

What is a Business Activity Statement?

Simplified business tax reporting

A Business Activity Statement (BAS) is a form that Australian businesses use to report their tax obligations to the Australian Taxation Office (ATO). It consolidates various tax liabilities into a single document, simplifying the reporting process.

Who needs to lodge a BAS?

Businesses are required to lodge a BAS if they:

- **Are registered for Goods and Services Tax (GST):** Businesses with an annual turnover of \$75,000 or more (\$150,000 for non-profit organizations) must register for GST and, consequently, lodge a BAS.
- **Have other tax obligations:** Even if not registered for GST, businesses may need to lodge a BAS to report other obligations like Pay As You Go (PAYG) withholding or instalments.

Components of a BAS

A BAS may include reporting for:

- **Goods and Services Tax (GST):** Reporting GST collected from sales and GST paid on purchases.
- **PAYG Withholding:** Tax withheld from employee wages.
- **PAYG Instalments:** Prepaid amounts towards expected income tax liability.
- **Fringe Benefits Tax (FBT) Instalments:** Payments towards FBT liabilities.
- **Other taxes:** Including Luxury Car Tax (LCT), Wine Equalisation Tax (WET), and Fuel Tax Credits, if applicable.

How does BAS work?

The ATO issues a BAS tailored to your business's tax obligations before the end of each reporting period. Businesses must complete and submit the BAS by the due date, along with any payment owed.

Reporting and payment frequencies

BAS lodgement frequency is determined by a business's GST turnover and tax obligations:

- **Monthly reporting:**
 - Required for businesses with a GST turnover of \$20 million or more.
 - The BAS is due on the 21st day of the following month.
- **Quarterly reporting:**
 - Available for businesses with a GST turnover under \$20 million (unless the ATO requires monthly reporting).
 - Due dates:
 - Q1** (July – September) – **28 October**
 - Q2** (October – December) – **28 February**
 - Q3** (January – March) – **28 April**
 - Q4** (April – June) – **28 July**

What is a Business Activity Statement?

- **Annual reporting:**

- Eligible for businesses with a GST turnover under \$75,000 (\$150,000 for non-profits) who voluntarily register for GST.
- The BAS is lodged along with the business's annual tax return, and any GST owed is paid at that time.

Turnover thresholds for compliance

Businesses need to consider the following thresholds to determine their BAS and GST obligations:

- **GST registration threshold:**

- Businesses with an annual turnover of \$75,000 or more (\$150,000 for non-profits) must register for GST and lodge a BAS.
- Businesses below this threshold can choose to register voluntarily.

- **Reporting frequency thresholds:**

- Businesses with a turnover of \$20 million or more must lodge a BAS monthly.
- Businesses with a turnover below \$20 million generally lodge quarterly, unless instructed otherwise.
- Businesses under \$75,000 turnover (\$150,000 for non-profits) may be eligible to lodge BAS annually.

Consequences of non-compliance

Failing to lodge a BAS on time can result in penalties:

- **Late lodgement penalties:**

- Small entities (turnover under \$1 million) face a penalty of one unit (\$313 as of 1 July 2023) per 28-day period overdue, up to a maximum of five units (\$1,565).
- Medium and large businesses incur higher penalties.

- **General Interest Charge (GIC):**

- Interest accrues daily on unpaid amounts, compounding until the debt is settled.

Where to get further information

Contact your team at Indigo Financial if you have any questions and to ensure compliance and optimise your tax reporting processes.

For further detailed guidance tailored to your business size and circumstances:

- **Small businesses:** Visit the ATO's Small Business Newsroom for updates and resources
- **Medium to large businesses:** Refer to the ATO's guidelines specific to larger enterprises
- **General information:** The ATO's official website provides comprehensive resources on BAS preparation, lodgement and payment (ato.gov.au)



Indigo Financial Pty Ltd | A.B.N. 61 113 795 378

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South Australia Level 1, 19 Sturt Street, Adelaide SA 5000 | Tel 08 8212 8585

New South Wales 364 Argent Street, Broken Hill NSW 2880 | Tel 08 8088 6041

inquiries@indigofinancial.com.au | www.indigofinancial.com.au

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