



Australian Government
Payment Times Reporting Regulator

Payment Times Reporting: Exposure Draft Guidance

Exposure Draft Consultation

October 2024

© Commonwealth of Australia 2024

This publication is available for your use under a [Creative Commons Attribution 4.0 International](https://creativecommons.org/licenses/by/4.0/) licence, with the exception of the Commonwealth Coat of Arms, the Treasury logo, photographs, images, third party materials, materials protected by a trademark, signatures and where otherwise stated. The full licence terms are available from creativecommons.org/licenses/by/4.0/legalcode.



Use of Treasury material under a [Creative Commons Attribution 4.0 International](https://creativecommons.org/licenses/by/4.0/) 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 Commonwealth of Australia.*

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 Commonwealth of Australia 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

In the spirit of reconciliation, the Treasury acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples.

Consultation process

Request for feedback and comments

Interested parties are invited to provide written feedback on overhauled Regulator guidance that replaces existing guidance and aligns it with new reforms to the Payment Times Reporting Scheme. Stakeholders are encouraged to be specific in their feedback and include page and paragraph numbers where possible. Consultation will close on Friday 22 November 2024.

While submissions may be lodged electronically or by post, electronic lodgement is preferred. For accessibility reasons, please submit responses in a Word or RTF format via email. An additional PDF version may also be submitted.

Publication of submissions and confidentiality

While submissions received for this consultation are not intended to be published by the Payment Times Reporting Regulator your submissions will not be treated as confidential unless you indicate that you would like all, or part of your submission to remain confidential. Automatically generated confidentiality statements in emails do not meet this purpose. Respondents who would like part of their submission to remain confidential should state this clearly in the submission email or letter.

Legal requirements, such as those imposed by the *Freedom of Information Act 1982*, may affect the confidentiality of your submission.

View Treasury's [submission guidelines](#) for further information.

Continuous consultation

Although there is a close date for this consultation, we encourage continuous feedback from regulated entities and other interested parties. Feedback and comments on guidance material, information sheets and other regulatory resources can be provided at any time through the [Payment Times Reporting Scheme](#) website.

Closing date for submissions: 22 November 2024

Email	PaymentTimesReformSMB@TREASURY.GOV.AU
Mail	Regulation and Payment Performance Branch Small and Family Business Division The Treasury Langton Crescent PARKES ACT 2600
Enquiries	Enquiries can be initially directed to PaymentTimesReformSMB@TREASURY.GOV.AU

Table of Contents

Consultation process	3
Request for feedback and comments	3
Publication of submissions and confidentiality	3
Continuous consultation	3
Closing date for submissions: 22 November 2024	3
Important notice about this guidance	6
Entities that must report	7
Constitutionally covered entities (CCE)	7
Australian Corporations	7
Foreign entities.....	8
Non-corporate entities.....	8
Corporate Commonwealth Entities and Companies.....	8
Connection to Australia	8
Revenue threshold	9
Identifying controlled entities	9
Consolidated revenue	11
Foreign currency translation	11
Excluded entities	11
Charities and not-for-profits	11
Entities controlled by reporting entities	12
Ceasing to be a reporting entity	12
Winding up and deregistering	12
Consolidated revenue below \$100 million.....	13
Acquisitions by other reporting entities.....	13
Other circumstances	13
Volunteering and modifying reporting structures	15
Volunteer reporting entities.....	15
Becoming a volunteer reporting entity	15
Obligations of volunteer reporting entities.....	15
Ceasing to be a volunteer reporting entity	15
Nominee reporting entities	16
Becoming a nominee reporting entity	16
Obligations of nominee reporting entities.....	16
Ceasing to be a nominee reporting entity.....	16
Subsidiary reporting entities	17
Becoming a subsidiary reporting entity	17
Obligations of subsidiary reporting entities.....	17
Ceasing to be a subsidiary reporting entity.....	17



How and when to report	18
Reporting periods	18
When to report.....	18
Reporting deadlines.....	19
How to report	19
Entity information	19
Revising reports	20
Publishing reports.....	20
What to report.....	21
Step 1: Identify entities to consolidate	21
Acquisitions and divestments	21
Step 2: Identify Reporting Requirements	22
Step 3: Prepare Datasets	22
Trade Credit Arrangements.....	22
Disputed Payments	24
Controlled Entity Data Not Accessible	24
Preparing the Trade Credit Payments Dataset (TCP Dataset).....	24
The entity can use the longer payment term of 28 days.	27
Small Business Trade Credit Payments Dataset (SBTCP Dataset)	28
Calculate Payment Times	28
Datasets: In practice.....	29
Step 4: Complete the Payment Times Report	29
Other payment Practices.....	32
Contextual Information and Approvals.....	33
Additional reporting requirements	34
Step 5: Record keeping.....	35
Modified Reporting	36
Reporting entities in external administration	36
Reporting entities that have a reporting nominee	36
Reporting entities that do not pay small businesses	36
Applications.....	38
General application requirements	38
Form, content and approval requirements.....	38
Providing Additional Information.....	38
Fees	38
Timing of Decisions.....	38
Publication of Application Decision.....	39
Refusal of applications	39
Procedural Fairness and Review of Decisions	39
Reporting entity applications	39
Volunteer Reporting Entity Applications.....	39

Nominee & Subsidiary Reporting Entity Applications	40
Relief applications	42
Short extension of time to give a report	42
Modifiable extension of time to give a report	42
Modifying an Extension	43
Exemption from Reporting	43
Review of decisions	44
Reconsideration of decision	45
Review by the Administrative Review Tribunal (ART)	45
Fast and Slow Small Business Payers	46
Slow Small Business Payers	46
Reporting cycles	46
Slow Small Business Payer Directions	47
Authority to issue a direction	47
Deciding to make a direction	48
Considering the Circumstances	48
Notice of Proposed Decision & Procedural Fairness	48
What Can a Slow Small Business Payer Be Directed to Do?	49
Reconsideration of a Slow Small Business Payer Direction	49
Fast Small Business Payers	49
What is a Fast Small Business Payer?	49
Fast Small Business Payer List	50

