

DLK ADVISORY

ATO BENCHMARKS – A HANDY BUSINESS CHECK-UP



The ATO's business benchmark data is a useful tool for smart business owners. Learn how you can access these benchmarks to judge your business' performance against industry standards, identify your ATO audit risk and other tax compliance issues, and prompt new thinking about ways to improve your profit margins.

This data is available for over 100 industries across categories ranging from accommodation and food to manufacturing, and health care to veterinary services.

Naturally, the ATO also uses this data for compliance purposes. By identifying businesses that are "outliers" compared to their industry benchmarks, the ATO is better able to select businesses for audit. This might include businesses that are reporting significantly less income than competitors relative to expenses or claiming significantly more expenses relative to income.

Being outside a benchmark range does not necessarily mean that something is wrong, but it may lead the ATO to ask questions. ATO Assistant Commissioner Peter Holt likens the benchmarks to the red and yellow flags at the beach: "If you stay between the flags, you'll be less likely to attract our attention."

The ATO calculates the benchmarks using data from the tax returns and activity statements of over 1.5 million small businesses. The latest updated benchmarks are sourced from the 2016–2017 income year.



The types of benchmarks that the ATO publishes for each industry vary, but often include useful benchmark information such as cost of sales as a percentage of turnover (and average cost of sales); total expenses as a percentage of turnover (and average total expenses); and labour, rent and motor vehicle expenses as a percentage of turnover.

An easy and quick way to access the data is to use the “business performance check” tool on the ATO app. After entering a few details about your business, the app will show you how your business compares to your industry’s benchmark ranges. The ATO will not record the information that you enter when using this tool.

Alternatively, you can manually view your industry’s data on the ATO website, where it is arranged both alphabetically (A to Z list of industries) and by industry category.

Contact us today for expert advice to help your business succeed. We can help you assess how your business measures up against industry benchmarks, review record-keeping for tax compliance and develop effective strategies for improving your business’ profitability.

CONTACT

If you have any queries, please feel free to contact us.

Adam Mallabone
adam.mallabone@dlkadvisory.com.au

Ben Melin
ben.melin@dlkadvisory.com.au

David Lilja
david.lilja@dlkadvisory.com.au

DLK Advisory
Level 10, 99 Queen Street, Melbourne VIC 3000
T: +61 3 9923 1222
www.dlkadvisory.com.au

*Partnering together
to achieve your objectives*