



**HHH PARTNERS**  
CHARTERED ACCOUNTANTS

***IMPORTANT INFORMATION FOR ANYONE THAT  
PAYS WAGES OR CONTRACTORS!***

Legislation has recently been passed that will deny tax deductions for payments to employees where PAYG obligations have not been met.

These measures apply where an employer is required to withhold PAYG from gross payments but fails to report or remit the PAYG to the ATO.

It is highly recommended that you ensure all future Activity Statements are lodged on time and paid in full to avoid losing tax deductions for wages paid.

If you make a mistake in that you don't withhold PAYG from payments, withhold the incorrect amount or fail to report and remit the PAYG amount, correcting such errors by way of revised activity statements or completing a voluntary disclosure form will be permitted by the ATO, as long as it is done prior to the ATO notifying you of any examination of your affairs.

These new measures also apply to payments to contractors if they are deemed to be employees.

Correctly identifying your workers as employees or contractors will give you piece of mind that the ATO cannot deny you tax deductions for regular business expenses. If you honestly believe an employee to be a contractor and have not withheld PAYG as you were provided with an ABN, you won't lose your deduction for these payments because you have complied with the withholding obligations for a contractor.

This legislation takes effect from 1 July 2019.

If you have further queries regarding these changes, please don't hesitate to contact the team at HHH Partners.

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