Dealing with disasters

- https://www.ato.gov.au/Individuals/Dealing-with-disasters/
- Last modified: 06 Feb 2019
- QC 21522

If you have been affected by a disaster such as a cyclone, flood, bushfire or storm, don't worry about your tax affairs right away. We will give you time to deal with your more immediate problems first and we can help you to sort out your tax affairs later.

Drought help

We have a dedicated drought help page where you can find out information on the assistance available. Visit Drought help or call the dedicated drought hotline on 1800 806 218.

See also:

- More time to lodge, pay and respond
- Early access to your money
- Assistance payments
- Damaged or destroyed property
- Reconstructing your tax records
- Fuel tax credits for individuals, businesses and others
- Donations to assist disaster victims
- Disaster Assist
- Flood levy

More time to lodge, pay and respond

- https://www.ato.gov.au/Individuals/Dealing-with-disasters/More-time-to-lodge,-pay-and-respond/
- Last modified: 21 Sep 2016
- QC 21523

In the days and weeks following a disaster, we understand your tax responsibilities are not the most important things on your mind. We can give you extra time to meet your obligations.

Even if you have lost your tax file number (TFN), we will be able to verify your identity using other information, such as your date of birth, address or bank account details

Lodging returns and other statements

If you are unable to lodge your return or activity statement, we can give you more time to lodge.

If you are unable to pay super for your employees on time, refer to Employers affected by disaster.

Sometimes we use a list of 'affected postcodes' to identify people and businesses in disaster-affected areas. We can then offer extensions to those people whose tax obligations would ordinarily have fallen due at or about the time of the disaster.

If the general extension is not long enough for you, or you need further assistance, phone us on 1800 806 218.

If you are a registered agent, phone us on 1800 700 724.

See also:

- Employers affected by disaster
- Specific disasters
- Services guides

Making payments

If you are experiencing financial difficulties because of a disaster, you can ask for more time to pay your tax debt, interest free. This includes amounts owing on your activity statement.

Similarly, if you have been working as a volunteer, assisting people affected by a disaster – particularly if you have travelled interstate – we may be able to give you more time to pay.

If you pay your tax under the pay as you go (PAYG instalments) system, you may choose to vary the instalment if there is a significant change in your income or tax situation.

See also:

- Difficulty in paying your tax debt (individual clients)
- Difficulty in paying your tax debt (business clients)
- How to vary the amount you pay

Answering our letters

We generally stop sending correspondence to areas affected by major disasters. You can phone us on 1800 806 218 in the following circumstances:

- if you are expecting mail from us and don't receive it. We will ensure that your mail is redirected to you
- if you receive mail from us but you are not ready to deal with it right away. We can usually give people extra time so they can deal with more immediate things first
- once you're ready to focus on your tax affairs, to discuss your circumstances and the best way we can help you.

Registered agents

If you are unable to lodge statements on time because you or your clients have been affected by a disaster, we will give you extra time to lodge. You can phone us on 1800 700 724.

See also:

- Help when affected by natural disasters

Early access to your money

- https://www.ato.gov.au/Individuals/Dealing-with-disasters/Early-access-to-your-money/
- Last modified: 21 Sep 2016
- QC 21524

If you are in financial difficulty as a result of a disaster, you may be able to get early access to a refund or to your super.

Faster processing of refunds

If you are expecting a refund from an income tax return or activity statement, we may be able to arrange for your refund to be issued as a priority.

You can phone us on 1800 806 218 to discuss your circumstances and the best way we can help.

Access to super

Your super fund may pay you a benefit from your super if you meet a condition of release. Conditions of release that may apply to a person in a disaster include:

- compassionate grounds
- severe financial hardship

- temporary or permanent incapacity.

In the case of death, the super fund will pay any benefits to the dependants of the deceased, the beneficiaries of the deceased estate, or both.

There are stringent conditions attached to the early release of super benefits.

See also:

- Conditions of release to access your super before retirement

Assistance payments

- https://www.ato.gov.au/Individuals/Dealing-with-disasters/Assistance-payments/
- Last modified: 24 Mar 2017
- QC 21525

If you are experiencing financial hardship as a result of a disaster, you may receive a relief payment from:

- local, state or federal government agencies
- a charity or community group
- your employer.

Most one-off assistance payments are tax-free, but regular Centrelink payments remain taxable.

Emergency assistance in the form of gifts from family and friends is not taxable.