Important notice about this guidance

This guidance material provides a summary of the relevant law. As this document tries to avoid legal language wherever possible, it may include some generalisations about the law. Some provisions of the law referred to have exceptions or important qualifications, not all of which may be described here. The Commonwealth does not guarantee the accuracy, currency or completeness of any information contained in this document and will not accept responsibility for any loss caused by reliance on it. Your particular circumstances must be taken into account when determining how the law applies to you. This guidance material is therefore not a substitute for obtaining your own legal advice.

In this guidance, unless otherwise indicated, references to reporting entities includes reporting entities that meet the definition of reporting entity under section 7 of the *Payment Times Reporting Act 2020* and volunteering entities, subsidiary reporting entities and reporting nominees, as determined by the Regulator.

Entities that must report

- 1 Entities that meet relevant criteria in the *Payment Times Reporting Act 2020* (**the Act**) are required to report. An entity can follow this 4-step process at the start of its financial year to determine whether it has met the criteria to become a reporting entity under the Act:
 1. Is the entity a constitutionally covered entity (**CCE**)?
 2. Does the entity have a connection to Australia?
 3. Was the entity's consolidated revenue more than \$100 million in its previous financial year?
 4. Is the entity excluded from reporting?
- 2 Generally, an entity will be a reporting entity under the Act if it is a CCE, has a connection to Australia, the revenue threshold is met and it is not excluded from reporting. Each of these criteria are explained further below.
- 3 Once an entity becomes a reporting entity, it must continue reporting until it notifies the Regulator that it has met the criteria to cease being a reporting entity.
- 4 For more information, see [Ceasing to be a reporting entity](#).

Constitutionally covered entities (CCE)

- 5 Whether an entity is a CCE depends on its structure and operations.
- 6 This guidance helps entities with common situations, but if an entity's CCE status is unclear, it may need to seek legal advice. The Regulator will not give legal advice regarding an entity's status as a CCE.

Australian Corporations

- 7 An Australian corporation is a CCE if it is:
 - incorporated or registered in an Australian Territory, or
 - a constitutional corporation.
- 8 A corporation that is incorporated in an Australian Territory or is taken to be registered in an Australian Territory under section 119A of the *Corporations Act 2001* (Cth), is a CCE.
- 9 A corporation formed in Australia is a constitutional corporations if they engage in substantial trading or financial activities.
 - **Trading** means providing goods or services for payment, including business activities aimed at earning revenue.
 - **Financial** activities involve dealing with finance, such as lending or borrowing money.
- 10 When assessing if an Australian corporation is a CCE, the Regulator may consider:
 - the laws under which the corporation is incorporated
 - whether the corporation conducts activities that may earn revenue (directly or indirectly) or is involved in borrowing or lending money.

- 11 During compliance activities, the Regulator may assume an entity with a business name indicating incorporation is a constitutional corporation. This includes entities that have Pty Ltd, Ltd, NL or Inc in their name.
- 12 If an Australian corporation believes it is not a CCE because it does not engage in trading or financial activities, it should seek legal advice. If advice is not obtained and the corporation is a CCE, it could affect the approach taken by the Regulator to address non-compliance.

Foreign entities

- 13 Foreign entities are CCEs under the Act. Foreign entity has the same meaning as the *Income Tax Assessment Act 1997* (Cth). A foreign entity may be a corporation formed under foreign laws or a non-corporate entity based outside of Australia.
- 14 When assessing if an entity is a foreign entity, the Regulator may consider:
- the laws under which the entity was formed or incorporated
 - where the entity is located and operates.

Non-corporate entities

- 15 A non-corporate entity is a CCE if it carries on an enterprise in an Australian Territory, including the Northern Territory, the Australian Capital Territory, and all other Australian Territories.
- 16 When assessing whether a non-corporate entity is a CCE, the Regulator may consider:
- whether the entity is formed, registered, or operates in an Australian Territory
 - whether it has an Australian Business Number (**ABN**)
 - its activities and if it is 'carrying on an enterprise' for tax purposes.

Corporate Commonwealth Entities and Companies

- 17 Corporate Commonwealth entities and Commonwealth companies under the *Public Governance Performance and Accountability Act 2013* (Cth) (**PGPA Act**) are CCEs. Government departments and unincorporated agencies are not considered CCEs under the Act and do not need to report.
- 18 When assessing if an entity is a corporate Commonwealth entity or Commonwealth company, the Regulator may consider [resources](#) published by the Department of Finance that identify and classify PGPA Act entities.

Connection to Australia

- 19 An entity has a connection to Australia if it:
- is incorporated in Australia
 - carries on a business in Australia
 - has its central management and control in Australia, or
 - has its voting power controlled by Australian resident shareholders.
- 20 Entities incorporated under the *Corporations Act 2001* and corporate Commonwealth entities meet the connection to Australia requirement.

- 21 An entity that is not incorporated in Australia may still have a connection to Australia. This connection exists if the entity:
- is carrying on a business in Australia, as defined by the *Corporations Act 2001*. This includes:
 - : having a place of business in Australia
 - : having a share transfer office in Australia
 - : administering, managing, or dealing with property in Australia (*Corporations Act 2001, s 21*), or
 - has central management and control in Australia or has its voting power controlled by Australian resident shareholders.
- 22 When assessing if an entity has a connection to Australia, the Regulator may consider:
- if the entity is incorporated under Australian laws
 - whether the entity holds property, leases, or has a registered office in Australia
 - whether the entity is a tax resident in Australia
 - how tax residency guidelines and the central management and control test apply to the entity.

