



Varying PAYG instalments

Businesses experiencing financial difficulty due to COVID-19 may be over-paying their PAYG instalments if their current rate no longer reflects their estimated tax for the year. This can cause further cash flow problems for businesses already in distress.

In response to this, the ATO is providing increased flexibility towards varying PAYG instalments for businesses who have experienced an adverse change in trading conditions. As part of these measures, taxpayers with PAYG instalments are entitled to:

- Vary PAYG instalment amounts (including varying to zero if it is predicted that you will have significantly less income than expected, or it is expected that deductions against your business or investment income will be higher than the income itself for a year) for the March 2020 quarter.
- Claim a refund for instalments made for the September 2019 and December 2019 quarters. This can be done by claiming a 5B credit on your activity statement. If you do not claim back a credit for these instalments, overpaid PAYG instalments will be credited back to you after your tax return has been processed.

Businesses wishing to vary instalments will need to:

- Lodge a revised activity statement (before the due date and before the yearly tax return is lodged) that varies their PAYG instalment for the March 2020 quarter to up to nil.
- Provide the reason for variation (change in trading conditions) on their BAS.

Regular interest and penalties will not apply to PAYG instalments that have been varied as a result of COVID-19. However, the initiative is intended to support cash flow, and will not affect your net liability for the 2020 income year.

Miscalculations made regarding PAYG instalments can be rectified by lodging a revised activity statement, or varying a subsequent instalment. Please give us a call if you need a hand.

**PROVIDING
SOLUTIONS
THAT MAKE A
DIFFERENCE
TO YOU.**