If you use an assistance payment to purchase items for your business, the normal conditions for deductibility apply. The fact that money from a relief fund is used to purchase an item does not affect the deductibility of that item.

Grants from government and private funding bodies do not attract GST, provided the grant recipient doesn't provide anything of value in return.

For some major disasters, we have published a list of 'affected postcodes' to help us identify people and businesses in disaster-affected areas.

See also:

- Grants and sponsorship
- Specific disasters

Government disaster recovery payments

If you have received a relief payment from a local, state or federal government agency, you need to understand what type of payment it is and how it affects your tax.

Common types of government disaster relief payments are:

- Australian Government Disaster Recovery Payments (DRP)
- Disaster Recovery Allowance (DRA)
- Natural Disaster Relief and Recovery Arrangements (NDRRA), and
- ex-gratia recovery payments.

Australian Government Disaster Recovery Payments (DRP)

If you receive a DRP, it will be treated as exempt income. You do not pay tax on this amount but you need to include it when you work out your tax loss.

Disaster Recovery Allowance (DRA) and Natural Disaster Relief and Recovery Arrangements (NDRRA)

DRA and NDRRA payments are generally taxable. However, the Australian Government may declare that, for some natural disasters, DRA and NDRRA payments are exempt income. You do not pay tax on exempt income but you include the amount when you work out your tax loss.

Ex-gratia recovery payments

The tax treatment of ex-gratia recovery payments depends on the specific circumstances of the payments. In some recent cases the Australian Government has decided to exempt such payments from tax.

We can't advise you about the tax treatment of ex-gratia payments until the Government decides on the tax status of that type of payment.

See also:

- Tax relief for ex gratia disaster assistance payments

Charities and community groups

If you receive assistance from a charitable organisation, the payment you receive is not taxable. These payments have no GST implications.

The organisations make these payments voluntarily to help you with the basic necessities of life. You have no right or entitlement to the payment - the payment is in the nature of a gift to you from the organisation.

Your employer

Salary or wages are taxable because they are part of your ordinary income. They have to be included as income in your tax return and your employer will specify the amount as normal salary or wages in your annual payment summary.

However, emergency assistance from your employer - for example, one-off and other non-periodic emergency relief payments is not taxable.

An employer is not required to withhold tax from a payment that is not taxable.

An employer who gives emergency assistance to an employee can claim a tax deduction as a business expense.

Damaged or destroyed property

- https://www.ato.gov.au/Individuals/Dealing-with-disasters/Damaged-or-destroyed-property/
- Last modified: 01 Sep 2017
- QC 21526

If your personal use assets – such as your home or household goods – are damaged or destroyed in a disaster, there will generally be no tax consequences if you receive an insurance payout.

However, if your income-producing assets are damaged or destroyed, you'll need to work out the correct tax treatment of insurance payouts you receive and your costs in rebuilding, repairing or replacing the assets.

Protect yourself against rogue operators

We know it’s important to get your property back to normal, but there are a few things to keep in mind to protect yourself:

- Make sure the tradespeople you choose are genuine and licenced to do the work you’re asking them to do. The Australian Competition and Consumer Commission website has details of what to look out for.
- Request a written contract or tax invoice and get a receipt for payment to protect against issues with insurance, warranties, consumer rights and government regulations.
- Ensure any tax invoices you receive include the minimum requirements, particularly if you can claim GST credits.
- Check that Australian business numbers (ABN) belong to a genuine business by using the ABN Lookup.

Find out about:

- Your home
- Rental properties and business premises
- Fences (primary producers)
- Insurance payouts
- Builders and contractors

Your home

- https://www.ato.gov.au/Individuals/Dealing-with-disasters/Damaged-or-destroyed-property/Your-home/
- Last modified: 22 Sep 2016
- QC 50171

On this page:

Selling your home after rebuilding

If you decide to sell your home after it has been rebuilt it will still be classed as your main residence and be exempt from capital gains tax (CGT) provided you have both:

- moved back into the repaired or rebuilt property as soon as practicable after the work was completed
- lived there for at least three months before selling.

Example: Moving back in as soon as practicable

Louis and Yasmine's home was destroyed by Cyclone Yasi. They decided to use the insurance payment to rebuild it.

They rented a house 20 kilometres away with a six-month lease, and a six-month option to renew. They enrolled their child, Marley, in a school close to their rented home.

After six months their home was still being rebuilt, so they took up the renewal option on their rental house.