Examples – Connection to Australia

Scenario 1: A company is incorporated as a ‘Limited’ company under the *Corporations Act 2001*. The company has a connection to Australia.

Scenario 2: A New Zealand incorporated company has an ABN and operating premises in Australia. The company has a connection to Australia.

Scenario 3: A Singapore based company listed on the ASX company has 55% of its voting share capital held by Australian residents. The company has a connection to Australia.

Revenue threshold

- 23 An entity meets the revenue threshold if it has consolidated revenue over \$100 million. Consolidated revenue includes the revenue of the entity and any entities it controls, as per the AASB Accounting Standards (AASBs) published by the Australian Accounting Standards Board.

Regulator Note

Entities controlled by an entity for the purpose of measuring consolidated revenue are also controlled for the purpose of reporting.

Identifying controlled entities

AASB 10: Test for control

- 24 The test for control under *AASB 10: Consolidated Financial Statements* must be used to identify which entities need to be consolidated to determine whether the entity meets the \$100 million revenue threshold.

Examples – Testing for control and impact on consolidated revenue

Scenario 1: An entity owns 100% of a company. The entity likely meets the criteria set out in paragraph 7 of *AASB 10* and controls the company.

Scenario 2: An entity owns 15% of a company with another shareholder holding the other 85%. It is unlikely the entity meets the criteria set out in paragraph 7 of *AASB 10* and controls the company.

Scenario 3: An entity owns 40% of a company, is the largest shareholder and controls most board seats of that company. It is likely the entity meets the criteria set out in paragraph 7 of *AASB 10* and controls the company.

Using financial statements

- 25 While the *AASB 10* control test must be followed, financial statements can also show whether an entity is controlled. For example:
- Entities that are ‘fully consolidated’ may indicate control.
 - Entities accounted for using the equity method may indicate no control.
- 26 When assessing whether Entity A controls Entity B, the Regulator may consider how Entity B is reported in Entity A’s financial statements.

Example – Stapled securities

A company is a trustee of a unit trust in a stapled security structure. The company prepares consolidated financial statements and for that purpose, must consolidate the activities undertaken on behalf of the trust because it meets the control test in *AASB 10*.

Full consolidation of the trust in its consolidated financial statements indicate the control test in *AASB 10* has been met and the trust, and activities taken on behalf of the trust, must be consolidated for the purposes of the Act.

- 27 Financial statements prepared using other accounting standards may assist to identify controlled entities. Statements prepared as per the International Financial Reporting Standards (**IFRS**), or statements that are consistent with IFRS, can generally be used.

Example – Consolidated IFRS financial statements

An Australian company listed on a foreign exchange prepares financial statements in accordance with IFRS.

The company may use its IFRS financial statements to assist in identifying controlled entities without needing to reassess under AASBs because the test for control under the two standards is equivalent.

Foreign controlled entities

- 28 Foreign entities can be controlled, and their revenue included when calculating consolidated revenue. This may be the case even where foreign revenues significantly outweigh Australian sources of revenue.

Example – Foreign controlled entities

Scenario 1: An Australian company generates over 90% of its revenue from a wholly owned German subsidiary. The company’s consolidated revenue would include the revenue of the German subsidiary.

Scenario 2: A New Zealand company meets the other relevant criteria to be a reporting entity, including a connection to Australia where it has an ABN and operates. It generates 90% of its revenue in New Zealand and the remainder from a controlled Australian subsidiary. The revenue earned in both Australia and New Zealand is used to determine consolidated revenue for the company.

Exceptions to consolidation

- 29 If AASBs allow for exclusion from consolidation, such exceptions can be used when identifying controlled entities for the purposes of the Act. These exclusions can extend to investment entities and cases where there is joint control, such as a joint venture or joint arrangement.

Example – Investment entity

An entity owns 75% of a company. The entity is a professional investment entity that uses investors funds, takes no active management of the investee company and measures its investment in the company, and its other investee entities, at fair value.

The entity meets the criteria in paragraph 27 of *AASB 10* to apply the exception to consolidation. The investee company can be excluded from consolidation for the purposes of the Act.

Example – Joint control

An entity is a 60/40 partner in a joint venture where agreement from all joint venture partners is required for significant operational decisions. The arrangement is accounted for using the equity method in accordance with *AASB 11: Joint Arrangements*.

The joint venture is not controlled under *AASB 10* and not consolidated for the purposes of the Act.

Consolidated revenue

- 30 When calculating consolidated revenue, follow AASB guidelines, which includes eliminating intragroup income.
- 31 Financial statements can help simplify the process. For instance, if an entity's total revenue, after excluding income from investments, exceeds \$100 million, the threshold is likely met without the need for detailed consolidation procedures.
- 32 When assessing if an entity's consolidated revenue meets the \$100 million threshold, the Regulator may consider what is presented in its financial statements, excluding revenue from equity accounted investments.

Foreign currency translation

- 33 If an entity uses a foreign currency in its financial reports, it must be converted to Australian dollars to test if the entity meets the \$100 million threshold. The average of the daily exchange rates from the Reserve Bank of Australia for the applicable financial year can be used for this conversion.

Excluded entities

Charities and not-for-profits

- 34 If an entity is registered under the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)*, it is automatically excluded from reporting. This applies even if the entity meets other criteria to be a reporting entity.
- 35 To qualify for this exclusion, the entity must be listed on the Australian Charities and Not-for-profits Commission (**ACNC**) Charity Register.
- 36 The Regulator may check the entity's registration status on the ACNC Charity Register to confirm its eligibility for this exclusion from reporting.

