

Pausing or ceasing your business

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 café 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.
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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 \(/Business/GST/If-your-business-changes-or-ceases/Cancelling-your-GST-registration/\)](#).
- [Adjusting for assets retained after cancelling GST registration \(/Business/GST/In-detail/Managing-GST-in-your-business/Ceasing-business/Adjusting-for-assets-retained-after-cancelling-GST-registration/\)](#).

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 \(/Business/Changing,-selling-or-closing-your-business/In-detail/Things-to-consider/\)](#).

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 \(/Business/Record-keeping-for-business/Detailed-business-record-keeping-requirements/Selling-or-closing-your-business---records/\)](#).

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**.

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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 \(/Business/Single-Touch-Payroll/In-detail/Single-Touch-Payroll-employer-reporting-guidelines/?anchor=FinalisingyourSingleTouchPayrollreport1&anchor=FinalisingyourSingleTouchPayrollreport1#FinalisingyourSingleTouchPayrollreport1\)](#)
- [Single Touch Payroll \(/business/Single-Touch-Payroll/\)](#).

Return to:

- [COVID-19 frequently asked questions \(?anchor=COVID19frequentlyaskedquestions#COVID19frequentlyaskedquestions\)](#).

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