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Our focus areas for small business

Learn what risk areas we're focused on for small businesses and our approach to compliance.

Small business focus areas

The risks we're focused on right now.



What attracts our attention in small business

Risky behaviours that are attracting our attention.



Our approach for small business

Our treatment methods and compliance approach to risky behaviour.



Business income is not personal income

The behaviours we look at when small businesses use business money or assets for personal use or benefit.



Deductions and concessions



Risks that attract our attention when small businesses incorrectly

Operating outside the system

Our focus on small businesses who deliberately operate outside the tax, super and registry system.

Building good habits

Support for small businesses to develop good habits throughout their business lifecycle.

QC 103449

Small business focus areas

The risks we're focused on right now.

Last updated 1 October 2025

We'll help you get it right the first time

We know most small businesses try to do the right thing.

To ensure all businesses meet their tax, super and registry obligations, we will take firmer action on those who knowingly do the wrong thing. This will prevent them from gaining an unfair advantage over others.

We want small businesses to get things right. Each quarter, we will highlight specific risk areas.

Our focus areas

Focus areas	Risks
Business income is not personal income	Using business money and assets for personal benefit

Deductions and concessions	Non-commercial business losses Small business capital gains tax concession Small business boost measures
Operating outside of the system	GST registration and income of taxi, limousine and ride-sourcing services Contractors omitting income Property and construction industry – key tax and super risks Industry-specific tax risks: Property, construction and professional services
Building good habits	Quarterly to monthly GST reporting Get ready for business

Help and support

If any of these risk areas apply to your business, help is available:

- Learn more about learning resources, tools and services available to support small business.
- Complete free, self-paced courses on [essentials to strengthen your small business](#).
- Learn how to create good business habits.
- Stay informed with Small business newsroom and Tax professionals newsroom.
- For businesses with a turnover greater than \$10 million, visit our What attracts our attention page.
- Find out how to fix a mistake or error.
- Register your business correctly.
- Speak to a registered tax professional or [contact us](#).

QC 103450

What attracts our attention in small business

Risky behaviours that are attracting our attention.

Last updated 28 November 2024

What attracts our attention and what we're doing about it

We will be clear and tell you what we are concerned about, why we are concerned and what we will be doing about it. This is to help you get it right the first time and help us be transparent in our dealings with you.

Risky behaviours that are attracting our attention are small businesses that:

- knowingly operate outside of the system, like not declaring all income and over-claiming expenses
- deliberately don't report or register correctly, and don't lodge and pay in full and on time
- don't know their tax and super obligations, including those of their employees
- employers who pay in cash and don't declare income to avoid their tax and super obligations
- use business funds and assets to support their personal lifestyle, tax-free
- have poor record keeping and/or cash flow management

We provide this information to:

- be transparent about what draws our attention
- be clear about the consequences of operating outside of the system

- help guide conversations between small businesses and their tax professionals
- encourage people to set up good business habits from the start.

How we define a small business

When we say small business, we mean a sole trader, company, trust or partnership that both:

- operates a business for all or part of the financial year
- has an aggregated annual turnover of **less than \$10 million**.

Your concerns

If you're concerned about your tax or super position, you can:

- engage with us for advice
- correct a mistake by requesting an amendment or making a voluntary disclosure
- contact your registered tax professional for help and advice.

If you know or suspect **illegal phoenix activity**, tax evasion or shadow economy behaviour you can either:

- complete the **tip-off form** , which is also available in the contact us section of the ATO app
- phone the Shadow Economy hotline on **1800 060 062**.

The information you provide is treated confidentially, and tip-offs can be made anonymously. There are laws that will protect your privacy.

QC 103451

Our approach for small business

Our treatment methods and compliance approach to risky behaviour.

Published 28 November 2024

Our focus

Our areas of focus are determined by what we are seeing in our audits, coupled with data matching and resources to find businesses that are not correctly registered or are operating outside of the tax and super systems.

Our targeted treatment approaches will vary and include the following.

Education and awareness activities

We want to help small businesses get it right. We aim to:

- provide education and tailored support to address common errors
- provide free, self-paced courses on [essentials to strengthen your small business](#)
- promote the benefits of more regular reporting and payment of tax obligations, to support businesses to manage their cashflow
- work in partnership with professional and industry associations
- undertake early debt intervention where we see debt increasing or taxpayers going off track
- send prompt or reminder messages
- provide industry specific education and messaging to keep small businesses on track
- publish relevant information on
 - ato.gov.au website
 - Small business newsroom
 - Tax professionals newsroom
 - [ATO webinars](#) and other masterclasses.

Help and correction activities

If we find a concern, we will contact the small business owners tax professional (or small business owner if they don't use an agent) for more information or clarification. This contact may be by:

- pre-issue contact to correct any claims before a refund is released
- phone calls direct to the small business owner's tax professional (or small business owner if they don't use an agent)
- issuing direct letters or emails to the small business owner's tax professional (or small business owner if they don't use an agent) on specific issues
- moving small businesses to monthly BAS reporting, rather than quarterly to get them back on track.

Firmer action

If we find a small business is deliberately avoiding us or their obligations, we take firm action to ensure that the correct amount of tax is paid. These may include:

- reviews or audits
- penalties (up to 75%) and interest on any unpaid tax, plus debt collection activities
- applying administrative penalties, or seeking the application of civil or criminal sanctions in more serious cases.

QC 103452

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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