

merit alert!

keeping you up to date on industry news and trends

AUGUST 2019

Taxable payments annual reports are due for lodgement

Your Taxable Payments Annual Report (TPAR) is due on the **28 August**, penalties may apply if not lodged by the due date. TPAR is required if you are a business supplying:

- Building and construction services
- Cleaning services (for contractor payments from 1 July 2018)
- Courier services (for contractor payments from 1 July 2018)
- Road freight services (for contractor payments from 1 July 2019)
- Information technology (IT) services (for contractor payments from 1 July 2019)
- Security investigation or surveillance services (for contractor payments from 1 July 2019)
- Mixed services (a business that provides one or more of the services listed above)

Why the ATO collects information about payments to contractors

The information provided by businesses and government entities in their *Taxable payments annual report* (TPAR) allows the ATO to identify those contractors who have:

- not included all their income on their tax return
- not lodged tax returns or activity statements
- not registered for GST where they are required to do so
- quoted the wrong ABN on their invoices

Payments businesses need to report

For the 2019 financial year you will need to report payments made to contractors for building and construction, cleaning, courier services. If an invoice you receive from a contractor includes both labour and materials, whether itemised or combined, you must report the total amount of the payment, unless the labour component is only incidental.

Payments businesses don't need to report

There are some payments you don't report on the TPAR. These include:

- Payments for materials only
- Payments for incidental labour
- Unpaid invoices as at 30 June each year
- PAYG withholding payments
- Payments within consolidated groups
- Payments for private and domestic services

How to Lodge TPAR

Entity lodging requirements:

- Government entities must [lodge online](#)
- Businesses can lodge either online or lodge a paper form
- As your Tax professionals we can [lodge online](#)

Online, is quick and uses inbuilt checks that ensures you complete the report correctly, also providing online confirmation once lodged. If your business has:

Business software

You may be able to create a TPAR data file to the [specifications](#) using the [file transfer function](#), on the ATO portal. Or directly through the business software if it is Standard Business Reporting ([SBR](#)).

- File transfer function, allows businesses and tax professionals to lodge a range of reports quickly, securely, send large compresses files, and also test files for errors before lodging through online portals and online services for agents.
- Standard business reporting is a time and money saver for the community and government. Reducing time, manually filling in forms and gathering information, which reports are then submitted to the government.

No business software

TPAR can still be lodged online through ATO online services for:

- Individuals and sole traders – Select ‘Tax’ then ‘Lodgments’ then ‘Taxable Payments annual reports’.
- ATO Business portal – select ‘Online forms’ from the menu then ‘Taxable payments annual report’.
(Required to have an [AUSkey](#), or myGov login- ABN must be [connected](#) to myGov account)

Paper form

Can be ordered from ([NAT 74109](#)) online or through ATO publications ordering services by calling (1300 720 092).

It is required that you use and send back the coloured form sent to you, do not use a photocopy or printed copy done by yourself.

Allows business to report up to nine contractors, if there are more than nine then more forms will need to be ordered. Fill in the form as per the [requirements](#).

For all up to date information on *Merit Alert* topics contact the team at Merit Partners:

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