



Australian Government
Payment Times Reporting Regulator

Payment Times Reporting: Updated guidance material

CONSULTATION RESPONSE SUMMARY

October 2022

© Commonwealth of Australia 2022

This publication is available for your use under a [Creative Commons Attribution 3.0 Australia](http://creativecommons.org/licenses/by/3.0/au/legalcode) licence, with the exception of the Commonwealth Coat of Arms, the Payment Times Reporting Scheme logo, the Treasury logo, photographs, images, signatures and where otherwise stated. The full licence terms are available from <http://creativecommons.org/licenses/by/3.0/au/legalcode>.



Use of Treasury material under a [Creative Commons Attribution 3.0 Australia](http://creativecommons.org/licenses/by/3.0/au/legalcode) licence requires you to attribute the work (but not in any way that suggests that the Treasury endorses you or your use of the work).

Treasury material used 'as supplied'.

Provided you have not modified or transformed Treasury material in any way including, for example, by changing the Treasury text; calculating percentage changes; graphing or charting data; or deriving new statistics from published Treasury statistics — then Treasury prefers the following attribution:

Source: The Australian Government the Treasury.

Derivative material

If you have modified or transformed Treasury material, or derived new material from those of the Treasury in any way, then Treasury prefers the following attribution:

Based on The Australian Government the Treasury data.

Use of the Coat of Arms

The terms under which the Coat of Arms can be used are set out on the Department of the Prime Minister and Cabinet website (see www.pmc.gov.au/government/commonwealth-coat-arms).

Other uses

Enquiries regarding this licence and any other use of this document are welcome at:

Manager
Media and Speeches Unit
The Treasury
Langton Crescent
Parkes ACT 2600
Email: media@treasury.gov.au

Contents

Consultation summary	4
Summary of feedback.....	4
Clarification on the consultation process.....	4
Publication of information sheets	5
Guidance note 1: Key concepts	5
Summary of feedback and changes.....	5
Table 1 – Updates to Guidance note 1: Key concepts.....	6
Guidance note 2: Preparing a payment times report	7
Summary of feedback and changes.....	7
Table 2 – Updates to Guidance note 2: Preparing a payment times report (including appendix)	8
Guidance note 3: Applications and notifications	9
Summary of feedback and changes.....	9
Table 3 – Updates to Guidance note 3: Applications and notifications.....	10

Consultation summary

Summary of feedback

We received 22 formal submissions in addition to a large amount of feedback informally and in the form of enquiries.

Because of the varying formats in which we received feedback and submissions, we have prepared this consultation summary as a consolidation of responses rather than publish the submissions received. If entities wish to discuss their individual submission, they can contact us directly at support@paymenttimes.gov.au.

The most significant changes made to the guidance notes in response to the feedback are:

- inclusion of some website guidance not initially included
- clarification on methods to determine of 'total income' for income thresholds
- clarification and addition of several examples.

Several other clarifications and updates were made and are set out below on a section-by-section basis. In addition to the changes detailed below, other typographical, formatting corrections and cross reference updates were also made.

We have also sought to address feedback regarding complexity and technical nature of the requirements of the *Payment Times Reporting Act 2020 (Act)* and guidance notes with the publication of 5 information sheets that simplify a number of concepts and provide practical guidance.

We received a large amount of feedback that did not relate directly to the guidance notes, including:

- general comments about the scheme's effectiveness
- feedback on the number of emails and communications
- suggestions of additional features and functionality of the [Payment Times Reporting Portal](#) (the Portal)
- the accuracy and effectiveness of the Small Business Identification Tool (SBI Tool)
- suggestions on policy matters, including concepts of materiality in relation to the calculation of payments.

General feedback that did not relate to guidance notes has been referred to the relevant area of the Regulator for consideration in future policy development, legislative amendments and IT system updates.

We did not make amendments or refer feedback where it contained comments of a general nature only, did not align with the requirements of the Act or was outside the scope of the Act or our functions.

