



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 (for example due to COVID-19).

### 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

If you have paused trading activities in your business, with the intent of restarting, you don't need to cancel your ABN and GST registration. This is the case even if you have paused your business for a lengthy or uncertain time period.

You will only need to cancel your ABN and GST registration if you permanently close your business.

#### Permanently closing your business

A business closes when the activities related to that business stop – this occurs when all assets are disposed of or converted to another purpose or use, and all tax obligations have been met. Disposal of assets may include the sale, scrapping, abandoning, or other disposal of the assets.

In the course of permanently closing your business, there are a number of obligations that need to be finalised. These obligations may include:

- preparing final accounts, activity statements and income tax returns
- finalising your STP data or lodging a payment summary annual report (if you don't report through STP).

**⚠ Note:** Remember to complete your lodgment and payment obligations before you cancel your ABN or GST registrations.

#### ABN

If you permanently close your business, it is important that your tax affairs are finalised before you cancel your ABN.

You must 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.

You must also cancel your ABN registration within 28 days of stopping your business activities.

For more information, see [abr.gov.au/cancel-your-abn](http://abr.gov.au/cancel-your-abn)

#### GST

If you permanently close your business, you must apply to cancel your 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.

For more information, see [ato.gov.au/GSTceasingbusiness](http://ato.gov.au/GSTceasingbusiness)

### Examples

#### 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 lodge her business activity statement (BAS) to claim GST credits for the GST on expenses related to her business.

#### Joel closing his shop

Joel runs a craft shop selling craft supplies and decides to close his shop. All assets are sold except for a number of stationery items.

Joel expects to sell the stationery items at some future time and pays to have it 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 must still meet your tax and super obligations. This may include:

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

If, before pausing or permanently closing your business, you were on a payment plan for your tax liabilities or had arranged for the deferral of some or all of your tax liabilities while you were having difficulties, contact us to discuss your changed circumstances. By contacting us, we will be able to provide more personalised and often additional support based on your individual circumstances.

You still need to pay the minimum amount of super for your employees into the correct fund by the due date in order to avoid becoming potentially liable to pay a super guarantee charge (SGC). This will be based on their ordinary time earnings for the quarter.

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

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

For more information, see [ato.gov.au/helpwithpaying](https://ato.gov.au/helpwithpaying)

## Disposing of capital assets

There may be GST and CGT implications when you dispose of your capital assets. For more information on the things you need to consider when selling or permanently closing a business, see [ato.gov.au/ceasingbusiness](https://ato.gov.au/ceasingbusiness)

## 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](https://ato.gov.au/ceasingbusiness_records)

## Single Touch Payroll

STP reporting includes important information the ATO may be able to use through these unprecedented times. Having the most up-to-date employment information will help 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

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, see [ato.gov.au/STP](https://ato.gov.au/STP) and [ato.gov.au/finalisingSTP](https://ato.gov.au/finalisingSTP)

### 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**.

## 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/disasters](https://ato.gov.au/disasters) or talk to your tax professional for help tailored to your circumstances.

**This is a general summary only**

For more information, speak with your registered tax professional, or visit [ato.gov.au/ceasingbusiness](https://ato.gov.au/ceasingbusiness)