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Australian Business Number

The introduction of the Australian Business Number (ABN) was one of the major tax reform initiatives implemented by the ATO in 1999–2000. Seen as a way to make it easier for businesses to conduct their dealings with the Australian government, the ABN is effectively businesses' gateway to tax reform.

This chapter describes the ABN, ABN lodgment and the Australian Business Register, and presents registration results for the 1999–2000 financial year.

What is the ABN?

The ABN is a new single identifier which allows businesses to deal with the ATO and ultimately with other government departments and agencies. It is available to state, territory and local government regulatory bodies to streamline registration requirements. It is used by businesses and other entities for business-to-business transactions as well as business-to-government transactions.

For tax purposes, entities register for an ABN to enable them to:

- interact with the ATO on the goods and services tax, the pay as you go system, the diesel and alternative fuels grants scheme, luxury car tax, wine equalisation tax and fringe benefits tax;
- apply for endorsement as a deductible gift recipient or an income tax exempt charity;
- have a single identifying number which they will eventually use for their business dealings with government at all levels; and
- claim credits for wholesale sales tax paid on stock on hand at the start of 1 July 2000.

In addition, where an entity supplies goods, services or anything else to another entity and the entity is required to quote its ABN on an invoice, that other entity does not have to withhold tax (at the top marginal rate plus Medicare levy) from their payment to the entity.

Eventually, the ABN will replace the Australian Company Number and the Australian Registered

Definitions

Entity: may be an individual (sole trader), a body corporate, a corporation sole, a body politic, a partnership, an unincorporated association or body of persons, a trust or a superannuation fund.

Enterprise: covers various activities but does not include hobbies or private recreational pursuits. It does include the activities of entities such as charities, deductible gift recipients, and religious and government organisations.

Activities that constitute an enterprise are those done:

- in the form of a business;
- in the form of an adventure or concern in the nature of trade;
- on a regular or continuous basis, in the form of a lease, licence or other grant of an interest in property;
- by a trustee of a fund or by an authority or institution to which deductible gifts can be made;
- by a charitable institution or by a trustee of a charitable fund;
- by a religious institution; or
- by the Commonwealth, a state or a territory, or by a body corporate or corporation sole established for a public purpose by or under a law of the Commonwealth, a state or a territory.

However an enterprise does **not** include activities done:

- as an employee, or in connection with earning payment as a company director, office holder or under a labour hire arrangement;
- as a private recreational pursuit or hobby;
- by an individual or partnership (all or most of the members of which are individuals) without a reasonable expectation of profit or gain; or
- as a member of a local governing body established by or under a law of a state or territory, for example, a member of a shire council or a member of a state board or authority.

Body Number. It will eventually become the only number an entity needs for its business dealings with government. For example, when the system is fully operational, an entity will only need to notify any one government agency once of any changes to its details in the Australian Business Register.

However, it will not cover all the entity's dealings with the ATO. For example, the entity will still need to quote its private tax file number when lodging its personal and business income tax



returns. In addition, applying for an ABN does not replace an entity's registration requirements with other agencies, for example, registering its business name.

Who is entitled to an ABN?

Generally an 'entity' that carries on an 'enterprise' will be entitled to an ABN. The definitions of an 'entity' carrying on an 'enterprise' are quite broad and are provided in the box of definitions in this chapter.

In light of the formal definition, some typical examples of an entity entitled to an ABN include:

- a body registered as a company under the Corporations Law in Australia;
- a superannuation fund;
- a government entity;
- any entity carrying on an enterprise in Australia; or
- someone making supplies that are connected with Australia in the course or furtherance of carrying on an enterprise.

It should be noted, however, that not everyone will be entitled to an ABN. For example, employees, hobbyists and individuals who are conducting activities without a reasonable expectation of profit will not be entitled to an ABN. Self-funded retirees will generally not need an ABN—they will continue to use their tax file number when reporting their pay as you go instalments to the ATO and lodging their tax return.

The Australian Business Register

Businesses with an ABN are identified on a public register—the Australian Business Register. It contains information, supplied by Australian businesses, some of which is available to the public. While the information is protected from unauthorised access and changes, the public can access some core details (see box on 'Publicly available material'). The Register is also part of a wider strategy to encourage a greater volume and quality of business-to-government electronic commerce in Australia by providing an

appropriate infrastructure that ensures security and authentication issues are addressed.

The Register is maintained by the ATO and the Commissioner of Taxation is its Registrar. The ATO administers the Register as a separate system and other government agencies have been and will continue to be involved in its development. These include: the Australian Bureau of Statistics; the Australian Customs Service; the Australian Securities and Investments Commission; the Department of Communications, Information Technology and the Arts; and the Department of Employment, Workplace Relations and Small Business. Involvement by other Commonwealth and state agencies such as the Offices of State Revenue and Offices of Fair Trading, as well as local government agencies, is also planned.

