



**Australian Government**

**Australian Taxation Office**

# Taxable payments reporting for government entities

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# Overview

- > Background
- > How the system works
- > What you can do to prepare
- > Frequently asked questions
- > Where to get more information

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# Background

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# What is taxable payments reporting for government entities

From 1 July 2017:

- > Federal, state, territory and local government entities will need to report the total payments they make to businesses wholly or partly for services each year.
- > Federal, state and territory government entities will also need to report grants they make to people or organisations with an ABN. Local government entities are not required to report grants they pay.

# What the system aims to address

The system aims to address the following issues:

- > Non-lodgment of tax returns
- > Not including all income in lodged tax returns
- > GST compliance

We will also provide the information that is reported to businesses in our pre-filling service to help them get their tax returns right.

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# How taxable payments reporting works

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# Who needs to report?

A broad range of government entities will be required to report, including:

- > federal government departments, agencies and authorities
- > state and territory government departments and agencies
- > local government entities
- > government-owned corporations.

# Who won't need to report?

Some government entities won't need to report. These include:

- > schools, universities and TAFES
- > child care centres
- > hospitals
- > public museums, libraries or art galleries
- > For a full list go to **[ato.gov.au/tparGov](https://ato.gov.au/tparGov)**



# What needs to be reported - payments

- > The total payments made to each supplier wholly or partly for services.
- > If the payment includes both goods and services:
  - Report the whole amount.
  - Don't separate amounts, even if they're itemised separately.

# What doesn't need to be reported

You don't need to report:

- > Payments for goods only
- > unpaid invoices as at 30 June each year – these should be reported in the annual report for the year in which they're actually paid
- > PAYG withholding payments – these are reported in the relevant PAYG withholding annual report (for example: PAYG payment summary annual report, for payments to employees).

# Payments specifically excluded from reporting

There are some types of payments that are specifically excluded from reporting including payments:

- > made to other government entities
- > made by some electronic methods
  - Can include; BPAY, recurring direct debit, credit or debit card payments
- > for telephone and internet services
- > for rent
- > for bank fees and financial supplies
  
- > For more, see **ato.gov.au/tparGov**

# The annual report

The information must be reported in the *Taxable payments annual report*.

- > The report contains three sections:
  - Sender, includes details about the report and the sender of the data
  - Payer, includes details of the entity that made the payment or paid the grant
  - Payee, includes details about the recipient and the amounts paid
- > Payments and grants are to be reported separately.

# Payee details to report

For each payee, you should report the following identity information:

- > ABN
- > Name and address
- > Other information, such as:
  - Bank account details
  - Phone number
  - Email address
  - Statement by a supplier indicator (where applicable)

# Payee details to report

For each payee, report :

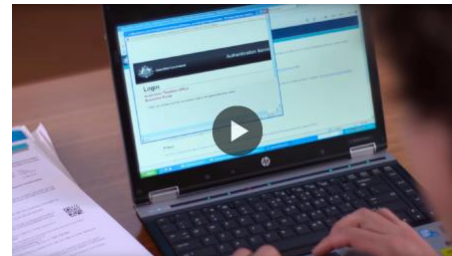
- > Total gross amount paid for the year
- > Total GST included in gross amount paid
- > Payment type – P for payments, G for grants

# When and how to report

- > The *Taxable payments annual report* is due by 28 August each year. The first annual report for the 2017-18 financial year is due by 28 August 2018.
- > Reports need to be submitted electronically in a format that meets our specifications.
- > Download the specifications at **[softwaredevelopers.ato.gov.au/tparGov](https://softwaredevelopers.ato.gov.au/tparGov)**

# How to lodge

- > The *Taxable payments annual report* can be lodged by uploading a file on ATO portals.
- > Watch our video 'How to lodge your *Taxable payments annual report* online' at **ato.gov.au/tpr**



- > You can't lodge the report in formats that don't comply with our specifications, such as on spreadsheets, Word or pdf documents.



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What to do now to prepare

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# What can you do now to prepare?

- > Review your records to ensure that you have the information required for the annual report.
- > Discuss this measure with your software developer or information technology specialist.
- > If you develop your own software, visit **[softwaredevelopers.ato.gov.au/tparGov](https://softwaredevelopers.ato.gov.au/tparGov)** for more information.
- > For more detailed information, go to **[ato.gov.au/tparGov](https://ato.gov.au/tparGov)**

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# Avoiding common mistakes

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# How to avoid common mistakes

- > Ensure that you provide the correct name and ABN of the payer.
- > Check the details of your payees - When you receive an invoice, check the ABN on the invoice matches the ABN on your records for that business and create a new vendor record, if necessary.
- > It's a good idea to check their ABN using the ABN Lookup at **abr.business.gov.au** or using the ATO App.

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# Frequently asked questions

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## Question

Do government entities need to report payments they make on behalf of other entities exempted from reporting?

Yes. Some payments made in connection with an exempted government entity may still be reported where a government entity that's required to report makes the payment.

For example, where a local council makes a payment to a contractor for services provided to a library, the local council will need to report this payment.

## Question

Do government entities need to provide payees with the details that have been reported to the ATO?

No. There is no requirement to provide recipients of grants or payments with any details of the information reported, but government entities can choose to provide them with the details should they wish.

## Question

What do you do when a supplier changes their ABN or bank account details during the year?

Where a supplier provides you with a new ABN you should set up a new vendor record in your system. Where this occurs part way through the year, you will need to report the total payments you made to each ABN as separate entries in your annual report.

Where a supplier provides you with new bank account details, we request you provide the latest details.



# Question

How do you report a recovery or adjustment?

Where a payment is made and recovery occurs in the same financial year, you report the net amount. Where the recovery occurs in the next financial year there is no need to tell us.

The entity that received the payment would need to consider if there is any impact on a lodged tax return and if so, they should request an amendment of their tax return.

## Question

Do payments a council makes to overseas suppliers without an ABN need to be reported?

Yes, payments to overseas suppliers are required to be reported. Where the entity does not have an ABN the field in the report can be filled with zeros.

## Question

Do councils need to report costs associated with servicing of fleet vehicles?

Payments that are wholly or partly for the supply of services eg, car servicing or repairs are required to be reported.

## Question

Are payments made in relation to sitting fees for Councillors reportable?

Where the payment is for a service, and the payments are not subject to PAYG withholding, they should be included in the report.

# More information

For more information about the system and how it works:

- > Visit our website at **[ato.gov.au/tparGov](https://ato.gov.au/tparGov)**
- > Email us at **[tparGov@ato.gov.au](mailto:tparGov@ato.gov.au)**
- > Phone us on **13 28 66**
- > Watch our recorded webinar at **[ato.gov.au/tv](https://ato.gov.au/tv)**