After nine months, their home was complete. However, because Marley was halfway through the final school term and there would be a financial penalty for breaking the lease, the family decided to stay in the rental property until the end of the school term.

In this circumstance, Louis and Yasmine moved back into their home as soon as practicable after the work had been completed.

Selling your land without rebuilding

If your home was destroyed and you then dispose of the vacant land on which it was built, you will still be eligible for the main residence exemption from CGT.

Engaging builders and contractors

We closely monitor activity in disaster-affected areas to ensure the community is not being taken advantage of by businesses undertaking repair and reconstruction work. You can take steps to protect yourself as well.

Genuine businesses have an Australian business number (ABN) which they quote on their invoices and other documentation. If you're engaging builders or contractors to undertake repair and reconstruction work, you can check to make sure they're a genuine business on ABN Lookup. Businesses should not charge GST unless they are registered for GST.

You could also ask for references and check with the relevant state authority to ensure the builder or contractor is appropriately licensed.

If you have concerns about work performed or feel you have been overcharged, you can contact your state or territory consumer authority.

If you have information about possible tax evasion, phone us on 1800 060 062 (between 8.00am and 6.00pm weekdays), or make an online report. Your information could help make the system fairer for everybody.

Rental properties and business premises

- https://www.ato.gov.au/Individuals/Dealing-with-disasters/Damaged-or-destroyed-property/Rental-properties-and-business-premises/
- Last modified: 22 Sep 2016
- QC 50170

The impacts of a natural disaster may affect the types of expenses you can claim and the income you need to declare for your rental property.

On this page:

Declaring income

If you receive an insurance payout for lost rent for your rental property, you must include this amount as income on your tax return.

Claiming deductions for repairs

If you receive an insurance payout for repairs, the amount you receive should be included in your assessable income.

On the other hand, you can generally include the costs of repairs to income-producing property as a tax deduction in the year you incur them. You can also claim a deduction for repairs made using money received from a relief fund. Generally, this money should be included as part of your assessable income. Money provided for immediate or urgent repairs may be exempt – check with us.

You may be able to claim the cost of improvements to your rental property, spread over a number of income years, as a capital works deduction or a deduction for decline in value (depreciation).

Repair or improvement?

You can claim a tax deduction for the cost of repairs to a rental property or business premises as long as the repairs don't involve substantial reconstruction or substantial repair, or the replacement of an entire structure, such as a fence.

A repair is work that fixes defects, damage or deterioration of the property; for example:

- replacing part of the guttering or windows damaged in a cyclone
- replacing part of a fence damaged by a bushfire
- replacing the plaster board in a wall damaged by flood inundation
- repairing electrical wiring or machinery damaged by a flood.

An improvement:

- provides something new
- generally extends the income-producing capability or expected life of the property
- generally changes the character of the item you have improved
- goes beyond just restoring the efficient functioning of the property.

Example

Tim replaced a fibro wall inside his rental property, which was damaged by a flood, with a brick feature wall.

The new wall is an improvement because Tim did more than just restore the efficient function of the wall. This means he can't claim the cost of the new wall as a repair but he can claim the cost as a capital works deduction.

But if Tim had replaced the fibro with a modern equivalent such as plasterboard, he could have claimed his costs as a repair. This is because it would have merely restored the efficient function of the wall without changing its character, even though a different material was used.

If you carry out work that includes both repairs and improvements to your property, you can claim a deduction for the cost of your repairs if you can separate their cost from the cost of the improvements.

If you hire a builder or other professional to carry out these works for you, ask for an itemised invoice to help work out your claim.

Example

Lyn's rental property was partially inundated with water due to flooding, causing damage to the bathroom vanity unit. She was advised that the vanity unit could be fixed but needed to be dismantled first. Lyn decided to re-tile the bathroom (as the colour was a bit dated) while the vanity unit was being repaired.

The new parts for the vanity unit are considered a repair as they just restore its function. The re-tiling is not a repair. Lyn would need to know the cost of each component of the work so she could claim her repair and her capital works deductions correctly.

Repairs to depreciable items

The cost of repairing a depreciable item is an allowable deduction, but the replacement of a depreciable item with a new depreciable item is not a repair.

Example

Caitlin's rental property was partially inundated with water due to flooding. She needed to replace the carpet in the lounge room and one of the bedrooms. She decided to replace the carpet throughout the property.

