



COVID-19 frequently asked questions

- <https://www.ato.gov.au/General/COVID-19/In-detail/COVID-19-frequently-asked-questions/>
- Last modified: 03 Apr 2020
- QC 62027

COVID-19 frequently asked questions

This information answers some common tax and super questions about COVID-19. We will update this information regularly.

See also:

- Information about ATO measures and tailored support during [COVID-19](#)

Answers to frequently asked questions for:

- [Individuals](#)
- [Employers](#)
- [Payments and reporting](#)
- [Interest and penalties](#)
- [Cancelled supplies and events](#)
- [International business](#)
- [Self-managed super funds](#)
- [Pausing or ceasing your business](#)

Issues we are currently considering

In addition to developing further guidance on the application of the measures introduced as part of the Government's economic response to COVID-19, we are prioritising developing further guidance for these issues:

- expenses you can claim when working from home
- individual residency matters, including for individuals who are a resident of a treaty country and are working in Australia for 183 days or less
- fringe benefits tax issues for fly-in-fly-out (FIFO) workers
- deductions for bad debts
- compliance with Division 7A obligations to make minimum yearly repayments.

More information

- You can register your interest to be notified when more [JobKeeper](#) and [early access to super](#) information becomes available.
- Have a question? [ATO Community](#)^{EQ} may already have the answer.

If there's a topic we should provide further public guidance on in our frequently asked questions, or in relation to the measures introduced as part of the Government's economic response to COVID-19, email us at COVID-19Taxissues@ato.gov.au with your suggestions.

This temporary mailbox is not for enquiries about your own circumstances and we will not be providing a personal response to issues raised. If you have a specific question about your own circumstances, please call our Emergency Support Infoline on 1800 806 218.

Individuals

- <https://www.ato.gov.au/General/COVID-19/In-detail/COVID-19-frequently-asked-questions/?page=2>
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Answers to questions on:

- [Financial hardship](#)
- [Working from home](#)
- [Buying protective items](#)
- [Residents temporarily overseas](#)
- [Not an Australian resident, temporarily in Australia](#)
- [Residential rental properties](#)

Financial hardship

Question: I've had my hours cut back at work and I can't afford to pay the bills. What assistance is available to me?

Answer: You can apply to have the tax withheld from your pay reduced for the rest of the financial year by lodging a variation form. This means you don't have to wait to get a refund when you lodge your tax return.

If you are considering this, you need to know:

- The variation will apply for the remainder of the financial year.
- The last date for lodgment of your variation application for the current year is 30 April 2020.
- If the amounts withheld do not cover your actual tax liabilities at the end of the year, you will have to pay the balance in your annual tax return.

- You cannot get a variation if any of the following apply
 - Your tax returns are not up to date.
 - You have a debit assessment for the previous year as a result of a previous withholding variation.
 - You have outstanding tax or superannuation debts.

If you want to apply for a variation, you can lodge your application online:

- [PAYG withholding variation application \(e-variation\)](#)

Question: My income has decreased due to the downturn in the economy and I can't afford to pay my expenses. Can I access my super?

Answer: You may be allowed to withdraw some of your super on compassionate grounds to assist in dealing with the adverse economic effects of COVID-19.

From mid-April you will be able to apply online through myGov to access up to \$10,000 of your superannuation before 1 July 2020.

You will also be able to apply to access up to a further \$10,000 from 1 July 2020 until 24 September 2020.

To apply for early release, you must satisfy one or more of the following requirements:

- You are unemployed.
- You are eligible to receive a job seeker payment, youth allowance for jobseekers, parenting payment (which includes the single and partnered payments), special benefit or farm household allowance.
- On or after 1 January 2020, any of the following happened
 - You were made redundant.
 - Your working hours were reduced by 20% or more.
 - You were a sole trader and your business was suspended or your turnover decreased by 20% or more.

The amount of super released early under these circumstances will not be included in your assessable income.

See also:

- [Early access to your super](#)
- Treasury's pages [Supporting individuals and households](#)¹² on
 - *JobKeeper payment – Information for employees*
 - *Income support for individuals*
 - *Payments to support households and Temporary early release of superannuation*
 - *Temporary early release of superannuation*

Question: I am a temporary resident. Can I access my super under the COVID-19

early access arrangements?

Answer: Temporary residents are not able to access their super under the Government's temporary early access arrangements for COVID-19.

However, if you have worked and earned super while visiting Australia on a temporary visa, you can apply to have this super paid to you as a departing Australia superannuation payment (DASP) after you leave.

See also:

- [Temporary residents and super](#)
- [Departing Australia Superannuation Payment \(DASP\)](#)

Working from home

Question: My employer is encouraging or requiring me to work from home. Will I be able to claim a deduction for home office expenses?

Answer: Yes, if you work from home because of COVID-19, you may be able to claim a deduction for the additional running expenses you incur. These include expenses associated with heating, cooling and lighting in the area you are working from, phone and internet and other running expenses. For further information about home office running expenses, refer to [Home office expenses](#).

