



Monthly Information Newsletter – Tax & Super

December 2021

ATO's ABN cancellation program continues

You may need to take action to prevent the cancellation of your ABN.

The ATO has announced that it is continuing to review inactive Australian Business Numbers (ABNs) for cancellation. Your ABN may be selected for review if you have not reported business activity in your tax return, have not lodged activity statements that include business income, or there are no other signs of business activity in other lodgements or third-party information. This includes running a legitimate business but forgetting or neglecting to lodge tax returns and activity statements.

If your ABN is cancelled, you have no legal business. This means you are operating illegally.

The purpose of cancelling inactive ABNs is to ensure information on the Australian Business Register (ABR) is correct and up-to-date. Emergency services and government agencies use information from the ABR during natural disasters to identify where financial disaster relief is needed to help businesses.

Your customers and suppliers may also use the ABR to verify that they are dealing with a legitimate business (particularly at the commencement of a business relationship). If there is no ABN appearing on the register, then that customer or supplier will likely withhold 45% of any payments due to your business, and may subsequently cease to deal with you. Further, other businesses need a valid ABN from you on tax invoices you provide them with in order to claim GST credits in relation to purchases from you.

ABN cancellation scenarios

- If your ABN is identified for cancellation, the ATO may contact you and advise what actions you need to take in order to prevent them cancelling it. This may include lodging outstanding returns of activity statements showing business income.
- If you are no longer in business, you do not need to take any action.

- If your ABN is cancelled but you are still carrying on an enterprise and believe you are entitled to one, you will need to reapply to reactivate it via www.abr.gov.au.

When reactivating a cancelled ABN, you can list your previous ABN on the application for a new ABN. Reactivating a cancelled ABN is free, however you may be charged a fee if your business name needs to be re-registered.

The ATO may conduct a manual review when you reactivate a cancelled ABN. Generally, this will determine your eligibility and entitlement for an ABN. Eligibility depends upon whether you are carrying on an enterprise.

You can reapply for the same ABN if your business structure remains the same. However, if your business structure has changed, you will need to apply for a new ABN (for example, if you were a sole trader, but you now operate through a company structure).

You may wish to contact your accountant for assistance on any of the above.

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