

Statement by Supplier Reference Guide

When is withholding not required?

You do not have to withhold an amount from a payment if:	Examples where this exemption could apply: (please check with the ATO if unsure)
The payer is not making the payment in the course of carrying on an enterprise in Australia	Check with ATO
The payment is \$75 or less, excluding any goods and services tax (GST) or the supplier is an individual aged less than 18 years and the payment does not exceed \$120 a week.	As stated
The supplier is an individual and has given you a written statement which says: the supply relates to a private recreational pursuit or hobby, or the supply is wholly of a private or domestic nature for that supplier.	When engaging someone as an art tutor, hobby buddy, non-commercial exercise buddy, spectator buddy etc. – there is a shared interest in the activity. Host family – when staying in the host’s home
You do not have to withhold an amount from a payment if:	Examples where this exemption could apply: (please check with the ATO if unsure)
The supply is made by an individual or partnership without a reasonable expectation of profit or gain	Payment is made to cover the costs of the outing or activity but the person is not paid for their time
The supplier is not entitled to an ABN as they are not carrying on a business or enterprise in Australia	See ABN entitlement tool
The whole of the payment is exempt income for the supplier	Check with ATO

If a supplier has applied for an ABN, they may ask you to hold back payment until the ABN has been obtained and quoted. This is a matter for you and the supplier to work out. However, unless one of the above exceptions applies, you must withhold 46.5% of the payment if it is made before an ABN is quoted. If you do not withhold from the payment, you may have to pay a penalty equal to the amount you should have withheld.

How do you inform the payer if no withholding applies?

As the payer, you may request a written statement from the supplier to justify not withholding if the supply either:

- relates to a private recreational pursuit or hobby - for example, a hobby artist receives a prize of \$100 in a shopping centre art show
- is wholly of a private or domestic nature for the supplier - For example, a home owner sells some personal furniture to a second hand store.

As a minimum, the statement should contain the following:

- the supplier's name and address
- why it was not necessary to withhold
- the supplier's signature.

The Australian Tax Office has developed the [Statement by a supplier](#) (PDF, 292KB) form that can be used for this purpose.

If you do not withhold because an exception applies, you should keep sufficient records to:

- identify the supply and the supplier
- justify the reason for not withholding.

You may choose to obtain a signed statement from the supplier containing the required information or use the ATO form.