



ATO reminds businesses paying contractors to check if they need to lodge Taxable payments annual report

The Australian Taxation Office (ATO) has reminded businesses that pay contractors for certain services that they may need to lodge a Taxable payments annual report (TPAR) with the ATO by 28 August 2020.

Last updated 3 August 2020

The Australian Taxation Office (ATO) has reminded businesses that pay contractors for certain services that they may need to lodge a Taxable payments annual report (TPAR) with the ATO by 28 August 2020. This is the first year that businesses that pay contractors to provide road freight, information technology, security, investigation, or surveillance services may need to lodge a TPAR with the ATO. This is in addition to those businesses providing building and construction, cleaning, or courier services that are already required to report.

“In response to COVID-19 many businesses have had to quickly adapt, and many have needed to contract out more services. We also know many contractors are struggling right now. It is not fair if an honest contractor misses out on business because a competitor is undercutting them by doing things like under-declaring or not declaring income. The TPAR helps us shed light on payments to contractors and keep things fair,” ATO Assistant Commissioner Peter Holt said.

Businesses should take the time to check if they need to lodge a TPAR and to make sure it is lodged with the ATO by 28 August 2020. The ATO website ato.gov.au/TPAR has information that businesses or their advisers can use to quickly determine if they need to lodge a TPAR.

“Many restaurants, cafés, grocery stores, pharmacies and retailers have started paying contractors this year to deliver their goods to customers as a result of COVID-19. These businesses may not have previously needed to lodge a TPAR. However, if the total payments received for these deliveries or courier services are ten per cent or more of the total annual business income, you’ll need to lodge,” Mr Holt said.

The ATO uses information reported on the TPAR to make sure that businesses are complying with their tax obligations, for example, being registered for GST if required, lodging BAS and income tax returns, and using valid ABNs, reporting the correct amount of income and then paying the right amount of tax.

The ATO has also been working directly with head contractors in the building and construction industry across the country to ensure the success of the taxable payments reporting system (TPRS) which has led to a \$56 million reduction in amounts paid to sub-contractors without a valid ABN from 2016–17 to 2018–19 financial years.

“We are also actively encouraging the use of the ABN Lookup tool which is a quick and easy way to ensure the contractor you are working with is quoting a valid ABN on their invoices. Additionally, some commercial software providers have now integrated automated ABN checking into their accounting software packages, which makes ABN checking more streamlined during the year as well as when it comes time to lodge the TPAR. This sustained effort has led to a \$500 million improvement in reporting of payments to valid ABNs across the building and construction industry,” Mr Holt said.

As at late July 2020, more than 16,000 businesses have already lodged a TPAR for 2019–20 or told the ATO that they’re not required to lodge. The ATO expects more than 280,000 businesses to complete a TPAR for 2019–20.

“If you keep good business records, you’ll be much better off and recording payments to contractors throughout the year will help you get your TPAR right. We’ve designed the TPAR to fit in with the natural business systems to reduce the amount of time you will need to spend getting it done. The good news is that the contractor details you need to report on the TPAR are usually on the invoices used to claim GST credits on your BAS, so you may find that once you lodge your BAS, you can tick your TPAR off your list shortly after.”

Lodging the TPAR online

Lodging the TPAR online is quick and simple. There are four options to lodge online:

- Check if your business accounting software can create and lodge the TPAR. Talk to your software provider if you're not sure.
- Complete and lodge your TPAR through the ATO's **Business portal**.
- Individuals and sole traders can lodge using a **myGov account linked to the ATO**.
- Registered tax professionals can also lodge the TPAR on behalf of their clients.

More information

More information and resources like videos, fact sheets, and webcast recordings, and examples to help businesses work out if they need to lodge, how to lodge, and what to report is available at ato.gov.au/TPAR.

The ABN look up tool is available at abr.business.gov.au .

Information is also available in **Arabic, Traditional Chinese, Simplified Chinese, Greek, Korean, Nepali, Spanish, and Vietnamese**.

Notes to journalists

- **ATO file footage** is available for download and use in news bulletins from the ATO Media centre.

QC 63319

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

Copyright notice

© Australian Taxation Office for the Commonwealth of Australia

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).