



ATO releases new small business benchmarks for 100 industries

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The Australian Taxation Office (ATO) has released a new set of updated financial benchmarks to help small business owners take the pulse of their business.

Updated annually, the ATO's benchmarks act as a health check, allowing small business owners to compare their performance including average expenses against other businesses in the same industry.

Quotes attributable to ATO Assistant Commissioner Tony Goding:

'The benchmarks are a valuable tool for small businesses wanting to stay in good financial health.'

'Think of our benchmarks like a routine test you take with your GP each year. These can help small businesses diagnose their strengths or spot the early warning signs.'

'Whether you're running a pizza shop, pet store or a plumbing business, the benchmarks can help you see how your business stacks up.'

'If your numbers are outside of the benchmark range compared to others in your industry it may be time for a closer look at your business plan.'

'Businesses that remain within industry benchmarks are generally less likely to attract the ATO's attention.'

'While we never use the benchmarks in isolation, small businesses who fall outside the ATO's benchmarks are more likely to trigger a closer examination from us to identify if they are making mistakes or deliberately doing the wrong thing.'

The ATO takes non-compliance with tax seriously. Small businesses avoiding their tax obligations are participating in the shadow economy which puts pressure on Australians who are doing the right thing.

Deliberate shadow economy behaviours contribute nearly 60% of the gross small business income tax gap or around \$11.2 billion per annum in missing tax. Approximately \$8.9 billion of this is associated with under reporting of income and over claiming of deductions.

'The benchmarks are just one of the tools we use to tackle the shadow economy, along with community tip-offs and data matching.'

'It's all about levelling the playing field for honest businesses who are being undercut by their dishonest competitors that aren't paying the tax they're supposed to,' Mr Goding added.

The benchmarks cover 100 industries and over 2 million small businesses around the country. The industries include:

- Accommodation and food
- Building and construction trade services
- Education, training, recreation and support services
- Health care and personal services
- Manufacturing
- Other services
- Professional, scientific and technical services
- Retail trade
- Transport, postal and warehousing.

Small business owners who need help understanding how to improve their business performance can consult a business adviser or registered tax professional. The ATO's online learning platform [Essentials to strengthen your small business](https://smallbusiness.taxsuperandyou.gov.au/) (<https://smallbusiness.taxsuperandyou.gov.au/>) can support small business owners to prepare for these conversations, as well as further understand their tax and super obligations.

The benchmarks are accessible on the [ATO website \(/businesses-and-organisations/income-deductions-and-concessions/small-business-benchmarks\)](https://www.ato.gov.au/businesses-and-organisations/income-deductions-and-concessions/small-business-benchmarks) and via the ATO app business performance check tool. The key benchmark ratios can also be downloaded from data.gov.au.

Example

The below example shows a small business using the ATO benchmarks to compare its performance to similar businesses in the same industry.

Anna's pizza shop

Anna operates a pizza shop as a sole trader. Anna wants to know how her business compares to her competitors and how she can improve her business.

Anna searches online for 'pizza shop benchmarks' and finds the ATO small business benchmarks. She follows the instructions to download the ATO app. Then, she goes to the business performance check tool.

Anna enters her details into the business performance check tool. She learns the key ratio of cost of sales to turnover for her shop is 44%.

While this is within the range for businesses in her industry with a turnover of \$550,300, Anna sees that the range for cost of sales starts at 37%. She realises some of her competitors have lower cost of sales.

Anna looked at other suppliers in the market and got a better deal to reduce her business's expenses and improve profits.

Notes to journalists

- The benchmark methodology has been independently verified as statistically valid. It is consistent with international methods.
- The ATO has other business performance tools available including the [business viability assessment tool \(/calculators-and-tools/businesses-viability-assessment-tool\)](/calculators-and-tools/businesses-viability-assessment-tool) and [personal living expenses worksheets \(/calculators-and-tools/audits-personal-living-expenses\)](/calculators-and-tools/audits-personal-living-expenses).
- A high-resolution headshot of [Assistant Commissioner Tony Goding \(https://www.ato.gov.au/api/public/content/38fd971ae6e34aa69e4955cd716aede?v=cb26025e\)](https://www.ato.gov.au/api/public/content/38fd971ae6e34aa69e4955cd716aede?v=cb26025e) is available for download from our media centre.
- [ATO stock footage and images \(/media-centre/ato-file-footage-and-stock-vision\)](/media-centre/ato-file-footage-and-stock-vision) are available for use in news bulletins from our media centre.

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