

TAX FACTS - WHAT IS AN ACTIVITY STATEMENT?

An activity statement is a report that businesses in Australia use to report and pay various taxes to the Australian Taxation Office (ATO). It is a consolidated form that allows businesses to report multiple tax obligations on a single document, reducing paperwork and administrative burden.

Key points about activity statements:

- 1. Reporting Period:** Activity statements are usually lodged and submitted either quarterly or monthly, depending on the business's specific circumstances and tax obligations. Generally, businesses can lodge and pay quarterly if annual turnover is less than \$20 million, and total annual PAYG withholding is \$25,000 or less. Businesses that exceed one or both of those thresholds will have at least some monthly obligations whilst some businesses or individuals with small obligations may be able to lodge and pay annually.
- 2. Tax Obligations:** Activity statements cover several tax obligations, including Goods and Services Tax (GST), Pay as You Go (PAYG) withholding for employees' income tax, PAYG instalments, Fringe Benefits Tax (FBT), Luxury Car Tax (LCT), and Wine Equalisation Tax (WET), among others.
- 3. GST Reporting:** Goods and Services Tax is a key component of activity statements. Businesses that are registered for GST need to report their GST-related sales, purchases, and expenses on the activity statement. This includes the GST charged on sales and the GST credits claimable on purchases.
- 4. PAYG Withholding Reporting:** If a business has employees, they need to report the amount of income tax withheld from employees' wages on the activity statement. This helps reconcile the amount of tax withheld from employees' pay with the amount payable to the ATO.
- 5. PAYG Instalments:** Some businesses are required to pay PAYG instalments, which are periodic payments towards their expected income tax liability for the year. The activity statement provides a section to report and pay these instalments.
- 6. Lodging and Payment:** Activity statements can be lodged electronically through the ATO's Business Portal or via registered tax agents. They can also be lodged manually using paper forms. Payment of any amounts owing to the ATO is typically made at the time of lodging the activity statement.
- 7. Deadlines:** The due dates for lodging and paying activity statements depend on the reporting period and the lodgment method used. Generally, quarterly activity statements are due one month after the end of the relevant quarter, while monthly activity statements are due by the 21st day of the following month.

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