



# Preparing a payment times report

## GUIDANCE NOTE 2

December 2023

### About this guidance note

This guide is for reporting entities under the *Payment Times Reporting Act 2020* (the Act). It provides guidance on how to prepare a payment times report.

It may also help users of the [Payment Times Reports Register](#) to understand the calculations and basis for preparation of payment times reports.

## Our documents

We provide information to reporting entities and other stakeholders to:

- allow contribution to policy development
- inform stakeholders of how we administer the Act
- provide guidance to assist reporting entities to comply with their obligations.

**Consultation papers** seek feedback from regulated entities and other stakeholders on how we administer the Act or intend to administer the Act.

**Guidance notes** explain how the law operates generally and outline our administrative approach. These documents also provide practical examples that may assist in navigating regulated processes. Examples in this guidance note are purely for illustration; they are not exhaustive and are not intended to impose or imply particular rules or requirements.

**Information sheets** are short guidance documents on a specific process or function.

## Document history

This guidance note was published in December 2023 and is based on the *Payment Times Reporting Act 2020* and *Payment Times Reporting Rules 2020* as of that date. It updates the previous version published 28 October 2022 and includes changes to reporting of credit card transactions and the Small Business Identification Tool.

## Disclaimer

This guidance note does not constitute legal or professional advice and it should not be relied on as such. You should seek your own legal or professional advice to find out how the *Payment Times Reporting Act 2020* and other applicable laws apply to your organisation, because you are responsible for determining your obligations.

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## When to prepare a report

### Key points

- Reporting entities report twice per year.
- Reports are usually for a period of 6 months, but we will register a report for an irregular reporting period in limited cases.
- Reports must be submitted to the Regulator within 3 months of the end of a reporting period.
- Entities subject to a merger or acquisition during a reporting period or reporting window can lodge their own report or may have a report submitted as part of their new owner's group.

### Reporting deadline

- 1 There are 2 reporting periods in an income year, the first 6 months of an income year and second being the remainder of the income year. The only exception to this is for volunteering entities that give notice to volunteer in the first 6 months of their income year.
- 2 Reporting periods are generally 6 months but in limited cases we will facilitate reporting by registering reports for irregular reporting periods. More information on reporting periods in [Guidance note 1: Key concepts](#).
- 3 Payment times reports must be submitted no later than 3 months after the end of the reporting period. This 3-month period is called the **reporting window**. A report may be submitted at any time within the reporting window. Reports submitted after the reporting window may result in compliance action unless we have approved an extension of time to lodge the report.
- 4 For more information on how to apply for an extension of time to lodge a report see [Guidance note 3: Applications and notifications](#).
- 5 For more information on our approach to compliance see [Information sheet 1: Our approach to regulation](#).

### Mergers and acquisitions

- 6 Each reporting entity has an obligation to give a payment times report. Although controlling corporations and head entities may lodge reports on behalf of member and subsidiary entities, the obligation to report remains with the individual reporting entity. For more information see [Reporting for groups](#).
- 7 Following a merger or acquisition a reporting entity may:
  - submit a report individually, or
  - submit as a member or subsidiary entity in the payment times reporting template prepared by the controlling corporation or head entity as at the end of the reporting period.
- 8 A change in ownership of a reporting entity is not a notifiable event, but details of change of control events may be provided in report comments to provide context and explanation for the report.

- 9 Where an entity has been subject to a merger or acquisition, it still prepares a payment times report for an ordinary reporting period. Reports should not be submitted for a partial period up to, or following a merger or acquisition transaction date. [Table 1](#) provides examples of how an entity subject to a merger or acquisition may report.

