

# TAXABLE PAYMENTS ANNUAL REPORT – WHAT ARE THE TAX OBLIGATIONS?



Do you operate or are you involved in the building and construction, cleaning, courier, security, road freight or computer industry? The Taxable payments annual report tells the Australian Taxation Office (ATO) about payments you have made to contractors for providing services. Contractors include subcontractors, consultants and independent contractors. There is a common misconception that contractors are suppliers and do not need to be reported. The reality is that there may be penalties associated with not declaring payments made to a contractor for services provided.

## WHAT INDUSTRIES DOES IT APPLY TO?

The reporting regime currently applies to the building and construction industry which for the purposes of this reporting regime is defined broadly. However, this will be extended to

- Cleaning and courier industries effective 1 July 2018
- Proposed to be extended to security providers, road freight transport and computer services from 1 July 2019

## WHAT IS A CONTRACTOR AND WHAT DO I NEED TO REPORT?

A contractor can be sole traders, companies, partnerships or trusts. All contractors who provide some labour activities (even if only a portion of their fee) need to be reported on. The details you need to report about each contractor includes their ABN, name, address and gross amount you paid them for the financial year.

## WHAT PAYMENTS DO I NOT REPORT?

- Invoices that have not yet been paid
- Payments for material only
- Payments for which you have issued a PAYG payment summary

If you would like more information about taxable payments annual reporting, then feel free to contact either Gino Terriaca, Tony Cassetta or Silvia Caratti of Maxim Private Advisory on (08) 9489 2555 or [info@maximadvisory.com.au](mailto:info@maximadvisory.com.au)

*Please note that this is general information only and professional advice should be obtained before acting on any information contained herein.*

## WHY DO I HAVE TO DO THIS?

The ATO is trying to ensure that all contractors declare their income. It is part of their strategy to crackdown on the “black economy”.

## DO I STILL NEED TO REPORT IF I DON'T HAVE ANY PAYMENTS?

Yes, if you are in one of the industries, then you still need to lodge a nil report.

## HOW DO I LODGE THE TAXABLE PAYMENTS ANNUAL REPORT?

Businesses can lodge the form online or by paper and the reports are due by the 28<sup>th</sup> August each year. To lodge online you create an electronic annual report data file using your accounting software (eg Xero, MYOB) and lodge on the ATO business portal file transfer function. If there are issues uploading the file please contact us. You can also lodge by paper.

## ARE THERE PENALTIES IF I DON'T LODGE?

Yes, penalties may apply if you fail to lodge the form on time, even if it a nil report. The penalty is calculated at the rate of one penalty unit (\$210) for each period of 28 days that the report is overdue.

Are you in the following industries?

- Building and construction
- Government

Was 50% or more of your business income earned providing building and construction services

Yes

No

Yes

No

Are you providing payments to suppliers for materials only?

Yes

No

No report to be lodged.

Taxable payments annual report to be lodged

No report to be lodged.

No report to be lodged.