If Caitlin had just repaired the damaged carpet she would have been allowed a deduction for the repair. However, as the whole carpet was replaced, she may be able to claim a deduction for the adjustable value of the carpet that was disposed of and a deduction for the decline in value of the new carpet.

Unoccupied properties

You can still make a deduction for repairs to an unoccupied property provided:

- your property was rented out immediately before the repairs were needed
- the damage being repaired occurred during the rental period.

Example

Ben's rental property was tenanted when it was severely damaged by a cyclone. Due to the damage, the tenants had to move out. Ben carried out repairs and then advertised the property for rent. Even though the property was not available for rent while being repaired, he is able to claim his repairs.

See also:

- Taxation Ruling TR 97/23 - *Income tax: deductions for repairs*.

Claiming deductions for replacements

Property

If your rental property or business premises were destroyed, you may be able to claim the cost of rebuilding as a capital works deduction over 25 or 40 years.

Where the cost of repairs includes GST, you may be entitled to input tax credits if you're registered for GST and incur the cost in the course of your enterprise.

You may also be entitled to roll over any capital gain you make.

See also:

- Involuntary disposal of a CGT asset

Capital items

If you have to replace an item of capital equipment (such as a complete fence or building, a stove, kitchen cupboards or a refrigerator), you may be able to claim the cost as a capital works deduction over a number of years or a deduction for decline in value.

If you replace a depreciating asset costing $300 or less, you can generally claim an immediate deduction.

Example

Janet has owned and rented out a residential property since 12 January 1983. When the kitchen cupboards were damaged beyond repair during a flood, she replaced all of the kitchen fixtures, including the cupboards and appliances.

The kitchen cupboards are capital items with their own function. This means the cost of completely replacing them is a capital cost. Because of this, Janet can only claim a:

- capital works deduction for the construction cost of this work
- deduction for the decline in value of the kitchen appliances.

This is the case whether or not:

- the new fittings are of a similar size, design and quality as the originals
- the new cupboards are made from a modern equivalent of the material used in the originals
- the layout and design of the new kitchen may be substantially the same as the original.

CGT implications

If you receive an insurance payment for the loss of a CGT asset, you need to work out your capital gain or loss and include it in your tax return, unless you're eligible to defer the capital gain. A capital loss must be offset against a capital gain.

If an asset you own is lost or destroyed, the CGT event happens when you first receive compensation for the loss or destruction. If you don't receive any compensation, the CGT event happens when the loss is discovered or the destruction occurred.

Example 1

Laurie owned a rental property that was destroyed by cyclone in February 2011. He received a payment under an insurance policy in April 2011. The CGT event happened in April 2011.

Example 2

Marie owned a rental property that was damaged by flood in January 2011. Her local council deemed the property uninhabitable. She received a payment under an insurance policy in September 2011. The CGT event happened in September 2011.

Example 3

Christine owned a rental property that was damaged by flood in January 2011. Her local council deemed the property uninhabitable in May 2011, and it was demolished in October 2011. She did not receive any compensation. The CGT event occurred in January 2011.

See also:

- Guide to capital gains tax

Capital works implications

If you've been claiming a capital works deduction for a rental property that is destroyed or demolished, you can claim a deduction for the remaining amount of construction expenditure that has not yet been deducted, less any compensation you receive or are entitled to receive. This applies even if the destruction or demolition is voluntary.

You can claim the deduction in the income year in which the destruction occurs.

The deduction is reduced if the capital works are used in an income year only partly for the purpose of producing assessable income.

See also:

- [Residential rental properties]()

Fences (primary producers)

- https://www.ato.gov.au/Individuals/Dealing-with-disasters/Damaged-or-destroyed-property/Fences-(primary-producers)/
- Last modified: 29 Nov 2016
- QC 50169

When fencing is damaged or destroyed by bushfire or as a result of back-burning activities, you can claim an immediate deduction for the repair or replacement of the fence.

See also:

- [Fencing and fodder storage assets]()

Insurance payouts

- https://www.ato.gov.au/Individuals/Dealing-with-disasters/Damaged-or-destroyed-property/Insurance-payouts/
- Last modified: 22 Sep 2016
- QC 50168

Insurance payouts for purely personal items don't have to be included in your tax return.

However, insurance payouts for items you've used to produce income may have to be included in your tax return.

Where you've used items for both personal and income-producing purposes, you need to calculate the percentage of each use.