Entities controlled by reporting entities

- 37 If an entity is controlled by another reporting entity, it is excluded from reporting independently.
- 38 The controlling reporting entity will include the controlled entity's payment information in its consolidated report. This applies even if the controlled entity meets all the other criteria to be a reporting entity on its own.
- 39 When assessing control by another reporting entity, the Regulator may check the entity's organisational structure and ownership details.
- 40 In a group, several entities may meet the reporting entity criteria. However, if all are controlled by the same reporting entity, only the highest-level reporting entity in the group structure would usually need to report.

Example – Foreign controlled entities

Scenario 1: A foreign parent entity and two of its wholly owned Australian subsidiaries all meet the criteria to be a reporting entity. Only the foreign entity reports because the two Australian subsidiaries are controlled by another reporting entity.

Scenario 2: Scenario 1 but the foreign parent entity has no connection to Australia and is not a reporting entity. Both Australian subsidiaries must report because they are reporting entities but are not controlled by a reporting entity.

Note: Entities where Scenario 2 applies may wish to consider [Nominee reporting entities](#).

Ceasing to be a reporting entity

- 41 An entity can cease to be a reporting entity if:
- Its consolidated revenue falls below \$100 million for the two most recent financial years, or
 - The entity no longer meets any other criteria that would make it a reporting entity, such as no longer operating in Australia.
- 42 If this happens, the entity must notify the Regulator through the [Payment Times Reporting Portal \(the Portal\)](#) that it no longer qualifies as a reporting entity and ensure that it has no outstanding payment times reports.

Winding up and deregistering

- 43 If an entity is wound up or deregistered, it will likely cease being a reporting entity. In this case, the entity should:
- Submit any outstanding payment times reports before deregistering, and
 - Notify the Regulator through the [Portal](#) that it is no longer a reporting entity.
- 44 The Regulator may consider company registration information on the Australian Business Register and information held by the Australian Securities and Investments Commission (**ASIC**) to confirm an entity has been deregistered.
- 45 If an entity ceases reporting but fails to give notice of deregistration, the Regulator may investigate for non-compliance.



Consolidated revenue below \$100 million

- 46 If an entity's consolidated revenue falls below \$100 million for the two most recent financial years, it can cease being a reporting entity.
- 47 The entity must notify the Regulator through the [Portal](#) and provide evidence, such as financial statements or tax returns, to show its consolidated revenue has been below the threshold for the past two financial years. Until the entity gives notice it continues to have reporting obligations.
- 48 The notice takes effect at the start of the reporting period in which the notice is given, provided the entity's revenue was below the threshold for the prior two consecutive financial years.

Example – Effect of notice

A reporting entity's financial year ends 30 June and its consolidated revenue falls below \$100 million for the years ending 30 June 2026 and 30 June 2027.

- Notice given on 29 June 2027 would be ineffective because the entity did not have two consecutive years below the threshold at the beginning of the reporting period starting 1 January 2027.

- Notice given on 30 September 2027 would be effective from 1 July 2027.

If the reporting entity delays giving notice until 31 March 2028, the notice would be effective from the reporting period starting 1 January 2028. A report would need to be submitted for the reporting period ending 31 December 2027.

Acquisitions by other reporting entities

- 49 If a reporting entity is acquired and becomes controlled by another reporting entity, it is excluded from reporting because the acquiring reporting entity will now report for the entity. In this case, the entity should:
- Advise the Regulator as soon as possible after the acquisition, and
 - Include any required documents, such as those from ASIC, showing the acquisition details and change of control.
- 50 Entities are encouraged to advise the Regulator as soon as possible after it becomes controlled by another reporting entity, but cannot give formal notice until the beginning of the next reporting cycle after the acquisition. By advising the Regulator, the entity can be prompted at the beginning of its next reporting period to give notice and confirm it is controlled by another reporting entity and will cease reporting.

Example – Effect of notice

A reporting entity's financial year ends 30 June and it is acquired by another reporting entity on 31 May 2027.

- Notice given on 30 September 2027 would be effective from 1 July 2027.

- Notice given on 31 January 2028 would be effective from 1 January 2028. Payments by the acquired entity would need to be reported by both the acquired entity and acquiring entity for the reporting period ending 31 December 2027.

Other circumstances

- 51 In some cases, entities may cease to be reporting entities for other reasons such as:
- registering under the ACNC Act (if not already registered)

- no longer having a connection to Australia, or
- ceasing to operate in an Australian Territory.

52 If an entity believes it has ceased to be a reporting entity for other reasons, it should reach out to the Regulator.



Volunteering and modifying reporting structures

Volunteer reporting entities

- 53 An entity that is not required to report can volunteer to report. Volunteer reporting entities follow the same reporting rules as other reporting entities but are not subject to civil penalties for non-compliance.

Becoming a volunteer reporting entity

- 54 An entity can apply to become a volunteer reporting entity if:
- it is a CCE
 - it does not meet the criteria to be a reporting entity, and
 - it is not controlled by a reporting entity.
- 55 An application to volunteer to report must be submitted to the Regulator through the [Portal](#). For more information, see Volunteer Reporting Entity Applications.

Obligations of volunteer reporting entities

- 56 A volunteer reporting entity has the same reporting and record-keeping responsibilities as other reporting entities. This includes reporting payments for any entities the entity controls.
- 57 Volunteer reporting entities may be publicly identified as fast small business payers but cannot be identified as slow small business payers.
- 58 Volunteer reporting entities are not subject to civil penalties for non-compliance. However, the Regulator can:
- Remove its reports from the [Payment Times Reports Register \(Register\)](#).
 - Revoke its status as a volunteer reporting entity.
 - Publish details of its non-compliance to the [Register](#) if reports are found to be false or misleading.