Occupancy expenses relating to your home – such as rent, mortgage interest, property insurance and land taxes – will not become deductible only because you are required to temporarily work from home due to COVID-19. People have asked whether working from home will disqualify them from claiming the main residence capital gains tax exemption when they sell their home. Because working from home in the current circumstances would not, in and of itself, create an entitlement to claim deductions for mortgage interest, you will not lose any part of the main residence exemption.

We are working on additional practical guidance on claiming deductions for working from home expenses which we will release soon. In the meantime, we encourage you to keep:

- receipts for any purchases you made to support working from home
- a record of the amount of time you have spent working from home.

Using [myDeductions](#) in the ATO app is an easy and convenient way to keep your records in one place.

See also:

- [Home office expenses](#)

Buying protective items

Question: Can I claim a deduction for gloves, face masks, sanitiser, anti-bacterial spray that I use at work due to COVID-19?

Answer: You may be able to claim a deduction for protective items you purchase and use at work. To be deductible both of the following must apply:

- You must have incurred the expense yourself.
- It must have a sufficient connection with the earning of your assessable income, which means
 - you are exposed to the risk of illness or injury in the course of carrying out your income earning activities
 - the risk is not remote or negligible
 - the protective item is of a kind that provides protection from that risk and would reasonably be expected to be used in the circumstances
 - you use the item in the course of carrying out your income earning activities.

If your specific employment duties require you to have physical contact or be in close proximity to customers or clients while carrying out your duties or you are involved in cleaning premises, you can claim a deduction for expenditure on protective items.

Examples of this type of work include the:

- medical industry (such as doctors, nurses, dentists and allied health workers)
- cleaning industry
- airline industry
- hairdressing and beautician industry
- retail, café and restaurant industry.

If you work in these industries or occupations, the risk is not remote or negligible.

If you use items for both work-related and private purposes, you can only claim a deduction for the portion of the expense that relates to your work-related use.

Residents temporarily overseas

Question: I am working overseas because of COVID-19. What are my Australian tax obligations?

Answer: If you usually live and work in Australia and are only temporarily overseas as a result of COVID-19, there will be no change to your Australian tax obligations. If you are required to pay foreign income tax overseas, you will usually be entitled to a foreign income tax offset against your Australian tax payable.

Not an Australian resident, temporarily in Australia

Question: I am not an Australian resident. I am staying in Australia for longer than I expected because of COVID-19. What are my Australian tax obligations?

Answer: If you are not an Australian resident for tax purposes and are here temporarily for some weeks or months because of COVID-19 then you will not become an Australian resident for tax purposes provided you:

- usually live overseas permanently
- intend to return there as soon as you are able to.

Your Australian tax obligations will generally remain unchanged. You will:

- not be assessed on income from a foreign source
- remain assessable on income that was already from an Australian source.

Question: What happens if I earn employment income while I am here temporarily?

Answer: Paid leave: If the income you receive from your foreign employer while in Australia is paid leave (such as annual leave), we don't consider this as Australian income and it would not be assessable in Australia.

Working remotely: If COVID-19 is the only reason why you are working in Australia, and you were not intending to stay in Australia, but you have not been able to leave, we accept that working in Australia for less than three months will not result in you being assessed for Australian tax (regardless of whether your employer is Australian or foreign). As the situation is constantly evolving, we will further consider this in coming weeks.

There are also some limited exceptions to employment income being assessable in Australia. These may apply if you have a foreign employer (without an Australian base), the foreign employer is in a country with which Australia has a double tax agreement and you are present in Australia for 183 days or less. There are also some exceptions if you are a foreign government employee.

The tax residency issue may be more complicated if:

- you end up staying in Australia for a lengthy period
- you do not plan to return to your country of residency when you are able to do so.

Lengthy stays in Australia may result in a change to residency. However, this should not be an immediate concern for people who are here temporarily.

We know that there will be unique situations with a range of potential tax outcomes. The above represents what we consider to be the most likely outcomes at this time. However we will update and may revise this advice progressively as events progress.

See also:

- [International tax for individuals](#)

Residential rental properties

Question: My tenants are not paying their full rent or have temporarily stopped paying rent because their income has been adversely affected. Can I still claim deductions on my rental property expenses?

Answer: Yes. If tenants are not meeting their payment obligations under the lease agreement due to COVID-19, and you continue to incur normal expenses on your

property, then you will still be able to claim these expenses in your tax return.

Question: I'm considering reducing the rent for tenants to enable them to stay in the property. The tenants are not in default of their rent. Will my deduction for rental property expenses be reduced because of this?

Answer: No. If you decide to reduce the rental amount to enable your tenants to remain in the property (thereby maximising your rental return in a changed rental market), your deduction for rental property expenses will not be reduced.

Question: If I receive a back payment of rent or an amount of insurance for lost rent, is this amount assessable income?

Answer: Yes. These amounts should be declared as income in the tax year in which you receive the amounts.

Question: If the bank defers loan repayments for a period of time as a result of the COVID-19 outbreak, will I be able to claim interest on the loan as a deduction?