**Table 1: Guidance examples for submitting reports after a merger or acquisition**

Example scenario	Reporting options
Entity A is acquired during a reporting period and becomes a member entity of Entity B.	<ul style="list-style-type: none"> <li>Entity A can submit a report itself, or</li> <li>a report for Entity A can be submitted in the reporting template of Entity B.</li> </ul>
Entity A is acquired during a reporting window and becomes a member entity of Entity B.	<ul style="list-style-type: none"> <li>Entity A can submit a report itself before or after the acquisition, or</li> <li>a report for Entity A can be submitted in the reporting template of Entity B after the acquisition.</li> </ul>
Entity A is a member entity of Entity B and is acquired by Entity C during a reporting window.	<ul style="list-style-type: none"> <li>Entity A can submit a report itself before or after the acquisition,</li> <li>a report for Entity A can be submitted in the reporting template of Entity B before the acquisition, or</li> <li>a report for Entity A can be submitted in the reporting template of Entity C after the acquisition.</li> </ul> <p>Note: we will only accept one report for Entity A. We will only accept a revised report after an acquisition if it corrects substantial errors or omissions. See <a href="#">Guidance note 3: Applications and notifications</a>.</p>
Entity A and Entity B merge during a reporting period. After the merger Entity A will be deregistered.	<ul style="list-style-type: none"> <li>Entity B can submit a report itself.</li> </ul> <p>Note: provided Entity A is deregistered before the end of the reporting period it will not be required to report. See <a href="#">Guidance note 1: Key concepts</a>.</p>
Entity A is member entity of Entity B. Entity C acquires Entity A during a reporting period.	<ul style="list-style-type: none"> <li>Entity A can submit a report itself, or</li> <li>a report for Entity A can be submitted in the reporting template of Entity C.</li> </ul> <p>Note: Entity B is no longer the controlling corporation of Entity A and should not include its report in its reporting template.</p>
Entity A is a member entity of Entity B. Entity A is spun-off to be a standalone entity in a reporting period and no longer part of the corporate group of Entity B.	<ul style="list-style-type: none"> <li>Entity A should submit its own report.</li> </ul> <p>Note: If Entity A has income below A\$100 million in its 2 most recent income years it may consider making an application for a determination to cease to be a reporting entity.</p>

## Report data

### Key points

- Reporting entities must keep written records of the methodology and data gathering processes used to prepare their report.
- We recommend 2 methods for using the SBI Tool. Reporting entities should use either the **continuous approach** or **end date approach** and provide details of the approach used in the comments of their report.
- If an entity believes a supplier is incorrectly identified in the SBI Tool, it may request the supplier contact us to change the tool. Alternatively, the entity can provide us with documentary evidence (payment records or a statutory declaration) that the entity paid over A\$10 million to the supplier in a single income year.
- Reporting entities must keep any information used to prepare their report for 7 years.

### Information to prepare a report

- 10 Preparation of payment times reports requires collation of a range of information and data. In addition to invoices, reporting entities may require data from contracts, bank statements and other commercial agreements, such as supply chain finance agreements.
- 11 The information required to prepare a report may vary depending on the circumstances and systems used by a reporting entity. Entities must document their methods and information used to prepare reports.
- 12 We may have concerns on the completeness or accuracy of a report if a reporting entity is unable to demonstrate a systematic approach to:
- scoping the documents and data required to prepare their report, and/or
  - data gathering processes.

### Small Business Identification Tool information

- 13 The Small Business Identification Tool (SBI Tool) is accessed via the [Payment Times Reporting Portal](#). The SBI Tool identifies which suppliers are small businesses for reporting purposes. It operates by comparing a list of a reporting entity's supplier ABNs to a database of ABNs and returns a text file separated into small businesses that must be reported on and businesses not to report on.
- 14 The SBI Tool is based on a number of data sources and is regularly updated.
- 15 When using the SBI Tool to identify small businesses, we recommend reporting entities run the tool either:
- once, after the reporting period end date (the **end date approach**), or
  - at regular intervals throughout the year to classify small business payments closer to the time of the transaction (the **continuous approach**).