Ceasing to be a volunteer reporting entity

- 59 An entity automatically loses its volunteer reporting entity status if it meets the criteria for being a reporting entity under the Act. In that case, the entity will be subject to mandatory reporting obligations under the Act.
- 60 An entity can also revoke its volunteer status by notifying the Regulator through the [Portal](#). This notice must state that the entity will stop reporting from either the current or next reporting period.
- 61 The Regulator may also revoke an entity's volunteer reporting status if they suspect the entity has failed to comply with its reporting obligations.



Nominee reporting entities

- 62 An entity can apply to become a nominee reporting entity, which allows it to report on behalf of one or more reporting entities, as well as any other controlled entities, simplifying the reporting process.

Example – Foreign holding company

A foreign holding company is not a reporting entity but controls two Australian subsidiaries that are reporting entities. The foreign holding company can apply for nominee reporting entity status and give a single report that includes payments by the reporting entities it controls.

Becoming a nominee reporting entity

- 63 An entity can apply to be a nominee reporting entity if:
- it is a CCE
 - it is not already a reporting entity
 - it controls at least one reporting entity, and
 - it has the consent of the controlled reporting entities to be their nominee.
- 64 An application for nominee reporting entity status must be submitted to the Regulator through the [Portal](#). For more information, see [Nominee & Subsidiary Reporting Entity Applications](#).

Obligations of nominee reporting entities

- 65 Nominee reporting entities must comply with the same reporting and record-keeping requirements as other reporting entities. The Regulator can publish non-compliance by nominee reporting entities on the [Register](#), and civil penalties can apply for breaches of the Act.
- 66 The controlled reporting entities of a nominee reporting entity must still submit simplified payment times reports, identifying the nominee that is reporting their payments. For more information, see [Reporting entities that have a reporting nominee](#).
- 67 Nominee reporting entities may be publicly identified as fast or slow small business payers.

Ceasing to be a nominee reporting entity

- 68 A nominee reporting entity can revoke its own status by giving the Regulator notice through the [Portal](#). The entity can choose to stop reporting from the start of its current reporting period or from the start of its next reporting period.
- 69 The Regulator can also revoke nominee reporting entity status. The Regulator may consider the nominee's compliance history and whether changes in circumstances have affected the transparency of reporting when assessing whether nominee status should be revoked.

Subsidiary reporting entities

- 70 A subsidiary reporting entity is an entity that is removed from its controlling reporting entity's group for reporting purposes. It operates independently and submits its own payment times reports.
- 71 If a subsidiary is removed from a consolidated group, it must report for itself and all its controlled entities under its corporate structure.

Example – Special Purpose Entity

A reporting entity controls a special purpose entity (SPE) that operates with a different governance structure. The SPE can apply for subsidiary reporting entity status and report its own payment times separately from the group.

Example – Removal of internal group

A reporting entity controls a subsidiary holding company which controls several entities and operates under a separate governance structure. If the subsidiary holding company was granted subsidiary reporting entity status it would report for itself and all its controlled entities.

Becoming a subsidiary reporting entity

- 72 An entity can apply for subsidiary reporting entity status if it is a CCE and is controlled by a reporting entity.
- 73 An application for subsidiary reporting entity status must be submitted to the Regulator through the [Portal](#). For more information, see [Nominee & Subsidiary Reporting Entity Applications](#).

Obligations of subsidiary reporting entities

- 74 Subsidiary reporting entities must comply with the same reporting and record-keeping requirements as other reporting entities. The Regulator can publish any non-compliance by subsidiary reporting entities on the [Register](#), and civil penalties can apply for breaches of the Act.
- 75 Subsidiary reporting entities may be publicly identified as fast or slow small business payers.

Ceasing to be a subsidiary reporting entity

- 76 A subsidiary reporting entity can revoke its own status by giving the Regulator notice through the [Portal](#). The subsidiary reporting entity can choose to stop reporting from the start of its current reporting period or from the start of its next reporting period.
- 77 The Regulator can also revoke subsidiary reporting entity status. The Regulator may consider the subsidiary reporting entity's compliance history and whether changes in circumstances have affected the transparency of reporting when assessing whether subsidiary reporting entity status should be revoked.

How and when to report

Reporting periods

When to report

- 78 Reporting entities must submit two reports per year, each covering a six-month period based on their financial year. Reporting entities using a standard 12-month financial year use the following approach:
- For a financial year ending on 30 June, reporting periods are:
 - 1 July – 31 December
 - 1 January – 30 June.
 - For a financial year ending on 30 September, reporting periods are:
 - 1 October – 31 March
 - 1 April – 30 September.
- 79 Reporting entities using a 52-53 week financial year must submit a report covering the first six months of their financial year and a second report for the rest of their financial year.

Example – 52-53 week financial year

A reporting entity, with an ordinary year end of 30 June, shortens and lengthens its financial year by up to 7 days as per section 323D of the *Corporations Act 2001*.

Scenario 1: The entity shortens a financial year to 28 June. The reporting periods are 1 July – 31 December and 1 January – 28 June.

Scenario 2: The entity lengthens a financial year to 3 July. The reporting periods are 1 July – 31 December and 1 January – 3 July.

Changes in financial year

- 80 If a reporting entity changes its financial year, such as to align with a parent company, it must report for every six-month period or shorter period in its transitional financial year. No report can exceed a six-month period unless the entity is using a 52-53 week financial year.

Example – Synchronised financial year

A reporting entity with an ordinary year end of 30 June changes its financial year to 30 September to align with a foreign parent entity.