If you receive a lump sum insurance payment to cover a number of assets, you need to reasonably apportion the payment between the assets for tax purposes.

On this page:

- Your family home
- Homes used for business purposes
- Personal property
- Trading stock
- GST
- Depreciating assets

Your family home

Any insurance payout you receive if your family home is destroyed or damaged is not taxable – it doesn't have to be included as income in your tax return.

Homes used for business purposes

If an insurance payout is made on a house used for income-producing purposes – for example, part of your home is used for a home business – it may need to be taken into account for capital gains tax purposes. You need to subtract the relevant cost base from your insurance payout to work out whether you made a capital gain or loss.

See also:

- Using your home to produce income
- Involuntary disposal of a CGT asset.

If you're a small business operator, you may be entitled to a range of small business concessions.

See also:

- Guide to capital gains tax concessions for small business
- Introduction to capital gains tax

Personal property

Insurance payouts received for destroyed or damaged items you used solely for your personal use – such as household goods – are not taxable.

However, the payout may need to be taken into account for capital gains tax purposes if a personal-use asset that was destroyed cost you more than $10,000 (or $500 if the property was a collectable, such as a painting or jewellery). In this case you need to subtract the cost base of the asset from your insurance payout to work out whether you had a capital gain.

See also:

- [CGT exemptions]

Trading stock

Where you've been claiming the cost of an insurance premium as a tax deduction, a payout received under the policy for a loss of trading stock is generally treated as assessable income.

GST

If you tell your insurer what proportion of the premium you can claim GST credits for before making a claim, you will not have to pay GST on your insurance payout. You can claim GST credits on the part of an insurance premium that relates to business purposes.

Depreciating assets

If you receive an insurance payout for the destruction of a depreciating asset used to produce income, such as a car or office equipment, you will need to calculate a balancing adjustment.

The balancing adjustment is worked out by comparing the amount you received for the destruction of the asset – such as an insurance payout – with its adjustable value at the time it was destroyed. The adjustable value is the purchase price of the asset, less its decline in value since you first used it.

See also:

- [Disposing of a depreciating asset]

If you only used the asset to produce assessable income and the amount you receive is:

- more than the adjustable value, the excess is included in your assessable income
- less than the adjustable value, you can claim a deduction for the difference.

Example

Bridget purchased a cabinet that she used solely in her work. Six months later the cabinet was destroyed by fire and Bridget received an insurance payout, of which she attributed $1,300 to the cabinet. Its adjustable value at that time was $1,200.

As the amount received of $1,300 is more than the adjustable value of the cabinet at the time it was destroyed, the excess of $100 is included in

Bridget's assessable income. Alternatively, she could choose to offset it against the cost of any replacement assets.

If you used the asset partly to produce assessable income, and partly for personal use, calculate the proportions of each.

Example

Andrew's computer is destroyed and he receives an insurance payout of $600. The computer cost him $1,000. Andrew uses the computer 40% of the time for private purposes and 60% in his job. At the time it was destroyed, the computer's adjustable value was $700.

Andrew can claim a deduction for the balancing adjustment amount of $60 – that is, 60% (the proportion of use in Andrew's job) of $100, which is the difference between the insurance payout he received ($600) and the adjustable value of the computer at the time it was destroyed ($700).

In addition, Andrew makes a capital loss of $160 – that is, 40% (the proportion of use for private purposes) of $400, which is the difference between the amount of insurance Andrew received ($1000) and the computer's cost ($600).

Cars

If you used your car at some time to produce assessable income you may have to make a balancing adjustment.

If you claimed your car expenses using the 'one-third of actual expenses' or the 'log book' method, your balancing adjustment amount needs to be reduced by the percentage that you used the car for personal use.

If you only used the 'cents per kilometre' method or the '12% of original value' method since you began using the car, no balancing adjustment arises, as these methods take the decline in value into account in the calculation.

Example

Louise buys a car and for the next two income years she uses the 'log book' method to work out her deductions for car expenses. The car is destroyed during the second income year and Louise receives an insurance pay-out of $24,500. At the time the car was destroyed, its adjustable value was $18,200.

As Louise's log book showed that the level of her business use was 40%, the balancing adjustment amount is 40% of the difference between the insurance payout and the adjustable value of the car – that, is $2,520. Louise must include this amount in her assessable income.

See also:

- [Work-related car expenses]

Offsets

For assets that you use solely to produce assessable income, including cars, you can offset an assessable balancing adjustment amount against the cost of one or more replacements.