Answer: Yes. If interest continues to accumulate on your loan then it will be an expense that you have 'incurred' and is therefore deductible. Interest remains deductible on the loan even if the bank defers the repayments.

Question: Can I access the new instant asset write-off for assets my property?

Answer: No. If you are a property investor, you will not be able to access the instant asset write-off deduction. Find out more about the [instant asset write-off deduction](#).

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Employers

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Answers to questions on:

- [Fringe benefits tax \(FBT\)](#)
- [Super guarantee obligations](#)

Fringe benefits tax (FBT)

During these times you may wish to provide extra assistance to your employees, in addition to their normal employee entitlements. Non-wage benefits may be subject

to fringe benefits tax (FBT) unless an exemption applies.

Exemptions from FBT include certain benefits provided to your employees or their associates in an emergency situation.

Answers to FBT questions on:

- [Emergency accommodation, food and transport](#)
- [Emergency health care](#)
- [Other benefits](#)

Emergency accommodation, food and transport

Question: Will I need to pay FBT if I provide an employee affected by COVID-19 with emergency accommodation, food, transport or other assistance?

Answer: If you provide or pay for goods or services to assist your employee who is sick, or is at risk of becoming sick, with COVID-19, this will generally be exempt from FBT if the benefit is provided for their immediate relief.

In the context of COVID-19, we will accept that the emergency assistance exemption applies if the assistance is provided to an employee who has been:

- located in a high-risk area and has been relocated
- required to self-isolate.

Assistance may also include:

- temporary emergency meals, food supplies and accommodation for employees stranded overseas due to travel restrictions
- flights for overseas employees to return to Australia.

See also:

- [Fringe benefits tax](#)
- [Emergency assistance](#)

Emergency health care

Question: Will I need to pay FBT if I provide emergency health care to an employee affected by COVID-19?

Answer: Exemptions from FBT for emergency health care is limited. They only apply to health care treatment provided:

- by an employee of yours (or an employee of a related company)
- on your premises (or premises of the related company)
- at or adjacent to an employee's worksite.

If you pay for your employee's ongoing medical or hospital expenses, FBT will apply.

However, if you pay for transporting your employee from the workplace to seek

medical assistance, the cost is exempt from FBT.

See also:

- [Fringe benefits tax](#)
- [Emergency assistance](#)

Other benefits

Question: Will I need to pay FBT if I provide an employee affected by COVID-19 with other benefits in addition to their salary or wages?

Answer: If you provide your employees with a laptop and a portable printer, or other portable electronic devices to enable them to work from home or from another location, these will usually be exempt from FBT if they are primarily used for the employee's employment.

The minor benefits exemption may apply for minor, infrequent and irregular benefits of less than \$300.

See also:

- [Fringe benefits tax](#)
- [Work-related items exempt from FBT](#)

Super guarantee obligations

Question: I can't afford to pay my employee's super guarantee contributions by the due date because of COVID-19. What do I need to do?

Answer: Legally, we can't extend the due date to pay the super guarantee contributions for your employees.

Pay as much as you can by the due date, even if you can't pay in full. This will reduce the super guarantee charge.

If you didn't pay the full super guarantee by the due date:

- lodge a *Super guarantee charge statement*
- pay the charge to us.

If you do this within the month, there will be no penalties. Interest will still apply.

If you have trouble paying the super guarantee charge, we can work with you to set up a payment arrangement – see [Pay in full or set up a payment plan](#).

See also:

- [Contact us](#)
- Super for employers – [Employers affected by disaster](#)
- Super for employers – [Missed and late payments](#)

Employees temporarily working overseas

Question: My employees are temporarily working overseas because of COVID-19. Does this affect my super guarantee obligations?

Answer: If your employees usually live and work in Australia and are only temporarily working overseas, there is no change to your pay as you go (PAYG) withholding, FBT and super guarantee obligations.

The situation may be more complicated if your employee ends up staying overseas for a lengthy period. We encourage you to first consider existing ATO advice on these issues. If you are unsure of the impact in your circumstances contact us for further guidance.

See also:

- [Employees who work in a foreign country](#)

Employees temporarily working in Australia

Question: I'm an Australian employer and my employee is not an Australian resident. They are working in Australia temporarily as a displaced employee because of COVID-19. What are my employer obligations?

Answer: You will normally have the same kind of tax obligations for all employees you have working in Australia. This includes PAYG withholding, FBT and super guarantee.

The same withholding rules apply to both your domestic employees and your displaced foreign employees.

Regarding foreign employees, some of these employees will not have an Australian tax liability on their employment income earned while in Australia (see [Not an Australian resident, temporarily in Australia](#)). Where this is the case, there are no PAYG withholding obligations.

We understand in the current environment you may have a larger workforce temporarily situated in Australia because of COVID-19. However it is important to ensure your displaced foreign employees will be supported in the same manner as your domestic staff. We are happy to work with you in setting up to meet your obligations to displaced employees.