Clarification on the consultation process

The Consultation paper stated that reporting entities could use the draft guidance material in preparation of reports during the consultation period. For clarity, to support entities in adopting new guidance we will not take compliance action where an entity relied on either existing website guidance or the draft guidance materials for any report submitted up to 31 December 2022.

Publication of information sheets

In addition to the guidance notes, we are publishing 5 information sheets on aspects of payment times reporting where it was identified the guidance would be enhanced by the addition of short, dedicated and practical guidance.

The information sheets do not introduce new guidance but provide practical steps to navigate certain aspects of the scheme that are complex or technical in nature. We encourage ongoing feedback from stakeholders on how our suite of regulatory resources, including information sheets, can be expanded and improved.

The information sheets being released concurrently with the final guidance notes are:

- [Information sheet 3: Who must report](#) – simplified guidance to assist entities to identify whether they are a reporting entity (simple cases only).
- [Information sheet 4: Corporate groups](#) – guidance on identifying types of reporting entities and reporting requirements for entities in a corporate group.
- [Information sheet 5: Acquisitions, divestments and winding up](#) – information on the impact on reporting for entities that are subject to a change of control or have ceased to exist.
- [Information sheet 6: Small Business Identification \(SBI\) Tool](#) – details on what the tool is, how to use it and how to request changes be made.
- [Information sheet 7: Our regulatory powers](#) – information about the processes we undertake when using our powers to collect information or when using compliance powers.

We will continually review, update and add information sheets in response to emerging trends in reporting, compliance and feedback from reporting entities.

Guidance note 1: Key concepts

Summary of feedback and changes

Responses to Guidance note 1: Key concepts requested the inclusion of some existing website content regarding unincorporated joint ventures, carrying on enterprise in a Territory and government bodies. Clarification was also requested for the term 'head entity' and calculation of total income.

Details of the changes to the guidance note are set out on a section-by-section basis in [Table 1 – Updates to Guidance note 1](#) and include:

- changes to guidance for 'total income' to clarify circumstances where entities can rely on tax reporting information
- simplification of the guidance for head entities
- addition of existing guidance from the website, including guidance for unincorporated ventures, government bodies and carrying on an enterprise in a Territory
- clarifications to the credits, rebates and discounts sections
- additional information regarding contractual arrangements and invoice dates.

Recipient created tax invoices were added to the list of excluded payments based on feedback that identified that these invoices did not meet the definition of a 'small business invoice' for the purposes of the Act.

We also received requests for additional examples regarding 'carrying on an enterprise' and specific guidance for reporting obligations of trusts, partnerships and superannuation funds. Amendments were not made in the guidance note at this time, but this feedback has been referred for consideration to include in additional information sheets and other guidance updates.

We also received feedback regarding the underlying design scheme and requirements of the Act, including the identification of reporting entities, applying income thresholds and small business payments (including the introduction of a materiality thresholds).

Feedback also included suggestions on changes to the methodology to measurement payment days, reporting prepayments and credit notes and the inclusion of credit card payments. This feedback has been referred to the Policy section of the Regulator for consideration in future policy development and legislative amendments.

Feedback relating to the Portal and its functionality, including linking entities, were referred to the Regulator's IT support team for consideration in future updates.

Table 1 – Updates to Guidance note 1: Key concepts

Guidance section	Amendment to section
Reporting entities: Volunteering entities	Clarified that only constitutionally covered entities can volunteer to be reporting entities.
Reporting entities: Entities incorporated or carrying on an enterprise in a territory	Added examples from existing website guidance of entity types that may be a constitutionally covered entity because it carries on enterprise in a territory.
Reporting entities: Table 1	Added guidance to Table 1 for Commonwealth, state and local government bodies based on existing website guidance. Added information for unincorporated joint ventures, including general description and information on member/manager roles.
Reporting entities: Head entity	Clarified when reporting a head entity is and is not a requirement. Simplified guidance regarding head entities has also been provided in Information sheet 4: Corporate groups .
Total income: Measurement	Redrafted to clarify entities can rely on total income reported for tax purposes and alternatives for entities in tax consolidated groups or do not prepare a tax return. Updates also reflected in 'Key points' of section.
Total income: Business combinations and control transactions	Amended to remove referenced to Australian Accounting Standards Board 3: Business combinations.
Total income: Table 3	Examples simplified.
Reporting period: Income year	Amended to include additional information for income year for tax consolidated groups.
Reporting period: Determining reporting periods	Clarified that there are no circumstances where an entity is required to give a report for irregular reporting period but that we will register reports for irregular reporting periods in some cases.