Scenario 1: To align with its parent entity, the reporting entity shortens its financial year to have a 3-month 'stub' financial year. The reporting period is 1 July – 30 September.

Scenario 2: To align with its parent entity, the reporting entity lengthens its financial year to have a 15-month financial year. The reporting periods for the financial year are 1 July – 31 December, 1 January – 30 June and 1 July – 30 September of the next year.

Entities without a financial year

- 81 If a reporting entity does not have a financial year, it must use its income year as defined by the *Income Tax Assessment Act 1997*. If the entity does not have an income year for tax purposes, it must use a standard 12-month income year beginning on 1 July.

Reporting deadlines

- 82 A reporting entity must submit its reports within three months after the end of each six-month reporting period. A failure to report by the deadline could be made public on the [Register](#) and penalties may apply.
- 83 Reporting entities that cannot meet a reporting deadline may consider applying for an extension. For more information, see Relief applications.

How to report

- 84 A reporting entity must submit its reports through the [Portal](#). The report must be completed using the prescribed template. The [Portal](#) can be accessed through paymenttimes.gov.au.
- 85 To access the [Portal](#), the entity must have a representative with a Digital Identity (**myID**), previously known as myGovID, which must be linked to the reporting entity's Relationship Authorisation Manager (**RAM**).
- 86 If an entity is unable to access the [Portal](#) as it does not have an ABN, or is not eligible for RAM access, it should contact the Regulator directly to arrange an alternative submission method.

Entity information

- 87 When submitting a report, a reporting entity must ensure that the following entity information is accurate and up to date:
1. **Identifying and classifying details:**
 - entity name, including any registered business names.
 - ABN, Australian Company Number (**ACN**), or Australian Registered Body Number (**ARB**N), if relevant.
 - primary business activity as classified under the Australian and New Zealand Standard Industrial Classification (**ANZSIC**) subdivision.
 2. **Contact information:**
 - A primary contact email address for communication.
 - A physical address for document service.
 - The name, email address and phone number of a responsible person of the entity.
 - The name, email address, and phone number of any authorised representative acting on behalf of the entity.
 3. **Financial information:**
 - Entity's financial year details.
 - Whether the entity must report on operating segments under *AASB 8: Operating Segments*.
 4. **Entity structure:**
 - Details of all entities controlled by the reporting entity.
 - Details of nominee or subsidiary reporting entities related to the entity.



- Details of the ultimate parent entity in the entity's group structure.
 - For subsidiary reporting entities only, details of the controlling reporting entity.
- 88 Reporting entities must ensure that all information is correct when submitting the report. If errors are found after submission, the information should be updated as soon as possible.

Revising reports

- 89 If a reporting entity needs to revise a report, it can do so at any time. Approval from the Regulator is not required in order to correct or revise a report. The revised report must clearly state the date of the revision and provide a description of changes made to the report.
- 90 Revised reports will be clearly marked on the [Register](#) to show the updates made and when they occurred.
- 91 If the Regulator identifies material errors or omissions during compliance activities, it may recommend submission of a revised report to correct the [Register](#).
- 92 Even if the information is corrected, other compliance action may still be taken, including penalties. For more information on the Regulator's approach to compliance, visit the Regulator's [website](#).

Publishing reports

- 93 Once submitted, reports are automatically published to the [Register](#). The Regulator may redact information that is not in the public interest to publish, such as third-party details, commercial-in-confidence information or personal information as defined in the *Privacy Act 1988* (Cth).
- 94 If sensitive or incorrect information is published in error, a revised report should be submitted as soon as possible to rectify the error.
- 95 Reports may be reviewed by the Regulator after publication, and action taken if the content does not comply with reporting standards.

What to report

96 Follow these steps when preparing a report:

1. Identify entities to consolidate.
2. Determine reporting requirements.
3. Prepare datasets.
4. Complete the payment times report.
5. Keep records.

Step 1: Identify entities to consolidate

97 In their reports, reporting entities must consolidate payments made themselves and by all entities they control. The only exception to consolidation of all controlled entities are:

- subsidiary reporting entities that report separately, and
- nominee reporting entities that consolidate the entities stated in their nominee reporting entity determination.

98 Control of an entity for consolidated reporting purposes is assessed the same way as it is for consolidating revenue. If a reporting entity controls another entity for the purpose of revenue consolidation, payments by the controlled entity must be included in reporting.

99 For more information, see Identifying controlled entities.

Acquisitions and divestments

100 A reporting entity must report on payments made by entities it controlled at the end of the reporting period.

Acquisitions and Obtaining Control

101 If a reporting entity acquires control of an entity during the reporting period, it must include all payments made by the acquired entity in the reporting period.

102 If the entity cannot access payment data for transactions before the acquisition, it can exclude those payments, provided it makes the necessary disclosures. For more information, see Controlled Entity Data Not Accessible.

Example – Acquisition of a controlled entity

Scenario 1: A reporting entity with a reporting period ending 30 June, acquires 100% of another company on 1 June. The reporting entity must report on payments by the acquired company from 1 January to 30 June in its 30 June payment times report.

Scenario 2: The same circumstances as Scenario 1 but the reporting entity cannot access information about payments by the acquired company that occurred before 1 June. The reporting entity relies on the exclusion in section 15 of the Payment Times Reporting Rules 2024 (**the Rules**) and makes disclosures about the exclusions in its report.

Scenario 3: A reporting entity with a reporting period ending 30 June increases its ownership of another company from 20% to 60% on 1 June. After the increase, the reporting entity assesses it controls the company.



The reporting entity must report on payments by the company from 1 January to 30 June in its 30 June payment times report.