See also:

- [PAYG withholding](#)

Question: My employee was temporarily working in Australia because of COVID-19 and I paid superannuation on their behalf. When they leave Australia can they withdraw that super?

Answer: Any superannuation paid on behalf of your displaced employees may be able to be withdrawn (subject to eligibility requirements and taxation) by the employee if they leave Australia permanently.

Generally your employee can claim a DASP if the following apply:

- They accumulated superannuation while working in Australia on a temporary resident visa issued under the *Migration Act 1958* (excluding Subclasses 405 and 410).
- Their visa has ceased to be in effect (for example, it has expired or been cancelled).
- They have left Australia.
- They are not an Australian or New Zealand citizen, or a permanent resident of Australia.

See also:

- [Departing Australia superannuation payment \(DASP\)](#)
- [Eligibility for DASP](#)

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Payments and reporting

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Answers to questions on:

- [Payments due before 23 January 2020](#)
- [Payments due from 23 January 2020](#)
- [PAYG instalment rates and payments](#)
- [Lodgment deferrals](#)
- [Excise and fuel tax credits](#)
- [Companies with substituted accounting periods](#)
- [Statement of tax record](#)

Payments due before 23 January 2020

Question: Can I defer the due dates for tax payments that were due before 23 January 2020?

Answer: No, you cannot defer due dates for tax payments that were already due before 23 January 2020.

However you can request a:

- remission of interest that has accrued on those debts from 23 January 2020

- low interest payment arrangement. Also see questions about [Interest and penalties](#).

Payments due from 23 January 2020

Question: Can I defer the due dates for tax payments that were due after 23 January 2020?

Answer: You can request a deferral of due dates for tax payments that were due after 23 January 2020 and which you have not yet been able to pay. Also see questions about [Interest and penalties](#).

PAYG instalment rates and payments

Question: I am not going to make enough income from my business, distributions or investment income this year to have a tax liability. Can I claim back the PAYG instalments I have already paid?

Answer: Yes – if the instalments you have been paying will be more than the tax liability you will owe at the end of the year, you can vary the instalment amount on your next activity statement.

Where you choose to vary your PAYG instalments we won't apply penalties or charge interest to varied instalments for the 2019–20 financial year.

You can vary your amount to either:

- zero, to make no payment this period
- a reduced amount, to cover what you estimate you need to pay for this period.

If you have varied your rate or amount down you can also claim a 5B credit for the amount you have already paid this financial year when you lodge your activity statement.

This will generate a refundable credit for the amount you have already paid when you lodge your activity statement.

Question: I am a taxpayer with an approved substituted account period (SAP). Can I vary my pay as you go (PAYG) instalment amount?

Answer: Yes. To the extent that the variation relates to PAYG instalments made by you during the affected SAP, you can vary your PAYG instalments on your activity statement.

Where you choose to vary your PAYG instalments we won't apply penalties or charge interest to varied instalments for the 2019–20 financial year.

Question: Can I vary my PAYG withholding amounts from employees to zero on my next activity statement, in the same way as I can vary my PAYG instalments?

Answer: No. Variations to your PAYG instalment liability only applies to instalments you pay towards your own tax liabilities. It does not apply to tax you withhold from

your employee wages. You will still need to report and pay these amounts.

Question: I'm an entity that will receive a refund from varying my PAYG instalments because of the impacts of COVID-19. This may result in my franking account balance being in deficit at the end of the 2019–20 financial year. I have two questions:

1. Will the Commissioner waive or remit my franking deficit tax (FDT) liability?
2. Will the Commissioner consider exercising his discretion to not reduce the available offset?

Answer to 1: No. The FDT liability cannot be waived or remitted under the law.

If your franking account balance is in deficit at the end of the 2019–20 financial year you must:

- lodge a franking account tax return
- pay the FDT liability by the last day of the month immediately following the end of the financial year.

The FDT liability will generally be due by 31 July 2020. If you are unable to pay by that date you can request a payment deferral. We will consider a deferral of the payment up to 30 September 2020.

Answer to 2: Yes. While the FDT liability cannot be waived or remitted, it can be claimed as a tax offset. In some circumstances, the available tax offset may be reduced by 30% unless the Commissioner exercises his discretion to not reduce the available offset.

If the deficit in your franking account was due to the unexpected downturn in your business directly related to COVID-19, and the deficit relates to franked dividends paid before 1 March 2020, the Commissioner will allow a franking entity to manage their tax affairs as if the Commissioner has exercised the discretion to not reduce the available tax offset. In these circumstances, the full amount of the tax offset entitlement created by the franking deficits tax liability will be available to the franking entity.

If your situation is different, contact us to discuss your circumstances.

Lodgment deferrals

Question: I have a deferred lodgment date for my 2019 tax return because I usually lodge through my tax agent. However, my tax agent is closed due to COVID-19. Can I lodge my own return online by the deferred due date?

Answer: Yes, you can lodge your own return online if you can no longer lodge through your agent. If you are entitled to a refund, you don't need to contact us and we will process your return as quickly as we can. If you are expecting to have an amount to pay from your assessment, contact us after you lodge so we can ensure you are not charged a late lodgement penalty, and we can defer your payment due date.

