



What to exclude from your business's assessable income

Not all payments you receive are assessable income for income tax purposes. If a payment you receive is not assessable income, you do not need to include it in your tax return.

List of non-assessable amounts

The following amounts are not assessable, for example:

- betting and gambling wins (unless you operate a betting or gambling business)
- earnings from a hobby
- gifts or inheritance
- GST you have collected
- non-assessable non-exempt government grants
- prizes and awards not related to your business
- money you have borrowed
- money you contribute as the business owner.

Non-assessable non-exempt government grants

Some business support grants are non-assessable, non-exempt (NANE) income. If a business support grant you receive is NANE, you do not include it in your income tax return and you do not pay tax on it.

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COVID-19 business support payments

You **don't** need to pay tax on **some** COVID-19 payments from the government to support businesses. Eligible payments will be non-assessable non-exempt (NANE) income for tax purposes.

Is a COVID-19 support payment you receive not taxable?

A government COVID-19 business grant or support program payment you receive will only be non-taxable (non-assessable non-exempt income (NANE)) if all the following three criteria are met:

- The payment is received under a [state or territory grant, or Australian Government support program that is formally declared by the Minister under a legislative instrument to be eligible for NANE treatment \(/General/COVID-19/Government-grants,-payments-and-stimulus-during-COVID-19/Tax-implications/Eligible-COVID-19-business-grants-and-support-programs/\)](#).
- You carried on a business and have an [aggregated turnover \(/Business/Small-business-entity-concessions/Eligibility/Aggregation/\)](#) of less than \$50 million in either the income year the payment was received or the previous income year.
- The payment was received in the 2020–21 or 2021–22 financial year for eligible state or territory grants or the 2021–22 financial year for eligible Australian Government programs.

Payments your business received under an eligible state or territory grant or Australian Government support program are taxable if you:

- carried on a business, and
- did not have an aggregated turnover of less than \$50 million in either the income year the payment was received or the previous income year.

The payment will be assessable as ordinary income of the business and should be declared as income in your tax return. If the business is also registered for PAYG instalments, it should be reported at label T1 of the BAS (see [PAYG instalments – how to complete your activity statement \(/Business/Business-activity-statements-\(BAS\)/In-detail/Instructions/PAYG-instalments---how-to-complete-your-activity-statement/?anchor=T1#T1\)](#)).

Example: Receiving a grant eligible for NANE income

Fresh Brew is a small business operating a café in Victoria.

Fresh Brew received an eligible grant payment under Business Costs Assistance Program Round Two for the 2020–21 financial year.

This package is part of the Victorian Government's response to the economic impacts of COVID-19.

The Minister has declared that the Business Costs Assistance Program Round Two is a grant program that's eligible for NANE income.

In the 2020–21 financial year, Fresh Brew self-assessed and identified that its aggregated turnover was less than \$50 million in the income year the payment was received.

As Fresh Brew received an eligible grant payment in the 2020–21 financial year and its aggregated turnover is less than \$50 million, it does not need to include the grant in its business income.

Natural disasters

Storms and floods

2021 storms and floods: recovery grants

Small businesses and primary producers affected by the storms and floods that occurred between 19 February 2021 and 31 March 2021 may be eligible to receive special disaster recovery grants.

The grant must be a Category D grant under the Disaster Recovery Funding Arrangements 2018.

To find out what type of category grant funding you received under the Disaster Recovery Funding Arrangements 2018, you may need to speak to the person within your state or territory who administered your grant.

These grants are NANE income for the 2020–21 financial year and onwards.

2019 North Queensland flood: recovery grants

Small businesses and primary producers affected by the North Queensland monsoonal trough flooding between 25 January 2019 and 28 February 2019 may be eligible to receive special disaster recovery grants.

The grant must be a Category C or D grant under the Disaster Recovery Funding Arrangements 2018.

To find out what type of category grant funding you received under the Disaster Recovery Funding Arrangements 2018, you may need to speak to the person within your state or territory who administered your grant.

These grants are NANE income for the 2018–19 financial year and onwards.

2019 North Queensland flood: Restocking, replanting or farm infrastructure grants

Primary producers may be eligible to receive certain grants for replacing or repairing farm infrastructure, restocking or replanting, or a similar purpose.

These grants are NANE income for the 2018–19 financial year and later financial years. Therefore, you do not pay tax on the grants.

Bushfires

2019–2020 Bushfires Relief Recovery Payments

Any [bushfire](#) ([/General/Dealing-with-disasters/In-detail/Specific-disasters/Bushfires/](#)) relief recovery or benefits are NANE income if they are provided by any level of government, including:

- Australian Government
- state
- territory
- a municipal corporation
- a local governing body.

Water infrastructure improvement payments

Payments for sustainable rural water use and infrastructure programs are NANE income if the participant (recipient) chooses to have the payment treated this way. The participant can also choose to treat it as ordinary income.

For more information on the choice options and eligible programs visit [Sustainable rural water use and infrastructure program](#) ([/Business/Primary-producers/In-detail/Abnormal-income/Sustainable-rural-water-use-and-infrastructure-program/](#)).

See also

- [COVID-19 \(/General/COVID-19/\)](#).
- [Assessable income for business \(/Business/Income-and-deductions-for-business/Assessable-income/\)](#).
- [Business tax deductions \(/Business/Income-and-deductions-for-business/Deductions/\)](#).

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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.

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