Divestments and loss of control

- 103 If a reporting entity ceases to control of another entity during the reporting period, it must exclude payments made by that entity in the reporting period from its report.

Example – Divestment of a controlled entity

Scenario 1: A reporting entity with a reporting period ending 30 June sells a wholly owned subsidiary on 1 March. The reporting entity excludes all payments by the subsidiary from its 30 June payment times report.

Scenario 2: A reporting entity with a reporting period ending 30 June decreases its ownership of a subsidiary from 95% to 25% on 1 April. After the decrease, the reporting entity ceased its control of the subsidiary. The reporting entity excludes all payments by the subsidiary from its 30 June payment times report.

Step 2: Identify Reporting Requirements

- 104 A reporting entity may need to modify its reporting based on specific circumstances. Entities can skip steps 3 to 5 and go to Modified Reporting if:
- the entity is in external administration
 - the entity makes no payments to Australian small business suppliers, or
 - the entity is consolidated under a nominee reporting entity.
- 105 A reporting entity must provide additional information in its report if:
- it is a nominee reporting entity, and
 - the entity prepares financial statements disclosing operating segments under *AASB 8: Operating segments* or an equivalent standard. In this case, some information is reported at both the consolidated and segment level.
- 106 The [Portal](#) will give guidance on content requirements, provided entity information is accurate and up to date.

Step 3: Prepare Datasets

- 107 To prepare a report, a reporting entity must compile a dataset of payments, ensuring that the data is sorted and classified correctly. If a reporting entity takes a different approach to preparing datasets to what is provided in this guidance, it must ensure the approach complies with the Rules.
- 108 The Regulator may undertake compliance activities to review the methodology used to compile datasets to ensure it meets requirements.

Trade Credit Arrangements

- 109 Reporting entities must identify payments made under trade credit arrangements to create the **Trade Credit Payments Dataset (TCP Dataset)**. A trade credit arrangement occurs when a payment is made, or can be made, at least one calendar day after the supply of goods or services.

Example – Trade credit arrangements

Scenario 1: An entity and supplier agree payment is to be made 7 days after the day of supply of goods. Despite agreed terms, the entity pays the day goods are supplied. The arrangement is a trade credit arrangement because payment could have been made 1 calendar day or more after the goods were supplied.

Scenario 2: An entity and supplier agree payment is to be made on the day of supply of goods. Despite agreed terms, the entity pays two days after the goods are supplied. The arrangement is a trade credit arrangement because payment was made more than 1 calendar day after supply.

Agreements with multiple arrangements

- 110 One agreement may include multiple trade credit arrangements, each requiring classification.

Example – One agreement with multiple arrangements

An entity contracts a supplier to provide goods and services over an extended period. The contract requires payment of a deposit, 2 payments for goods on delivery and 3 payments for services in monthly arrears.

Each of the agreed payments is a separate arrangement.

Assuming payments are made in accordance with the contract terms, the deposit and payment for goods are not trade credit arrangements because there is not a delay between supply and payment.

The services payments are 3 separate arrangements, and each is a trade credit arrangement because there is a delay of 1 calendar day or more between the period of supply and payment.

Example – Deposits

An entity has an arrangement that runs over an extended period and includes a deposit and milestone payments. The first two milestones do not require payment because they are prepaid by the deposit.

The first two milestones are not reportable because they do not require payment. The deposit is not reportable because it was paid in advance of supply.

Arrangements without payments

- 111 Circumstances can result in a trade credit arrangement not requiring payment. Where an arrangement is settled without payment it is not reportable and not required to be included in datasets.

Example – Offsetting credit note

An entity has a trade credit arrangement for the supply of goods. After the goods are supplied but before payment is made the supplier issues a credit note that covers the supply of the goods entirely and the entity is not required to make payment.

The trade credit arrangement is not reportable because no payment is required.

Excluded payments – Government and employee payments

- 112 Payments made to government entities or that relate to employees are not trade credit arrangements and must be excluded from datasets.
- 113 Payments to a government entity, corporate Commonwealth entity or local government body are not trade credit arrangements and are excluded from reporting. Government entities include Commonwealth and State government departments and executive and statutory agencies under the *Public Service Act 1999* (Cth).

- 114 Reporting entities can refer to [resources](#) published by the Department of Finance to identify Commonwealth government entities and corporate Commonwealth entities.
- 115 For State government entities reporting entities can refer to resources provided by each respective relevant State government.
- 116 Employee-related payments are excluded from reporting. Employee payments include payments subject to Pay As You Go (**PAYG**) withholding and payments that relate to employee benefits, such as superannuation contributions.
- 117 Where it is unclear whether payment relates to an employee, the Regulator may consider how the relevant individual is remunerated. Contracting arrangements subject to GST, or those that include the individual's ABN, may indicate the individual is not an employee.

Disputed Payments

- 118 A reporting entity cannot exclude disputed payments from its report. Disputed payments must be included in the TCP Dataset and reported according to the amended arrangement once resolved.
- 119 Where payment is made for a dispute that is not resolved, the reporting entity must report based on the details of the original arrangement.

Example – Reissued invoice

A supplier has sold goods valued at \$500 but invoices for \$5,000 in error. The entity advises the supplier of the error, and the supplier reissues the invoice for the correct value of \$500.

The original invoice is discarded and the details on the reissued invoice are used for reporting purposes.

Example – Dispute without resolution

A supplier issues an invoice for \$1,000 for supply of goods and the entity disputes the invoices believing only \$500 of goods were delivered. The supplier and entity do not resolve the dispute, but the entity pays \$500 and treats the obligation as fully discharged. Because of delays created by the dispute, the invoice is paid 30 days late.

The details on the original invoice must be used to determine payment terms and times.