Excise and fuel tax credits

Question: What if I can't lodge my excise return or pay amounts owing due to COVID-19?

Answer: You need to contact us to discuss alternative arrangements.

Question: Can I get a fuel tax credit for my business use of fuel without lodging a business activity statement?

Answer: No – you need to make a claim for fuel tax credit on your business activity statement.

Question: Do I need to pay excise duty if I manufacture hand sanitiser?

Answer: Hand sanitiser does not usually attract excise, as its alcohol content has typically been treated (denatured) to make it unfit for human consumption. Denatured spirit may also be suitable for making other commercial cleaning products, and can be purchased without restriction. If you hold an excise manufacturer licence to distil spirits, you can make alcohol to manufacture into hand sanitiser.

We are simplifying and fast-tracking our advice and processes to support the further production of hand sanitiser during these difficult times.

More information is available on ato.gov.au/alcholexcise

Companies with substituted accounting periods

Question: I'm a company with an approved substituted accounting period (SAP) for an early balance date and I'm entitled to a refund. Can I lodge my company tax return early and receive the refund straight away?

Answer: You will be able to lodge your company tax return before the lodgment due date and receive a refund immediately if the company:

- is a full self-assessment taxpayer, and
- has an approved SAP with a balancing period that has concluded.

For example, if you have an approved SAP with an early balancing period ending on 31 December 2019, your ordinary lodgment due date would be 15 July 2020. If you choose to lodge your 2020 tax return before that date, you can receive your refund immediately.

However, if you have a debt with us and you are due to receive a refund we are required by law to use the refund or credit to reduce your debt. If you don't want this to happen, contact us to discuss your circumstances.

Statement of Tax Record

Question: I'm seeking to defer tax payments and lodgments because of the impact of COVID-19 on my business. Can I still meet the criteria to obtain a satisfactory

Statement of Tax Record (STR) for the purpose of tendering for Commonwealth Government contracts?

Answer: Yes. If we have agreed to defer the due date for your tax payments or lodgments you can still meet the relevant criteria for a satisfactory STR. This is because you won't have an outstanding tax payment or lodgment. You must still lodge or make your tax payment by the deferred due date.

Where you have a tax debt (for example income tax, PAYGW or GST) on our system, you must contact us to discuss payment options. Where we agree to a payment plan you will still meet the criteria relating to the payment of a tax debt.

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Interest and penalties

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- Last modified: 03 Apr 2020
- QC 62027

Answers to questions on:

- [Remitting interest and penalties incurred before 23 January 2020](#)
- [Remitting interest and penalties incurred after 23 January 2020](#)
- [Entering into a low interest payment plan](#)
- [Adjusting an existing payment arrangement](#)

Remitting interest and penalties incurred before 23 January 2020

Question: My business has been affected by COVID-19. Am I entitled to have all interest and penalties I currently owe remitted?

Answer: We will consider remitting interest and penalties that were incurred on or after 23 January 2020 in line with the COVID-19 remission policy. It will not apply to interest or penalties that were already incurred before 23 January 2020, but we can:

- consider whether your circumstances before 23 January 2020 would enable you to be granted a remission of interest and/or penalties
- arrange to stop interest being charged while the COVID-19-affected period continues, and for the life of a payment arrangement if you put one in place.

Remitting interest and penalties incurred after 23 January 2020

Question: My business has been affected by COVID-19. If I get an ATO debt now, will interest and penalties be remitted?

Answer: The COVID-19 remission applies to interest and penalties that were incurred on or after 23 January 2020.

Entering into a low interest payment plan

Question: What kind of low interest payment plan could I request?

Answer: We are currently able to consider payment arrangements where interest stops being charged going forward while the payment arrangement is in place. Your payment arrangement will still need to be something you are able to comply with and that is acceptable to the Commissioner (in that you will be paying back your debt as soon as possible in the circumstances). Phone us so we can work with you to make sure the options we provide are suitable for your situation.

Adjusting an existing payment arrangement

Question: I am currently in a payment arrangement for my business debt but, due to the impact of COVID-19, I can't keep paying instalments at the same rate. Can I get a change in my repayment rate or defer my next payment date?

Answer: Yes, we can consider adjusting your repayments to something that is manageable within your current cash flow while ensuring you are paying back your debt as soon as possible in the circumstances. A low interest arrangement could also be available to help you address your debt. Phone us so we can work with you to make sure the options we provide are suitable for your situation.

Question: I have a payment arrangement in place to pay my tax debt, but I can't afford to make the payments at the moment because my pay has dropped due to the COVID-19 outbreak. What can I do?

Answer: Phone us to discuss your options. We can suspend, vary or cancel your payment arrangement, and can make sure you are not charged interest on the outstanding debt while you are affected by COVID-19.

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Cancelled supplies and events

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Answers to questions on:

- [GST and cancelled taxable supplies](#)

- [FBT and cancelled events](#)

GST and cancelled taxable supplies

Question: I gave customers a reimbursement due to a cancelled sale or no show. What do I do about the GST?