You must acquire the replacement asset or incur the expenditure:

- no earlier than one year before the original asset was destroyed
- no later than one year after the end of the income year in which the original asset was destroyed.

We can agree to extend the time limit – for example, if it is unlikely that insurance claims in relation to the disposal of the original asset will be settled within the required time even though you have taken all reasonable steps to have the claims settled.

To offset the assessable balancing adjustment amount:

- the replacement asset must be installed ready for use by the end of the income year in which you incurred the expenditure on the asset or you started to hold it
- you must be able to deduct an amount for it.

If you offset an amount against the cost of a replacement asset after the end of the income year in which the replacement asset was installed ready for use, you must also reduce the sum of its opening adjustable value plus any second elements of its cost for that later year.

Low-value pool items

If an asset that was destroyed was used solely to produce assessable income and was in a low-value pool, you reduce the closing pool balance by the amount of the insurance payout you receive.

If an asset was used partly to produce assessable income and was in a low-value pool, you:

- multiply the insurance payout you receive for it by the percentage that it was used to produce assessable income
- subtract the result of this from the closing pool balance.

See also:

- Guide to depreciating assets

Builders and contractors

- https://www.ato.gov.au/Individuals/Dealing-with-disasters/Damaged-or-destroyed-property/Builders-and-contractors/
- Last modified: 22 Sep 2016
- QC 50167

If your business is doing repair and reconstruction work in a disaster-affected community, make sure you keep on top of your tax obligations, including record keeping and employer obligations.

Record keeping and reporting

During this busy time, it's important to keep good records so you have all the information you need to correctly lodge activity statements, tax returns and other reports.

See also:

- Manage your invoices, payments and records

Classifying your workers – contractor or employee

So you can meet your tax and super obligations, make sure that your workers are correctly classified as an employee or a contractor.

See also:

- Employee or contractor

Data matching

We work closely with other government agencies and insurance companies to ensure payments made to people undertaking repair and reconstruction work are reported correctly.

Our data matching capability allows us to:

- ensure businesses report all of their income and claim offsets they are entitled to
- identify businesses who have received government payments to check they have reported all their income and met their PAYG withholding and super

obligations
- detect overstated or fraudulent claims.

Reconstructing your tax records

- https://www.ato.gov.au/Individuals/Dealing-with-disasters/Reconstructing-your-tax-records/
- Last modified: 21 Sep 2016
- QC 21527

If your records have been damaged or destroyed, there are a number of ways you can reconstruct them.

Documents we hold

We can re-issue or supply copies of tax documents, such as:

- income tax returns
- activity statements
- notices of assessment.

If you have lost your TFN, you can still access your tax information: phone us on 1800 806 218. We will allow you to use other information to verify your identity, such as your:

- date of birth
- address details
- bank account details.

Documents held by others

Your employer or payer should have copies of your PAYG payment summaries and your bank should be able to provide you with any bank records that have been destroyed.

Your registered agent may also have copies of your records.

If your bank charges a fee for replacing bank records and providing any other service to help you to reconstruct records or provide information due to a disaster, you can claim a deduction in the income year that those fees are charged.

Substantiating your claims

If you are unable to substantiate claims made in your tax returns or activity statements because your records have been lost or destroyed, we can accept the claim without substantiation - for example, where it is not reasonably possible to obtain the original documents.

Self-managed super funds

If you have a self-managed super fund (SMSF), you are required to keep certain records. If you have lost these records in a disaster we will consider a request for additional time to meet your reporting obligations. Where possible, we will make available information that your SMSF previously reported.

For superannuation enquiries phone us on 13 10 20.

Fuel tax credits for individuals, businesses and others

- https://www.ato.gov.au/Individuals/Dealing-with-disasters/Fuel-tax-credits-for-individuals,-businesses-and-others/
- Last modified: 29 Jun 2018
- QC 21528

Following a disaster, you may need to use taxable fuel (such as diesel or petrol) for generating electricity for domestic purposes or for eligible business activities to run machinery, plant, equipment and heavy vehicles. If you are a non-profit organisation you may need to operate emergency vehicles or vessels.

Fuel tax (excise or customs duty) is included in the price of certain fuels, including diesel, petrol, heating oil, kerosene and fuel oil. You may be entitled to claim a fuel tax credit if you use these fuels in undertaking eligible activities.

