Australian Business Number (ABN)

From 1 July 2000, anyone carrying on an enterprise (this is usually a business) should quote their Australian business number (ABN – an 11 digit number) in relation to goods or services they supply to another enterprise. If they don’t, the general rule is that the payer must withhold 47% from the payment to the supplier and send the withheld amount to the Tax Office. Some supplies are excluded from this rule.

This means when you purchase something for use in your business, you must receive and keep a record of your supplier’s ABN. The requirement to quote an ABN applies whether or not you are, or your supplier is, registered for GST.

An ABN must be quoted to you before you make any payment for the supply. Normally an ABN will be quoted on the supplier’s invoice and you keep this invoice in your business records. A supplier may also quote their ABN to you on another document as long as it relates to the supply they are making. For example, their ABN can be quoted on:

- a quotation notice that relates to the supply
- a renewal notice for insurance or subscriptions
- an order form that you used to order the supply
- receipts
- a contract or lease document
- letterheads, emails or internet records (web pages)
- a catalogue produced by the supplier, or
- a voluntary withholding agreement.

A supplier should quote their ABN to you if they are carrying on an enterprise. For tax purposes, enterprise means a business and also includes such activities as:

- a service provided to you by a contractor
- the rent of a commercial property, and
- most other things in the nature of trade.

Suppliers excluded from the rule are as follows:

- the total payment to the supplier is $75 or less, excluding any GST, or
- as a private recreational pursuit or hobby (for example, where someone sells you handicrafts they make as a hobby)
- supplier is a non-profit body
- payment is to a non-resident who is not carrying on a business in Australia or through an agent in Australia.
- The supplier is not an enterprise because they have no reasonable expectation of profit or gain.

A Statement by Supplier form is to be obtained from anyone claiming any of the last 4 items above.

If a supplier does not quote their ABN to you and you are not satisfied that one of the exclusions applies, you must withhold 47% of the total payment. You should also withhold if you doubt that the ABN quoted to you is correct. If you are unsure, you can check the validity of a supplier’s ABN by using the Australian business register www.abr.business.gov.au.

Before you withhold, you could offer to hold back payment until the supplier has obtained and quoted their ABN. Delaying the payment is a matter for you and your supplier to work out. However, you should not make full payment to the supplier on the understanding that an ABN will be quoted later. If you fail to withhold from the payment, you can be held liable for the amount you did not withhold. You may also be prosecuted.