- 16 If a reporting entity uses the continuous approach, the tool should be run at regular intervals for all supplier ABNs. We may have concerns if the SBI Tool is run at irregular intervals or for a limited group of suppliers for the purpose of artificially reducing reportable payment times.
- 17 If a reporting entity uses the SBI Tool when onboarding new suppliers, it will still need to update its records each reporting period and should use one of the recommended approaches.
- 18 The SBI Tool may only be used for reporting purposes. We monitor use of the SBI Tool and may use information about how you access it for compliance purposes.
- 19 The reporting entity should record the SBI Tool approach they used in the comments section of their report. If the recommended approaches are not used, details of the methodology used should be provided. This information can provide important context for the report and inform users of the potential for variance caused by the timing of use of the SBI Tool.
- 20 Reporting entities must report on payment times to businesses that the SBI Tool identifies as small businesses.<sup>1</sup> Reporting entities cannot change, modify or override their SBI Tool output file to classify suppliers differently or exclude suppliers identified by the SBI Tool from reporting. Reporting entities should maintain records of how the SBI Tool output file was used to prepare their report.
- 21 If a reporting entity believes the SBI Tool output file incorrectly identifies a business as a small business, it can:
- request the supplier contact us to update its classification. The supplier will need to provide its registered business name, ABN and a statement that the contact person is authorised to request the classification update on behalf of the entity, or
  - provide documentary evidence (payment records or a statutory declaration) that the entity paid over A\$10 million to the supplier in a single income year.
- 22 Where a reporting entity has identified an error and seeks to have the SBI Tool updated, it may:
- wait for the SBI Tool to be updated and re-run the tool for the relevant period under the end date or continuous approach, or
  - use the SBI Tool output file with the error uncorrected to prepare its payment times report.
- 23 Waiting for the SBI Tool to be updated does not excuse a reporting entity from the obligation to submit a payment times report by the statutory due date.
- 24 The Regulator is committed to updating the SBI Tool within 28 calendar days of appropriate documentary evidence being provided. Payments to the relevant supplier can be removed from payment times reporting after the SBI Tool has been updated.

## Record keeping

- 25 Reporting entities must keep any information used to prepare a payment times report for a period of 7 years from the end of the reporting period.<sup>2</sup> Table 2 provides examples of the types of information that entities may need to retain after lodging a report, depending on how the entity prepared its report.

<sup>1</sup> *Payment Times Reporting Act 2020 (Cth) s 5*

<sup>2</sup> *Payment Times Reporting Act 2020 (Cth) s 29(1)*

**Table 2: Guidance on types of information a reporting entity may be required to retain**

Types of information	
	<ul style="list-style-type: none"> <li>• Final and draft versions of the report.</li> <li>• Payment records, such as invoices, contracts and bank statements.</li> <li>• IT system records.</li> <li>• Report approvals from a responsible member.</li> <li>• Board papers or meeting minutes demonstrating the report was considered by the principal governing body.</li> <li>• Calculation sheets and workbooks.</li> <li>• The SBI Tool output files used to prepare the report.</li> <li>• Documents recording the methods used to prepare the report.</li> <li>• Internal or external advice relied on in the preparation of the report.</li> <li>• Documents, instructions and other correspondence with external parties engaged to prepare the report on the reporting entity's behalf.</li> </ul> <p><b>Note:</b> This list is not exhaustive. If a reporting entity has other types of records of any information used in the preparation of a report, it must retain those records for a period of 7 years from the end of a reporting period.</p>

- 26 Reporting entities may use automated IT functions, customised extracts or other data interpretation processes to prepare a report. If entities prepare a report using an automated function or secondary information source, they should maintain documentation that describes the process. For example, include rules, parameters and any reconciliation and validation steps taken to ensure completeness and accuracy of the information.
- 27 Civil penalties may apply if reporting entities fail to keep records.<sup>3</sup>

<sup>3</sup> *Payment Times Reporting Act 2020* (Cth) s 29(2)

