if my activity statement debt is with an external collection agency, such as Dun & Bradstreet, National Credit Management Limited, Recoveries Corporation Group Limited, Baycorp Collection Services Pty Ltd?

You can still enter into a GIC-free payment arrangement under these circumstances. You will need to negotiate this with the external collection agency.

Q4: What is a direct debit payment arrangement?

A direct debit payment arrangement is where we automatically deduct instalments from the payer's bank account. The direct debit process is established at the start of the arrangement.

Q5: Why does the ATO expect me to enter into a direct debit payment arrangement?

A direct debit payment arrangement is a simple way to help businesses pay their instalments on time, every time. They help you commit to meeting the instalments and reduce your risk of defaulting on the payment arrangement by forgetting to pay.

If you are unable to pay by direct debit, we will ask you to demonstrate the [viability of your business](#).

Q6: I am already in a payment arrangement. Am I still eligible for a GIC-free arrangement?

You are still eligible if you satisfy the [eligibility criteria](#).

You can renegotiate your payment arrangement at any time. Normally, a payment arrangement would be renegotiated where your circumstances have changed.

GIC-free payment arrangements can not be back-dated. The GIC-free period starts from the date you enter into the new arrangement.

Q7: I already have a pre-1 July 2010 GIC-free payment arrangement. Can I apply for a further 12 months GIC-free?

If you entered into a GIC-free payment arrangement before 1 July 2010, you can enter into a new 12-month GIC-free payment arrangement once the initial GIC-free period has expired.

For example, if you entered into a 12-month GIC-free payment arrangement on 1 March 2010, you could apply for a new 12-month GIC-free payment arrangement on 1 March 2011, subject to the eligibility criteria.

Q8: Am I eligible for a GIC-free payment arrangement if I have outstanding activity statement lodgments?

No. You must have all of your lodgments up to date.

Q9: Can I get a GIC-free payment arrangement that is longer than 12 months?

You can negotiate a payment arrangement that is longer than 12 months, but only the first 12 months of this arrangement will be GIC-free, provided you maintain it.

Q10: What if I default on my GIC-free payment arrangement?

If you are having difficulty meeting the terms of your GIC-free payment arrangement, you should contact us as soon as possible on **13 11 42**. We will work with you to help you meet your taxation obligations.

If you do not maintain the arrangement and fail to contact us, we may take firmer action to collect the debt. This may involve issuing garnishee notices, taking legal action to recover the debt and initiating proceedings leading to insolvency.

Q11: Why does my payment arrangement letter state that GIC will apply when I have entered into a GIC-free arrangement?

Provided you meet the terms of your arrangement, the GIC will be remitted for the period you maintain your arrangement, up to a maximum of 12 months.

Q12: Will I receive a running balance account statement after entering into a GIC-free payment arrangement?

We will not automatically send you an account statement. However, if you require a statement, phone us on **13 11 42** between 8.00am and 6.00pm, Monday to Friday.

Q13: If I already had a payment arrangement in place and then negotiated a GIC-free arrangement, will the previous arrangement appear as 'defaulted' on my record?

The previous arrangement will not appear as 'defaulted'. Before entering you into a GIC-free payment arrangement, we will cancel your previous arrangement.

Payment only deferrals for activity statements

Q1: When will I need to lodge my activity statement if I am granted a payment deferral?

You still need to lodge by the original due date. However, you can also request a deferral of the lodgment due date, but you must do so on or before the due date. To request a deferral of the lodgment due date, phone us on **13 11 42** between 8.00am and 6.00pm, Monday to Friday. For a list of lodgment due dates, refer to [Key lodgment dates for businesses](#).

General questions about the measures

Q1: My business is having difficulty meeting its tax payment obligations but it is not eligible for these measures. What other assistance options are there?

There are a range of assistance options, including remission of some or all of any GIC we have imposed and flexible payment arrangements. Phone us on **13 11 42** between 8.00am and 6.00pm, Monday to Friday to discuss your situation.

Q2: How does the annual turnover used to determine eligibility for these measures relate to GST turnover?

The annual turnover question is the general turnover of the business. It is not GST-specific.

Last Modified: Thursday, 4 November 2010

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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