Answer: If you provide your customer with a reimbursement due to a cancelled sale or no show, and you have already paid the GST to us, you can make a decreasing adjustment to reduce the amount of GST payable in your next activity statement.

You cannot claim back the GST from us as a decreasing adjustment until you have refunded or reimbursed your customer.

Reimbursement can take the form of:

- a payment in money
- the setting off of mutual liabilities or the issuing of a voucher.

Example

Johnny K Entertainment intended to hold a concert in April. In February, they sold 2,000 tickets for \$110 including GST. They remitted the \$20,000 GST to the ATO in their February monthly activity statement.

In March, they cancelled the concert and refunded all ticket holders \$110 each. In their March activity statement they included a decreasing adjustment of \$20,000 (1/11th of refunded amount).

See also:

- [Making adjustments on your activity statements](#)

FBT and cancelled events

Question: My employees were due to attend an event that has been cancelled. I paid for them to attend and the cost of them attending is non-refundable. Do I still have to pay FBT now that the event has been cancelled?

Answer: No, you don't have to pay FBT where you're liable to pay for the non-refundable costs. This is an arrangement between the employer and event organisers, and no fringe benefit has been provided.

If the employee was liable to pay for their attendance at the event which was cancelled, and you reimbursed them for the costs they incurred, you may have to pay FBT as you're providing an expense payment benefit – unless the otherwise deductible rule applies.

See also:

- [Fringe benefits tax](#)

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International business

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- Last modified: 03 Apr 2020
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Answers to questions on:

- [Central management and control \(CM&C\)](#)
- [Permanent establishment](#)
- [Significant global entity \(SGE\) penalty](#)
- [PAYG withholding](#)

Central management and control (CM&C)

Question: I run a foreign incorporated company that is not an Australian tax resident. I've needed to make alternative arrangements for board meetings because of travel restrictions. Does this mean the central management and control is in Australia?

Answer: If the only reason for holding board meetings in Australia or directors attending board meetings from Australia is because of impacts of COVID-19, then we will not apply compliance resources to determine if your central management and control is in Australia.

The spread of COVID-19 has resulted in overseas travel bans and restrictions and a high degree of uncertainty generally around international travel. You may be concerned about these impacts on your corporate residency status because of a need to change locations of board meetings or where directors attend them from.

Some boards of foreign-incorporated companies that are not Australian tax residents may temporarily suspend their normal pattern of board meetings because either:

- there are overseas travel bans or restrictions
- the board has made the decision to halt international travel because of the present uncertainties around international travel due to COVID-19.

If these companies instead hold board meetings in Australia or directors attend board meetings from Australia, this will not by itself in the absence of other changes in the company's circumstances alter the company's residency status for Australian tax purposes.

We will continue to monitor the evolving effects on businesses in these circumstances and update our guidance if there are further developments as a result of COVID-19.

Permanent establishment

Question: I run a foreign incorporated company that is not an Australian tax resident. Does the unplanned presence of my employees in Australia now lead to the existence of a permanent establishment in Australia?

Answer: COVID-19 has resulted in overseas travel restrictions and a high degree of uncertainty generally around international travel. Foreign companies may be concerned about potential impacts on their business and tax affairs because of the result of a presence of employees in Australia.

The impacts of COVID-19 will not, in itself, result in the company having an Australian permanent establishment if it meets all the following:

- The foreign incorporated company did not have a permanent establishment in Australia before the impacts of COVID-19.
- There are no other changes in the company's circumstances.
- The unplanned presence of employees in Australia is the short-term result of them being temporarily relocated or restricted in their travel as a consequence of COVID-19.

If you didn't otherwise have a permanent establishment in Australia before the impacts of COVID-19 and the presence of employees in Australia is because they are temporarily relocated or restricted in their travel as a consequence of COVID-19, then we will not apply compliance resources to determine if you have a permanent establishment in Australia.

We will continue to monitor the evolving effects on business and issue further guidance if there are developments as a result of COVID-19.

Significant global entity (SGE) penalty

Question: If I don't lodge an approved form including the general purpose financial statement (GPFS) on time, will the ATO remit the failure to lodge on time SGE penalty?

Answer: We encourage you to lodge on time. However, we will remit the failure to lodge on time SGE penalty for a period of 30 days from the lodgment date of the approved form if all of the following apply:

- You are an SGE that is required to lodge an approved form (including the GPFS) with us by or before 31 May 2020.
- You are unable to lodge that approved form (including the GPFS) due to circumstances beyond your control that arise as a direct result of COVID-19.
- The failure to lodge on time SGE penalty is incurred after 23 January 2020 and on or before 31 May 2020.

If your lodgment is more than 30 days late, you will need to contact us to discuss

your specific circumstances.

Despite the penalty remission, you will still need to make your payments on time. If you are having problems making your payments, you may be able to defer some payments.

You can contact the [large services team](#) to discuss lodgment and payments.