## Payment times report content

### Key points

- Step-by-step instructions on how to complete a reporting template is provided in [Guidance note 2, Appendix 1: Preparing a payment times report](#).
- Reports should include any information that would provide context or explanation in relation to other information in the report. These can be included in the 'Comments' section of the report and will be published.
- Controlling corporations and head entities with reporting obligations should only report on their own payment times practices. The payment practices of subsidiaries and member entities are not aggregated, combined or incorporated in the calculations for their reports.
- Entities that do not have any small business procurement are still required to lodge a report, but the report will have nil ('0') values.
- Civil penalties may apply if a report is submitted with information that is false or misleading in a material particular.

### Required content

- 28 The Act and Rules prescribe the content that must be in a report and that reports must be submitted using the templates available on the [Payment Times Reporting Portal](#).<sup>4</sup> The Regulator does not have the power to modify or amend reporting requirements.
- 29 Comprehensive step-by-step guidance on how to complete a Payment times reporting template, including details of the calculations required, is provided in [Guidance note 2, Appendix 1: Payment times reporting template instructions](#). This also provides details on the data validation the report must pass when attempting to upload it to the [Payment Times Reporting Portal](#).

### Other content

- 30 In addition to specific information requirements identified in the Payment times reporting template, payment times reports must include any information that will assist to give context or explanation of other information included in the report.<sup>5</sup>
- 31 When finalising a report, reporting entities should consider whether any assumptions, procedures used to generate information for the report or events during the reporting period would assist a reader to understand the report. Examples include:
- information about the use of the SBI Tool and the approach used to remove any credit card transactions from reporting
  - details of impacts on reporting period lengths, such reporting for a transitional (or 'stub') period or use of a 52-53-week income year

<sup>4</sup> Payment Times Reporting (Form and Manner for Giving Report) Instrument 2021

<sup>5</sup> Payment Times Reporting Rules 2020 (Cth) s 9(g)



- details of a dispute with a small business supplier that impacted on payment times (with the supplier's details removed)
- methodology used if records are lost due to cyberattacks or other significant events
- changes to the entity's industry sector classification
- significant changes in payment times policies for small business suppliers
- implementation of payment processing changes, such as eInvoicing.

32 A report may be considered false or misleading if an entity fails to include necessary information required to understand the report. See [Misleading information](#).

## Reporting for groups

33 A corporate group may contain both reporting and non-reporting entities. Only the entities in the group that are reporting entities are required to lodge a payment times report. For information on reporting entities see [Guidance note 1: Key concepts](#).

34 Payment times reports are prepared at an entity level. A reporting entity that is part of a corporate group only reports on its own small business procurement practices. A parent entity does not aggregate, combine or incorporate payment practices of subsidiary entities in calculations for its payment times report.

35 If an entity is a reporting entity, but does not engage in any procurement or operations, it may need to lodge a **nil report**. See [Reporting nil values](#).

## Reporting nil values

36 Some reporting entities may not make payments to small businesses. If a reporting entity is required to lodge a report under the Act but does not make payments to a small business, it must submit a report with nil values. A report with nil values has '0' in the reporting template where payment times data is required.

37 A report with nil values must be submitted via the [Payment Times Reporting Portal](#) using the reporting template.

## Misleading information

38 A reporting entity must not lodge a false or misleading report. Civil penalties may apply if a reporting entity (that is not a volunteering entity) gives a report that is false or misleading in a material particular.<sup>6</sup>

39 Generally, information in a report may be found to be false if it is contrary to fact or wrong and may be found to be misleading if it creates a false impression. A material particular is a matter that is not trivial or inconsequential. Omission of information may also result in a report being misleading in a material particular, even if it is otherwise accurate.