Reporting period: Determining reporting periods	Changed instances of 'financial year' to 'income year'.
Procurement: Supply of goods and services	Updated with detail and additional examples of goods and services.
Procurement: Trade credit arrangements	Error was rectified in paragraph 75 and 76 which had examples that are not trade credit arrangements listed as if they are trade credit arrangements. Added detail around event-based trade credit arrangements.
Procurement: Credits, rebates and discounts	Added clarification regarding netting-off of invoices.
Procurement: Excluded payments	Updated to include existing intra-group payments example from website guidance. Recipient created tax invoices were added to the excluded payments. Feedback identified that recipient created tax invoices did not meet the definition of a small business invoice for the purpose of reporting.
Procurement: Invoices	Clarified the records required to be kept of information used to prepare a report.
Procurement: Invoice date	Clarified the dates for payment times calculation for contractual arrangements. Added detail around invoices contingent on events. Amendments were made to confirm a hybrid approach to invoice dates may be used.
Procurement: Recipient created tax invoice	Section removed: see amendments to Procurement: Excluded payments.
Procurement: Supply chain finance	Added reference to third-party supply chain financing examples to reflect the most common supply chain financing practices.
Governance: Responsible member	Added confirmation that a responsible member of a controlling corporation can act on behalf of all member entities.

Guidance note 2: Preparing a payment times report

Summary of feedback and changes

Responses to [Guidance note 2: Preparing a payment times report \(and appendix\)](#) requested clarity and additional examples relating to mergers and acquisitions, the SBI Tool, responsible persons approvals and calculation of some report fields.

Changes to [Guidance note 2 \(and appendix\)](#) are set out on a section-by-section basis in [Table 2 – Updates to Guidance note 2: Preparing a payment times report \(and appendix\)](#) and include:

- Addition of examples and clarification for entities following an acquisition, divestment or on winding up of an entity.
- Addition of the option to provide a statutory declaration for reporting entities to request updates to the SBI Tool.

- More detailed guidance for calculation of longest payment period and the numerator and denominator for small business invoices.
- Guidance on netting-off invoices with credits and discounts.
- Clarification on signature requirements for responsible member declarations.

In addition to updates to Guidance note 2, we have also published [Information sheet 4: Corporate groups](#), [Information sheet 5: Acquisitions, divestments and winding up](#) and [Information sheet 6: Small Business Identification \(SBI\) Tool](#). These information sheets provide practical steps reporting entities can apply to understand and meet their obligations.

We also received feedback that the 1000 character limit for the ‘Report comments’ free text field was too restrictive. We referred this issue to our IT support team and the character limit for this field will be increased to 5000 characters in November 2022.

We received a significant amount of feedback regarding the SBI Tool and its accuracy and ease of use. [Information sheet 6: Small Business Identification \(SBI\) Tool](#) provides additional information on what the SBI Tool is, how to use it and its limitations. We intend on reviewing the current settings of tool, including its efficacy and reliability and potential options to give flexibility to reporting entities.

We received general feedback regarding the reporting requirements of the scheme, including the requirement for entities that do not engage with small businesses to report, the reporting requirements created under the Rules and report approval requirements. This feedback has been referred to the Policy section of the Regulator for consideration in future policy development and legislative amendments.

We received suggestions to improve the report template, self-servicing in the Portal and functionality to extract a report from the portal so it can be used for internal purposes. This feedback has been referred to our IT support team to be considered in future IT updates.