We will continue to monitor the effects of COVID-19 and will update our guidance as further developments occur.

PAYG withholding

Question: I'm a foreign employer and my employee is not a resident of Australia. They are working in Australia temporarily as a result of COVID-19. Do I have to register for PAYG withholding?

Answer: We do not expect you to register for PAYG withholding if the only reason your employee is now working in Australia is because of the impacts of COVID-19 on travel and it is anticipated that they will leave before 30 June 2020.

We understand that it is unknown how long the impacts of COVID-19 regarding travel will last. We will continue to monitor the evolving impacts of travel restrictions and update our guidance if there are further developments as a result of COVID-19.

Return to:

- [COVID-19 frequently asked questions](#)

Self-managed super funds

- <https://www.ato.gov.au/General/COVID-19/In-detail/COVID-19-frequently-asked-questions/?page=8>
- Last modified: 03 Apr 2020
- QC 62027

Answers to questions on:

- [Temporarily reducing superannuation minimum payment amounts](#)
- [Temporarily reducing rent](#)
- [SMSF residency](#)
- [In-house asset restrictions](#)
- [Super balance losses](#)
- [Investment strategies](#)

Temporarily reducing superannuation minimum payment amounts

Question: I am retired and receive an account-based pension from my SMSF. My

account-based pension balance has been badly affected by the losses in the financial market because of the COVID-19 crisis. I would like to reduce my pension payments. Does the SMSF still need to pay me the minimum amount that was calculated based on my account balance at 1 July 2019?

Answer: Certain superannuation pensions and annuities are subject to rules about minimum and maximum amounts paid in a financial year. To assist retirees, the government has reduced the minimum annual payment required for account-based pensions and annuities, allocated pensions and annuities and market-linked pensions and annuities by 50% in the 2019–20 and the 2020–21 financial years.

See also:

- [Minimum annual payments for super income streams](#)

Temporarily reducing rent

Question: My SMSF owns real property and wants to give my tenant – who is a related party – a reduction in rent because of the financial impacts of the COVID-19. Charging a related party a price that is less than market value is usually a contravention. Given the impacts of the COVID-19, will the ATO take action if I do this?

Answer: Some landlords are giving their tenants a rent reduction or waiver because of the financial impacts of the COVID-19 and we understand that you may wish to do so as well. Our compliance approach for the 2019–20 and 2020–21 financial years is that we will not take action where an SMSF gives a tenant – who is also a related party – a temporary rent reduction or waiver during this period.

Where there are temporary changes to the terms of the lease agreement in response to COVID-19 it is important that the parties to the agreement document the changes and the reasons for the change. This could be by way of a minute or a renewed lease agreement or other contemporaneous documentation.

SMSF residency

Question: After temporarily residing overseas for less than two years, we were about to return to Australia but became stranded overseas because of the COVID-19 health crisis. This forced absence means we will be out of Australia for more than two years. What will this mean for our SMSF?

Answer: An SMSF must be an Australian super fund to be a complying fund and receive concessional tax treatment.

To be an Australian super fund an SMSF must meet three residency conditions, see [Check your fund is an Australian super fund](#). The second and third conditions are relevant in this case.

The COVID-19 health crisis has resulted in many countries imposing travel bans and restrictions and a high degree of uncertainty generally around international travel.

If the individual trustees of an SMSF or directors of its corporate trustee are stranded overseas due to COVID-19, in the absence of any other changes in the SMSF or the trustees' circumstances affecting the other conditions, we will not apply compliance resources to determine whether the SMSF meets the relevant residency conditions..

See also:

- [Carrying on a business in a SMSF](#)

In-house asset restrictions

Question: The downturn in the share market may result in the fund's in-house assets being more than 5% of the fund's total assets. The in-house asset rules would be breached. What do I need to do?

Answer: If, at the end of a financial year, the level of in-house assets of a SMSF exceeds 5% of a fund's total assets, the trustees must prepare a written plan to reduce the market ratio of in-house assets to 5% or below. This plan must be prepared before the end of the next following year of income. If an SMSF exceeds the 5% in-house asset threshold as at 30 June 2020, a plan must be prepared and implemented on or before 30 June 2021. However, we will not undertake compliance activity if the rectification plan was unable to be executed because the market has not recovered or it was unnecessary to implement the plan as the market had recovered.

See also:

- [In-house assets](#)

Super balance losses

Question: My super balance has been affected by downturns in the global economy. Can I claim this loss?

Answer: We understand that downturns in the global economy may impact on your super balance. Realised losses arising in a super fund may be available to the fund to deduct against realised gains in future years, however these losses are not available to you to deduct in your own personal tax return. As you don't return any profit made in your super fund as assessable income in your personal tax return, similarly you can't claim a deduction for the loss in your super balance. However if you made personal super contributions during the financial year to a complying super fund, you may be able to claim a deduction for those contributions.

See also:

- [Personal super contributions](#)

Investment strategies

Question: The downturn in the market has impacted on my SMSF's investment strategy. What do I need to do?