In the future, government agencies at all levels, business, intermediaries and the general public will be able to access the Register in a variety of ways, including the internet. Services to business and the public will be expanded, and other government agencies will use the Register.

ABN lodgments

International experience indicated that early registration of businesses for the ABN was essential for a smooth transition to the new tax system. As a result, the ATO took special effort to help businesses understand the role, relevance and benefits of the ABN and to convey the importance of timely registration. Businesses were encouraged to register by 31 May 2000.

An intensive effort went into improving the quality of the ATO's existing registration data. Almost 2.4 million registration packages were printed, personalised and sent to prospective registrants in November and December 1999. In total, more than seven million copies of the package were printed and distributed through the post, and through other outlets such as newsagents, post offices and banks.

The ATO also developed new systems to enable the rapid registration of business clients for ABNs. Rather than using manual data entry techniques, the ATO introduced advanced data capture processes for paper-based applications and this helped to optimise data accuracy. It also made two other electronic channels available for

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Publicly available material and the entity's privacy

Only some of the information entities supply to the ATO on their application is available to the public. The following information is held in the Australian Business Register:

- the entity's name;
- the entity's ABN;
- the date of effect of the registration;
- an address for service of notices;
- either the business name registered for the entity under the law of a state or territory, or, if a business name is not registered for the entity the name used for business purposes by the entity;
- the entity's principal place of business;
- the kind of entity being registered; and
- the Australian and New Zealand Standard Industrial Classification code for the business conducted by the entity.

For certain entities the Register will also include:

- the entity's Australian Company Number;
- the entity's Australian Registered Body Number;
- the name of the entity's public officer;
- the name of the entity's trustee or trustees;
- the entity's email address;
- the date of effect of any change in the entity's ABN;
- the date of effect of the cancellation of the entity's registration in the Australian Business Register;
- the date on which the entity's registration for the goods and services tax takes or took effect;
- the date on which the cancellation of entity's registration for goods and services tax takes effect;

- if the deductible gift recipient has an ABN, a statement that the entity is a deductible gift recipient for a specified period; and
- deductible gift recipient status and date of effect (if applicable).

The information about an entity's business that is entered in the Register will be provided to the entity with the registration advice.

Members of the public can obtain some information by applying to the Registrar and paying a fee. Information that is not available to the public is the entity's address for service of notices, principal place of business (although the state or territory in which it is located and the postcode is available), the Australian and New Zealand Standard Industrial Classification code, public officer, trustee or trustees and email address.

Where a person applies for a detail in relation to the entity not to be disclosed and the Registrar is satisfied that it is not appropriate to disclose the detail, the Registrar must not disclose the detail.

Limited information to enable confirmation of a business' ABN is provided free on the internet and by telephone.

The publicly available information allows people to find out whether they are dealing with registered entities, whether those entities are registered for the goods and services tax, or whether gifts they make may be tax deductible.

The remainder of the information entities supply is not available to the public. However, the Registrar may provide some of this information to other government agencies authorised by law to receive it, for example, the Australian Bureau of Statistics.

While some of the information provided for an entity's ABN will be publicly available, all of the details the entity supplies on its tax return will have the same privacy safeguards that currently exist.

tax agents and clients to lodge applications—the Electronic Lodgment Service and Business Entry Point.

Compared to paper-based ABN applications, these electronic processes further helped to reduce errors and omissions in data because they were designed to prompt applicants to ensure correct answers to questions. The electronic processes also streamlined the issuing of ABNs—the majority of businesses that lodged an electronic application received their ABN sooner than those that lodged a paper form.

Given the emphasis placed on lodging an application electronically, 62% of ABN applications were lodged electronically.

Table 11.1: ABN lodgments as of 30 June 2000

Method of Lodgments	Applications lodged	
	no.	%
Paper	1 101 240	38
Electronic Lodgment Service	1 362 060	47
Business Entry Point	434 700	15
Total	2 898 000	100

ABN registrations

By 30 June 2000, around 2.9 million businesses and other eligible entities had applied for an ABN and around 2.1 million had registered for the goods and services tax. More than 99% of

**Table 11.2: ABN registrations as of 30 June 2000**

Action	no.
ABN application received	2 898 000
ABNs issued	2 795 000
Entities not required to register for an ABN	106 000
Goods and services tax registrations	2 100 000
Entities not required to register for goods and services tax	458 315
Entities seeking endorsement as an income tax exempt charity	46 765
Entities seeking endorsement as a deductible gift recipient	34 940
Entities claiming diesel fuel rebate	191 487
Entities claiming diesel and alternative fuel grants scheme	147 168

businesses that applied for an ABN before 31 May 2000 received their ABN by 1 July 2000. The remainder were sent safety-net letters, which gave recipients authority to operate as if they had received an ABN. The safety-net letters applied from 1 July to 31 July 2000.

During the same period, businesses and other entities lodging ABN applications, with all essential details completed, were issued ABNs within a maximum of 14 days (electronic lodgment) or 28 days (paper lodgment).

