



What To Do If Emergencies Impact Your Business

In Australia, we're no strangers to bushfires, floods, droughts and storms that strike without warning. These natural disasters can have an impact on your business and your capacity to earn an income. The ATO recognises this and has made certain allowances.

Lodging tax returns

If you have been struck down by an emergency, the ATO will allow you to lodge your tax return and BAS form at a later date without penalties. If you have a tax debt to pay, the interest on your debt will be withdrawn until a later date when you can start to make payments. This includes amounts owing on your Business Activity Statement (BAS). Your PAYG may also be altered if there has been a significant change to your income or tax situation.

If you've been a volunteer assisting people affected by a significant disaster, the ATO may also be able to give you more time to pay your tax if applicable.

If you're an employer and provide a one-off payment to help your staff in an emergency situation, the payment is not taxable, and you won't have to withhold PAYG. You can also claim a tax deduction for providing relief as a business expense.

Post Codes

The ATO can use a list of affected post codes to automatically identify people and businesses in disaster-affected areas, tax extensions are offered for those with tax obligations. If you are contacted, you won't have to make a deferral request.

If you need additional time to lodge your tax obligations, the ATO will consider your circumstances on a case by case basis and look at your lodgement obligations, due dates and deferrals.

Lost and/or damaged information

In the event that your identity papers, tax information, business documents have been damaged or lost, the ATO can help you reconstruct your records. Your tax agent can help you contact the ATO to make a reasonable estimate for documents destroyed by disaster.

The ATO will reconstruct your records by looking at information they already have such as previous tax returns, notices of assessment, payment summaries and income statements, speaking with third parties and working with your tax agent. They may even provide on-site visits to be able to work out a reasonable estimate. You will need to provide a signed statement to declare that the information is true and correct.

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If your business has been affected, the ATO will help you reconstruct your business documents, BAS forms, PAYG summaries and superannuation payments. They will use bank statements, third party information, past BAS forms, employee income statements and other industry parameters to provide an accurate estimate.

Assistance payments

You may have received a relief payment from a local, state or federal government agency, a charity or your employer. One-off payments are tax free, but regular payments may be taxable, such as payments from Centrelink.

Common types of payments from local, state or federal government may incur tax and may also have GST implications which will need to be recorded in your tax return and on your BAS form. You may not have to pay GST on grants from government and private bodies provided the grant doesn't provide anything of value in return. Emergency assistance in the form of gifts are not taxable.

Common payments may be from:

- Australian Government Disaster Recovery Payments (DRP)
- Disaster Recovery Allowance (DRA)
- Natural Disaster Relief and Recovery Arrangements (NDRRA), and
- ex-gratia recovery payments.

Fringe Benefits

Normal Fringe Benefits, such as providing accommodation and transport to your employees, does not apply in an emergency situation. Where an employer has provided help to employees, the benefits are exempt where the assistance is in the form of health care, food, clothing, accommodation, transport and/or temporary repairs.

The exemptions also apply where an employee is affected by an accident, serious illness, armed conflicts, civil disturbances or any similar event.

If you or your business has been affected by an emergency or natural disaster, your ITP The Income Tax Professionals tax agent will be able to help you with your tax obligations and seeking help and assistance from the ATO. The ATO works closely with tax agents and will endeavour to provide the assistance you need and to make any claims, payments and grants you may be eligible to receive. Make sure you have an emergency plan into place to keep safe.

ITP The Income Tax Professionals are more than tax agents. They have been helping Australian individuals and businesses with their business accounting and advice for 50 years and offer a wealth of knowledge. Speak to a Professional today and see how your business can be more profitable.



**THE INCOME TAX
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