

INTEREST FREE PERIOD ON ATO DEBT FOR SMALL BUSINESS

On the 10th June 2009 the Commissioner of Taxation, Michael D'Ascenzo, announced new measures to help businesses that are having difficulty paying their tax debt. The following initiatives, which are within the Commissioner's administrative powers, were implemented on 1 June 2009.

Twelve month interest-free payment arrangements

The ATO is providing a 12 month general interest charge (GIC)-free payment arrangement for micro businesses struggling to meet their obligations. In many cases these businesses will be facing a significant loss of income or be unable to access affordable credit as a result of the economic downturn.

The ATO recognises the pressures on small business and don't want the GIC to be the difference between a business surviving and being able to meet its tax and superannuation obligations and the insolvency of that business.

This offer is available to all businesses with an annual turnover of less than \$2 million who have an activity statement debt.

For these businesses, payment arrangements (activity statement and income tax) negotiated from 1 June 2009 until 30 June 2010 will have GIC remitted for the period the payment arrangement is maintained (up to a maximum of 12 months).

Businesses need to contact the ATO as early as possible if they would like to take advantage of this offer. They can call 13 11 42 to discuss their circumstances with a view to negotiating a sustainable interest free payment arrangement.

An alternative for businesses with debts less than \$25,000 is to call the ATO's automated phone service on 13 72 26 which operates 24/7. This automated phone service has been very successful, with over 60,000 arrangements approved in the 10 months to April this year.

Regardless of whether people use the automated service or speak directly with someone from the ATO, they will be eligible for a GIC free payment arrangement. Once the arrangement is approved they will receive a letter of confirmation together with payment slips. It is important that the individual business keeps up its end of the bargain.

If you know someone with a tax debt or experiencing payment difficulties encourage them to visit www.ato.gov.au/businessdebt or to phone 13 11 42 from 8am–6pm, Monday to Friday.

Interest-free deferral of the payment due date on activity statement liabilities

The ATO are also providing a deferral of the payment due date on activity statement liabilities. This initiative aims to provide relief to businesses facing financial difficulties while keeping them in the tax system. The details are as follows:

- micro businesses facing short term financial difficulties can contact the ATO on 13 11 42 (8am to 6pm Monday to Friday) to request a deferral of payment on their next activity statement. A deferral of up to two months can be granted for quarterly and annual payers and up to one month for monthly payers
- activity statements still have to be lodged on time
- the deferral applies to activity statements which are required to be lodged and have not yet been lodged, and
- no interest applies for the period of the deferral.