

Natural disasters and help with your tax

Australia's bushfire season is well underway, with some flooding events already happening. This serves as a reminder that apart from the more obvious and immediate devastation inflicted on people's property, destructive events such as fires or floods can also mean loss of income for the many of those affected. This can come about not only directly, but also in terms of damage done to workplaces, income-earning tools of the trade, vehicles and essentials such as computers and other equipment.

The ATO says that if you are affected by natural disasters, such as bushfires, floods or storms, there is generally no need to worry about your tax affairs right away. It says it will give you time to deal with your more immediate problems first, and has a dedicated phone number (1800 806 218) to provide information about what support it can offer.

More time to lodge, pay and respond

The ATO says that your tax obligations can generally be put to one side until you have dealt with the immediate effects of the disaster – whether you are affected yourself or are helping those affected. It can allow more time to settle tax debts, or if you are unable to lodge your return or activity statement, or cannot immediately deal with any other correspondence that may be currently on the table.

The ATO also says that if a business owner is unable to lodge a superannuation guarantee charge (SGC) statement, it can give you more time to lodge, although you will still be liable for the SGC and the nominal interest component will continue to accrue. You may be able to vary the amount of your next instalment if you are liable to pay under the Pay-As-You-Go instalments system.

Early access to your money

If you are expecting a refund from an income tax return or activity statement, the ATO may be able to arrange for your refund to be issued as a priority. In limited circumstances, you may be able to access your superannuation to assist you and your dependants, but special consideration will need to be sought.

Assistance payments

After a natural disaster, it may be the case that you receive assistance from government authorities, charitable institutions, employers, your family, a trade union or other sources. Most one-off assistance payments are tax free, but regular Centrelink payments remain taxable.

Damaged or destroyed property

If your property is damaged or destroyed in a disaster, you may receive an insurance payout if you had appropriate cover. How this is treated for tax purposes depends on the type of property and whether or not the property is income-producing. Repairs to income-producing properties are generally tax deductible in the year you incur them. However, this depends on whether the work you do restores it to its original condition or goes beyond

remediating the damage to the point where it is an improvement or a complete replacement. Significant capital gains tax concessions may also apply. Talk to us for guidance in this regard.

Reconstructing your tax records

If your records have been lost or destroyed — whether you are an individual, in business, or responsible for a self-managed superannuation fund — talk to this office about how we can help. The ATO can also provide assistance to help reconstruct your tax records and make reasonable estimates where necessary.

Fuel tax credits for individuals, businesses and others

Following a disaster, you may need to use taxable fuel (such as diesel or petrol) for generating electricity for domestic purposes; you may then be eligible to claim fuel tax credits. Businesses that are registered for goods and services tax (GST) can claim credits for the fuel tax included in the price of fuel used in eligible business activities to run machinery, plant, equipment and heavy vehicles. Non-profit organisations that are not registered for GST can claim credits for fuel used in operating emergency vehicles or vessels.

Fast help

See the government's website www.disasterassist.gov.au for current disaster assistance and other valuable information. You can also contact your local Nexia Australia Adviser to help you access lost records, lodging forms, payments, assistance by applying for a faster tax return and more.

