



PAYG INSTALMENT RELIEF

Economic crisis or not, businesses traditionally experience tightening cash flows in February and March each year following the Christmas and holiday season frenzy.

To help your cash flow, take advantage of the Government's announcement in December last year to cut the PAYG instalment payable for the 31 December 2008 quarter by 20%.

Who's eligible?

Small businesses with an aggregated turnover of \$2 million per annum or less.

What does the reduction apply to?

The reduction applies only to the instalment amount on the BAS sent out by the ATO for the December 2008 quarter.

If you pay your instalments quarterly (as most small businesses do), you should only pay 80% of the instalment amount due on 3 March 2009. Although this amount is normally due on 28 February 2009, because this date falls on a long weekend in some States the due date has been extended Australia-wide by the ATO.

If your small business has elected to report and pay its GST on a monthly basis rather than quarterly, your December 2008 PAYG instalment was due on 21 January 2009.

What if I pay the full amount?

If you are eligible to pay the reduced PAYG instalment but you pay the full amount advised by the ATO on your BAS for the December 2008 quarter, you have a couple of options:

1. *do nothing* – the ATO will treat the additional 20% payment as a 'voluntary payment' towards your income tax liability; or
2. *contact the ATO* – you can request the ATO to apply the additional 20% payment to your next PAYG instalment or ask for it to be refunded.

Should you require any further information or would like to make an appointment to discuss the above please do not hesitate to contact Michelle Pearce, John Fara or Chris Rutter on (02) 9555 1309.

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