You cannot claim fuel tax credits for:

- certain fuels such as aviation fuels, non-transport gaseous fuels certain uses such as fuel used for private purposes
- if you are a business fuel you use in light vehicles of 4.5 tonnes gross vehicle mass or less, travelling on public roads
- fuel that has been lost, stolen or otherwise disposed.

Domestic electricity generation

You can claim fuel tax credits for any taxable fuel, such as diesel or petrol, you acquire for use in generating electricity for domestic purposes. The fuel can be used to generate electricity using a motor or generator, for yourself or others.

'Domestic purposes' means for a home, house or household. This includes a:

- static home, such as a single house, duplex, town house, unit or cabin
- relocatable home, such as a demountable home
- marine home, such as a houseboat

- mobile home, such as a caravan or motorhome.

Example

> Donna's home was destroyed by fire and she no longer has access to an electricity supply. She and her family are living in a caravan on the land while their home is being rebuilt. Donna uses a generator to supply the caravan with electricity. As the caravan is now considered her home, she can claim fuel tax credits for the fuel used in generating electricity for domestic purposes.

See also:

- [Fuel tax credits - domestic electricity generation]

Fuel used in a business

Businesses that are registered for GST at the time they acquire the fuel can claim credits for the fuel tax included in the price of fuel used in eligible business activities to operate machinery, plant, equipment and heavy vehicles.

Example

> Peter is a sole trader and is registered for GST. During the floods, the basement of his business premises - where he kept a lot of stock - filled with water and, for safety, his electricity supply was disconnected. Peter hired a generator to operate a pump to clear the water from his basement. He can claim fuel tax credits for the fuel acquired and used in the generator because it was for business purposes.

See also:

- [Fuel tax credits for business]

Operating emergency vehicles or vessels

If you operate a non-profit organisation that has chosen not to register for GST because its GST turnover is less than $150,000, you can still claim fuel tax credits on a fuel tax credits claim form providing you meet all the following requirements:

- only claim for fuel you use to operate emergency vehicles or vessels
- are a non-profit organisation at the time you acquire, manufacture or import the fuel
- acquire, manufacture or import the fuel for use in a vehicle or vessel that
  - provides emergency services

- is clearly identifiable as such.

See also:

- [Fuel tax credits - non-profit emergency vehicles or vessels]

Donations to help disaster victims

- https://www.ato.gov.au/Individuals/Dealing-with-disasters/Donations-to-assist-disaster-victims/
- Last modified: 02 Jul 2018
- QC 21529

In response to a disaster, you may wish to make a donation to a relief fund or establish a fund yourself.

Donating to disaster relief appeals

Gifts of cash to the value of $2 or more to a disaster relief appeal are deductible if the organisation receiving the gift is endorsed as a deductible gift recipient (DGR). A DGR is an organisation that is entitled to receive tax-deductible donations.

If you are unsure whether an appeal to which you wish to donate is a DGR, you can check the status on the Australian Business Register (ABR) or phone us on 1300 130 248.

See also:

- ABN lookup

If you donate to a bucket appeal that has been approved by us for a specific disaster, you can claim a tax deduction equal to your total donations up to $10 without the usual need to keep a receipt.

Donating property

You can claim a deduction for gifts of property you make to a DGR under certain conditions.

For gifts of property, there are also various valuation rules. However, if you purchased the property during the 12 months before making the gift, the amount you may claim is the lower of the price you paid for the goods or property, or their market value when you made your donation.

Other types of property donations may also be tax deductible.

See also:

- [Receiving tax-deductable gifts]

Attending fundraising events

Many DGR fundraising events encourage contributions that give minor benefits to those who contribute. Where a material benefit is received in return, the contributor is not entitled to claim the contribution as a tax deductible donation.

However, contributions made by individuals to DGRs in relation to eligible fundraising events, such as fetes, balls, gala shows, dinners and charity auctions will be tax deductible if they meet certain conditions.

Setting up a tax-deductible appeal

If your organisation wishes to collect money for disaster relief, it may be more expedient to arrange with an established DGR for you to collect money on their behalf. The DGR will already have the required infrastructure in place to collect gifts that are tax deductible and issue receipts.

If your organisation wants to establish its own tax deductible appeal fund, you will need to consider whether your organisation (or the fund) can be endorsed by us as a DGR.

You can phone us on 1300 130 248 about fundraising events and setting up an appeal fund.

See also:

- [Helping in a disaster]

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.