Table 2 – Updates to Guidance note 2: Preparing a payment times report (including appendix)

Guidance section	Amendment to section
When to prepare a report: Reporting deadline	Removed duplication of guidance in Guidance note 1: Key concepts and reduced to cross-reference.
When to prepare a report: Mergers and acquisitions	Clarified that a change of ownership of a reporting entity is not a notifiable event but details can be provided in the comments of a report. Minor change to the description of scenario 6 in Table 1 that the example is a spin-off to be a standalone entity.
Report data: Key points	Updated to state entities must keep records on how a payment times report was prepared.
Report data: Small Business Identification Tool information	Added the option to provide a statutory declaration to methods on how an update to the SBI Tool can be requested.
Payment times report content: Key points	Added further clarification around reporting obligations in group structures.
Payment times report content: Other content	Updated to state entities must include information that will provide context or explanation for a report to better align with the Payment Times Reporting Rules 2020 .

Submitting a payment times report: The Payment Times Reporting Portal	Added reporting for a stub period as a scenario where a manual report submission will be facilitated.
Appendix 1: Entity information	Clarified how entities identify and report a head entity. Removal of contents validation that head entity to match the name and ABN registered in portal.
Appendix 1: Reporting period dates	Added Portal validation check that reports do not overlap with existing reports.
Appendix 1: Standard payment periods	Added guidance provided on reporting the change (difference) to payment times.
Appendix 1: Small business payments	Expanded descriptions for small business payments equations to provide more information on inclusions and exclusions. Updated to clarify entities should exclude invoices from other entities that are part of the same corporate group.
Appendix 1: Small business procurement	Expanded descriptions for small business procurement equation to provide more information on inclusions and exclusions. Added guidance on netting-off credit notes by suppliers.
Appendix 1: Notifiable events	Updated to clarify that entities should submit a revised report if it becomes aware of a notifiable event after submitting a report.
Appendix 1: Report comments	Cell contents validation will be changed from 1000 characters to 5000 characters in November 2022.
Appendix 1: How to complete the Responsible member declaration template	Updated to clarify that a responsible member may sign a group submission once (and initial each page if more than one page).

Guidance note 3: Applications and notifications

Summary of feedback and changes

Responses to [Guidance note 3: Applications and notifications](#) requested clarification of guidance for notifiable events, evidence required to support applications and applications following an entity acquisition or divestment.

Changes to the guidance note made in response to feedback are:

- Additional guidance regarding the timing of giving notice for member entities whose income falls below A\$10 million for two consecutive financial years.
- Clarification on the evidence that should be provided in support of applications for a cease to report determination.

We received broader feedback regarding the scheme, including cease to report determinations for entities that do not engage small businesses and the prerequisite conditions (exceptional or outside an entity's control) for an entity to be eligible for an extension of time. This feedback has been referred to the Policy section of the Regulator for consideration in future policy development and legislative amendments.

We received feedback regarding the portal consistency and functionality for making applications, including allowing a single entity to make applications on behalf of a group of entities. This feedback has been referred to our IT support team to consider in future updates.

Table 3 – Updates to Guidance note 3: Applications and notifications

Guidance section	Amendment to section
Applications: Assessing your application	Added clarification that on completion of an assessment we may grant an extension for a period shorter than what was applied for.
Applications: Table 2	Clarified the timing of giving notice of a notifiable event of a member entity having two consecutive income years below A\$10 million.
Applications: Table 3	Updated the application cover letter to include details of a controlling corporation if the applicant has one.
Applications: Table 4	Clarified that tax returns should be provided in support of an application only when available.
Applications: Assessing your application	Updated to state we must register a revised report if it corrects substantial errors or omissions.
Notifications: Volunteering entities	Amended to reflect that a notice to volunteer made by an entity that is already a reporting entity has no effect.
Notifications: Notifiable events	Added guidance on the timing and notification process for notifiable events including an example.