Answer: Trustees must prepare and implement an investment strategy for their SMSF, which they must then give effect to and review regularly. The strategy should be reviewed at least annually, and you should document that you've undertaken this review and any decisions arising from the review. Certain significant events, such as a market correction, should also prompt a review of your strategy and may require updating your investment strategy.

Where the assets of an SMSF or the level of investment in those assets fall outside of the scope of your investment strategy, you should take action to address that situation, which could involve adjustments to investments or updating your investment strategy. We don't consider that short term variations to your articulated investment approach, including to specified asset allocations whilst you adjust your investments, constitute a variation from your investment strategy.

All investment decisions must be made in accordance with the investment strategy of the fund. If in doubt, trustees should seek investment advice.

See also:

- [Your self-managed super fund investment strategy](#)

Return to:

- [COVID-19 frequently asked questions](#)

Pausing or ceasing your business

- <https://www.ato.gov.au/General/COVID-19/In-detail/COVID-19-frequently-asked-questions/?page=9>
- Last modified: 03 Apr 2020
- QC 62027

Question: I have had to pause my business. Do I need to cancel my ABN and GST registration?

Answer: If you have temporarily ceased some trading activities in your business but you intend to restart when you can, you are not required to cancel your ABN and GST registration.

This is the case even where 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 cease your business.

Example – an enterprise that has not terminated

Jodie, who has been running a cafe for a number of years, is required to pause her business due to COVID-19. She does not provide takeaway services. Jodie is uncertain when she will reopen her business.

Jodie retains the café's assets and continues to pay reduced rent on the premises. The business has not terminated and Jodie is not required to cancel her ABN. Jodie will continue to lodge her activity statements to claim GST credits for the GST on expenses related to her business.

Question: I have permanently ceased my business due to COVID-19. When do I need to cancel my ABN and GST registration?

Answer: If you need to permanently cease your business as a result of COVID-19, it is important that your tax affairs are finalised before you cancel your ABN.

Before you close your business you need to lodge your final activity statement. This allows us to finalise your account and issue any refunds that might be owed to you.

You will need to cancel your ABN within 28 days and GST registration within 21 days of ceasing your business activities.

Question: When am I considered to have permanently ceased my business for GST purposes?

Answer: A business ceases when the activities related to that enterprise cease. That occurs when both of the following occur:

- All assets are disposed of or converted to another purpose or use. Disposal of assets may include the sale, scrapping, or other disposal of the assets.
- All tax obligations are satisfied.

There may still be some other activities undertaken to terminate the business. These activities may include the preparation of final accounts, activity statements and tax returns.

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

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

Example – an enterprise that has not terminated and has unused stock

Joel has been running a craft shop selling craft supplies for a number of years. He decides to close his shop. All assets are sold with the exception of a number of stationery items. Joel expects to sell the stationery items in the future. In the meantime, he pays to have them stored in a commercial warehouse.

The enterprise has not terminated until the stationery is sold or is determined to be worthless or of little value.

See also:

- [Cancelling your GST registration](#)
- [Adjusting for assets retained after cancelling GST registration](#)

Question: What are the tax consequences if I need to dispose of capital assets when ceasing or pausing my business?

Answer: There may be GST and CGT implications when you dispose of your capital assets.

For the most common topics you need to consider when selling or closing a business see [Changing, selling or closing your business – things to consider](#).

Question: What tax and super obligations do I need to consider when closing my business?

Answer: You need to ensure that you continue to meet your tax and super obligations. This includes:

- fringe benefits tax
- pay as you go withholding
- eligible termination payments for your employees
- super guarantee for your employees
- capital gains tax (CGT)
- GST.

You are still required to pay the minimum amount of super guarantee for your employees into the correct fund by the due date. This will be based on their eligible 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. This will reduce the super guarantee charge. You will need to lodge a super guarantee charge statement within a month of the due date and pay the charge to us. If you are having trouble paying the super guarantee charge to us we can work with you to set up a payment arrangement.

Question: What records do I need to keep when ceasing my business?

Answer: If you close your business you will need to keep records relating to:

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

See also:

- [Selling or closing your business – records](#)

Question: I am pausing or ceasing my business due to COVID-19. What steps do I need to take if I am reporting through Single Touch Payroll (STP)?

Answer: 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 you are STP reporting, here's what you can do:

- If you have had to let employees go – Make sure you report their cessation 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 won't be paying employees for a while – You or your registered tax or BAS agent can let us know that you have no further requirement to report through
 - the Business Portal (employers) – select Manage employees then STP deferrals or exemptions
 - Online services for agents – select Business then STP deferrals and exemptions.

Question: I no longer have any employees due to COVID-19. When do I need to finalise my STP reporting for them?

Answer: For employees who have ceased employment you don't need to wait until the end of financial year to finalise your STP data. Finalising is an important step as it enables individuals to lodge their tax return at the end of the year.

See also:

- [Finalising your Single Touch Payroll data](#)
- [Single Touch Payroll](#)

Return to:

- [COVID-19 frequently asked questions](#)

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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