



Don't lose a tax deduction for non-compliant payments to employees

If you are running a business, you can no longer claim deductions for payments to employees/workers if you have not met your Pay As You Go (PAYG) Withholding obligations.

This applies to tax returns lodged for the 2020 year onwards.

The PAYG rules require that you:

1. Withhold the tax amount from the payment before you pay your employee; and
2. Report that amount to the ATO – in a Business Activity Statement (BAS)

You will only lose your tax deduction if no amount is withheld or reported to the ATO, unless you voluntarily disclose this to the ATO before the ATO ever audits you.

These new laws have been introduced to level the playing field for businesses doing the right thing by their employees.

NEXT STEPS

Please contact **Steve Chadwick Accounting** today if you have any questions about how these new laws may affect how you do things in your business!