



Reporting credit card transactions

INFORMATION SHEET 8

December 2023

This information sheet provides general guidance only and does not amount to legal advice. Entities are encouraged to seek independent legal advice to clarify their rights and obligations under the Act.

Reporting credit card transactions

All payments made under a trade credit arrangement to a small business supplier must be reported under the *Payment Times Reporting Act 2020* (the Act), including trade credit arrangements paid by credit card.

Processing credit card transactions for payment times reporting can be challenging because they can be high-volume and lack the details necessary to properly classify a transaction (such as an ABN).

To reduce the burden and streamline processing credit card transactions, the Regulator endorses 2 approaches for reporting entities when preparing a payment times report.

Approach 1: Apply a low-value threshold	Approach 2: Rely on an internal credit card policy
<ul style="list-style-type: none">• Entities can remove credit card transactions under A\$100 (incl. GST) from reporting.• The approach must uniformly apply to all transactions across the entity's credit cards for the entire reporting period, without selective use.• An entity must undertake sample testing to ensure payments have not been split or staggered intentionally to reduce transaction values below the threshold.• The approach recognises low-value credit card transactions are unlikely to be payment for a trade credit arrangement.	<ul style="list-style-type: none">• Credit card transactions can be removed from reporting, regardless of value, when the credit card is subject to an internal policy prohibiting its use to make payment under a trade credit arrangement.• The approach allows entities to rely on internal controls to remove payments from reporting.• Entities can have a 'general' policy that applies to all credit cards, or only apply the policy to specified cards.• The approach can only be relied on from the date the policy is applied to a credit card.• The credit card policy must prohibit the use of the credit card to make payment where there is a delay (of 1 day or more) between the supply of goods and services and payment.• Entities should undertake sample testing to ensure credit cards governed by the policy have not been used for trade credit arrangements.

Entities can elect to use one or both approaches for any reporting period and may change approach from one reporting period to another. Entities should include details of the approaches used in their report comments.

Worked examples

The entity elects to rely on Approach 1. Card 1 became subject to an Approach 2 internal policy on 1/4/XX.

Date	Card	Description	Value (incl GST)	Application of approach
1/1/XX	Card 1	Courier	\$25.00	Approach 1 – remove from reporting; below \$100 incl. GST.
1/1/XX	Card 2	Maintenance	\$99.00	Approach 1 – remove from reporting; below \$100 incl. GST.
1/2/XX	Card 1	Stationary	\$105.00	Approach 1 – include in reporting; over \$100 incl. GST.
31/3/XX	Card 1	Landscaping	\$90.00	Approach 1 – remove from reporting; below \$100 incl. GST
31/3/XX	Card 1	Landscaping	\$90.00	<i>Investigate: Payment splitting (same card, date, description)</i>
1/4/XX	Card 1	Team Event	\$150.00	Approach 2 – remove from reporting; credit card policy now in place for Card 1.
1/4/XX	Card 2	Team Event	\$150.00	Approach 2 – include in reporting; credit card policy does not apply to Card 2.
15/4/XX	Card 1	PO123	\$1,000.00	Approach 2 – remove from reporting; credit card policy in place. <i>Investigate: Payment for a trade credit arrangement (purchase order reference in description)</i>

The Regulator's approach to credit cards

The Regulator recognises that credit cards offer a practical payment option for many entities, facilitating faster payment to small businesses.

The endorsed approaches to remove credit card transactions from reporting are to reduce the burden of reporting, not to discourage the use of credit cards as an option to pay small businesses.

Reporting entities are encouraged to use credit cards and other credit payment options where it will result in faster payment times to small business suppliers.

Record-keeping

Entities electing to rely on Approach 1 are not required to retain specific documentation. However, records documenting the reliance on this approach and the sample testing conducted should be kept.

Entities relying on Approach 2 need to keep more comprehensive documentation, including a copy of the internal policy, information of the sample testing undertaken and records of which credit cards the policy applied to and the date from which the policy applied.

Keeping records of the approach taken may demonstrate compliance with obligations to keep records of any information used in preparation of their payment times reports.

Further information

For more information, please refer to the additional guidance notes and information sheets available in the [Guidance](#) section of the Payment Times Reporting Regulator's [website](#).

For specific information on reporting credit card transactions refer to [Guidance Note 1: Key concepts](#)