

BUILDING AND CONSTRUCTION INDUSTRY TAXABLE PAYMENTS REPORTING



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1. Introduction

From 1 July 2012 businesses in the building and construction industry are required to report payments made to contractors for building and construction services.

These payments will be reported at the end of each financial year on the Taxable Payments Annual Report.

The information that is reported will be used by the ATO in detecting contractors who have either not lodged tax returns or not included all of their income in their tax returns.

2. Who Is Required To Report?

You are required to report if:

- You are a business that is primarily in the building and construction industry, and
- You make payments to contractors for building and construction services, and
- You have an ABN

A business is considered to be primarily in the in the building and construction industry if:

- In the current financial year, 50% or more of the business income is derived from providing building and construction services
- In the current financial year, 50% or more of the business activity relates to building and construction services
- In the financial year immediately before the current financial year, 50% or more of your business income was derived from providing building and construction services

See appendix 1 for a list of activities and occupations that classify as building and construction services.

3. Details To Be Reported?

For each contractor you will need to report:

- **ABN** – as appears on the contractors invoice
- **Phone Number** – can be mobile or landline
- **Contractor Name** – business name as shown on the invoice or surname and given names if individual
- **Payees address** – street or postal address
- **Total tax withheld where ABN was not quoted** – only complete if there were amounts withheld from payments where the payee did not quote an ABN. Where you have provided this information in this report, it does not need to be included in the *PAYG Withholding Where ABN Not Quoted – Annual Report*.
- **Total GST** – provide the total GST included in gross amounts paid
- **Gross amount paid** – provide the gross amount paid throughout the year including GST and tax withheld where ABN not quoted
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If ABN, phone number or address details are unknown, leave these boxes blank on the form. See a copy of a sample *Taxable Payments Annual Report* [here](#).

4. Payments To Be Reported

You need to report payments you make to contractors for building and construction services if they are performed on or in relation to any part of a building, structure, works, surface or sub-surface.

Building and construction services include any of the activities listed in [appendix 1](#).

Examples of what the ATO considers to be buildings, structures, works, surfaces or sub-surfaces are listed at [appendix 2](#).

5. Payments That Do Not Need To Be Reported

- Payments for materials only – if the invoices you receive include both labour and materials, whether itemized or combined, you should report the whole amount of the payment unless the labour component is only incidental. See appendix 3 for example.
- Unpaid invoices as at 30 June each year – the payments need to be reported on a cash basis even if you account on an accruals basis.
- Pay as you go withholding payments – do not include payments that are to be reported on the PAYG Withholding Annual Report such as
 - Employees
 - Workers engaged under a voluntary agreement to withhold
 - Workers engaged under a labour hire agreement
- Payments for private and domestic projects – You do not need to report if you are a home owner making payments to contractors for building and construction services
- Payments within consolidated groups – if you are part of a consolidated group for income tax purposes, intra-group payments do not need to be reported to the ATO

Examples of situations when contractor payments need to be reported and when they do not need to be reported can be found at appendix 3.

6. Report Lodgement Timeframe

The *Taxable Payments Annual Report* is due by 21 July each year.

However, for the first year (2012-2013), the ATO is allowing lodgement by 28 July 2013.

7. **Report Lodgement Methods**

The report can be lodged in one of four ways:

- Using the Business Portal or Tax Agent Portal – to use this method you must create an electronic annual report data file using your accounting software and upload to the portal. This is similar to the process of uploading PAYG payment summary annual reports created in your software.
- Using Standard Business Reporting – you can use this method if you have SBR-enabled accounting software to upload the report directly to the ATO
- Electronic Storage Media – You can use CD's or USBs to send an electronic annual report data file to the ATO. This option is available for 2012-2013 only
- Paper form – see a sample paper form [here](#)

8. Payee Information Statement

There is no requirement to provide the contractors with any details of the information you have reported to the ATO in the Taxable Payments Annual Report.

However, there is the option of providing the contractors with this information using the *Payee Information Statement*. Some accounting software programs may also have the ability to produce these reports.

9. Appendices

Appendix 1

A list of occupations and work activities that qualify as building and construction services.

Appendix 2

For examples of what we consider to be buildings, structures, works, surfaces or sub-surfaces.

Appendix 3

Examples on scenarios where contractor payment reporting is required and where it is not required.