40 Whether information is false or misleading in a material particular will depend on the particular circumstances, but may include:

<sup>6</sup> *Payment Times Reporting Act 2020* (Cth) s 16(1)

- incorrect entity details, such as Australian Business Number (ABN), business name, industry sector or income year
- inaccurate measures, such as payment times proportions or small business procurement proportions
- failing to disclose or giving a misleading description of circumstances or arrangements, such as supply chain finance arrangements
- incorrect details on the preparation of a report or its approval.

41 If an entity identifies an error in a submitted report, that may result in the report being false or misleading in a material particular, it should apply to have a revised report registered.

42 For more information on how to apply to register a revised report see [Guidance note 3: Applications and notifications](#).

## Submitting a payment times report

### Key points

- Payment times reports must be submitted via the [Payment Times Reporting Portal](#).
- Reports and declarations may be signed electronically provided the signature meets the requirements of *Electronic Transactions Act 1999*.
- We will generally publish reports in the form submitted and only apply redactions for information that would be contrary to the public interest to publish.
- Only in exceptional circumstances will a report be withheld from publication.

## The Payment Times Reporting Portal

43 Each reporting entity must submit a payment times report via the [Payment Times Reporting Portal](#) using the Payment times reporting template. A single template may be used by a controlling corporation or head entity to submit on behalf of itself and member or subsidiary entities that are reporting entities.

44 We will only assist reporting entities to submit a payment times report manually if they are unable to use the [Payment Times Reporting Portal](#) because the entity:

- does not have an ABN, or
- does not have a responsible member or other authorised manager who is eligible for a standard identity strength Digital Identity, or
- has a new parent entity due to a merger or acquisition and would like to report for a period less than 6 months (a **stub** period) in order to synchronise its income year with the new parent entity.

45 It is not sufficient for a responsible member or other authorised manager to be having difficulties obtaining a Digital Identity. We will only accept a report outside of the portal if they are ineligible for a standard identity strength Digital Identity.

46 We will not accept a report that is not in the reporting template.



- 47 Information on how to use the portal and download the reporting template is available on the Payment Times Reporting Portal.

## Signing reports and declarations

- 48 Payment times reports must be accompanied by a completed Responsible member declaration template signed by a responsible member approving the report. The declaration must identify when the report will be provided to the principal governing body. The individual signing the declaration should be the same person identified as the approver of the report in the reporting template.
- 49 Where a report template is being submitted for multiple entities, it can be accompanied by a single declaration that identifies all relevant entities.
- 50 The declaration may be signed electronically. If you use electronic signatures, make sure they identify the person signing in a reliable way (see the *Electronic Transactions Act 1999*).
- 51 The signature may be an image of the person's handwritten signature, a digital signature, or their typed name accompanied by the word 'signed'.

## Publication of reports

- 52 We will only refuse to publish a report in exceptional cases. Our approach is, as far as possible, to publish payment times reports in the form they are submitted, even where this includes typographical and other content errors.
- 53 Where we identify potential content or other errors in reports, we may advise reporting entities in the publication notification email and encourage them to submit a revised report. We generally do not delay or defer publication.
- 54 We aim to publish payment times reports to the [Payment Times Reports Register](#) (the register) as soon as practicable. Publication of reports to the register occurs periodically. However, during peak reporting periods in March and September each year, there may be minor delays to publication.
- 55 After lodgement, we screen payment times reports for information that may not be in the public interest to publish. This typically includes information that:
- is defamatory, slanderous, or blasphemous
  - provides comments or details of specific transactions or suppliers
  - contains personal information regarding individuals that are not associated with the reporting entity
  - is clearly erroneous or misleading
  - passes opinions or comments on the purpose, policies, or requirements for payment times reporting
  - is otherwise contrary to the public interest to publish.
- 56 If we identify information that is not in the public interest to publish, we may redact it from the report for publication.

- 57 If we redact a report, we will contact the reporting entity and provide an opportunity to query our redaction or lodge a revised report. This may occur after the report has been published to the Payment Times Reports Register with redactions.