Controlled Entity Data Not Accessible

- 120 If a reporting entity cannot access payment data from a controlled entity, it does not need to report those payments. However, it must:
- keep detailed records explaining why the information was unavailable and what efforts were made to obtain it, and
 - state in its report that it relied on this exclusion and identify which controlled entities have payments excluded from reporting.
- 121 Failure by a reporting entity to disclose that it relied on this exclusion may result in non-compliance penalties. For more information on what must be disclosed, see Contextual Information and Approvals. The Regulator may investigate such exclusions.

Preparing the Trade Credit Payments Dataset (TCP Dataset)

- 122 A reporting entity must create a **TCP Dataset** that includes specified data for all payments made under trade credit arrangements by itself and its controlled entities. Misclassifying or misinterpreting data

could result in a misleading report, so a reporting entity must ensure classifications are correct. Seek professional advice if necessary.

Regulator Note

This guidance refers to invoices. The data collected, classifications and interpretations for non-invoices is the same as for invoices. For example, the method to identify the date for a notice for payment is the method as used to identify invoice date.

Payer and payee details

- 123 Include the payer’s ABN, ACN, or ARBN, and the payee’s ABN.
- 124 If the payee does not have an ABN, the payment may be excluded from the report. For more information, see Excluded payment – Entity without an ABN.

Payment date and amount

- 125 The payment date is the date the entity takes action to pay, not when the payee receives it.
- 126 Report payments in Australian dollars. If the payment amount is already converted for accounting purposes, use the converted value. If the payment has not already been converted, use the average daily rates published by the Reserve Bank of Australia to convert the payment to Australian dollars.

Example – Credit note

An entity has a trade credit arrangement for \$500 and a credit note from the supplier for \$200. A \$300 payment is made to finalise the arrangement.

The payment amount is \$300 as the amount actually paid to the supplier.

Credit card payment

- 127 Credit card payments must be identifiable from other types of payments to correctly apply credit card exclusions.
- 128 For more information, see Excluded payment – Credit cards.

Partial payments

- 129 Payment times are based on payments that fully settle an obligation. Partial payments must be identifiable so they can be excluded from payment times calculations.
- 130 For more information, see Excluded payments – Partial payments.

eInvoice capable

- 131 Only invoices or payment notices that could be sent or received through the Peppol eInvoicing network qualify as eInvoices. To confirm whether an entity is capable of receiving eInvoices, the Regulator may check the register of Peppol-connected entities maintained by the Australian Taxation Office.
- 132 A payment is considered eInvoice capable when the receiving reporting entity is set up to receive eInvoices and has no business rules that block or reroute them.

Example – Connected but not capable

An entity uses a global ERP system connected to the Peppol network. However, it rejects eInvoices and directs suppliers to a different invoicing portal. This entity is not eInvoice capable, as its business rules prevent the processing of eInvoices. Using an alternative online invoicing system does not make an invoice an 'eInvoice'.

- 133 Entities can assess eInvoice capability at the system level without reviewing individual invoices.

Example – System-level assessment

An entity uses two ERP systems for different business units. One system is eInvoice capable and connected for the entire reporting period. The other is connected and eInvoice capable only in the last month of the reporting period.

In this case, the entity should classify payments from the first system as eInvoice capable for the whole period, and classify payments from the second system as eInvoice capable from the connection date.

Recipient-created tax invoices (RCTIs)

- 134 Special rules apply for calculation of payment times for RCTIs. To ensure the correct methodology is used, RCTIs need to be identifiable from other invoice types in the TCP Dataset.

Invoice and receipt dates

- 135 Reporting entities only need to include the invoice receipt date in the TCP Dataset if it has been recorded. If there are multiple dates listed on an invoice, use the most recent one.

Example – Multiple dates on invoice

An entity receives an invoice with an 'invoice date' of 1 January and an 'issue date' of 3 January. The entity may use the 3 January date as the invoice date for reporting.

Payment terms

- 136 Where supply was agreed by written contract that included terms for payment those terms are used in the TCP Dataset. In all other cases the terms stated on an invoice are used.
- 137 Terms set by a written contract must be used when they are different to the terms set out on an invoice.
- 138 When developing the TCP Dataset, reporting entities may refer to written contract terms first, provided they are evidenced in writing.
- 139 Where contract terms are inconsistent with payment terms stated in an invoice, reporting entities must use the contract terms in the TCP Dataset.

Example – Purchase order

A reporting entity engages a supplier to supply goods under a purchase order. The purchase order is raised in the entity's electronic procurement system and issued by email to the supplier. The purchase order includes terms for payment.

The terms in the purchase order can be used in the TCP Dataset.

Example – Invoice inconsistent with contract

Scenario 1: Contract terms state 30 calendar days and the supplier invoice states terms of 7 calendar days. Payment terms of 30 days is used for the TCP Dataset.

Scenario 2: Contract terms state 10 calendar days and the supplier invoice states end of month (a longer period). Payment terms of 10 calendar days is used for the TCP Dataset.

140 If an invoice has multiple terms, the longer of the terms may be used.

Example – Multiple terms (invoice error)

An entity receives an invoice on 1 January that states ‘Due in 14 calendar days’ and ‘Due date: 28 January’.

The entity can use the longer payment term of 28 days.

141 Payment terms must be in calendar days. If terms are in business days or another term, they must be converted to calendar days.

142 Payment terms where an invoice or written contract states:

- a number of days – is the number of days in calendar days.
- a payment period – is the maximum number of calendar days the terms may provide.
- a date for payment – is the number of calendar days (inclusive) between the invoice date and date for payment.

Example – Payment terms

5 business days = 7 calendar days.

End of week = 7 calendar days.

End of month = 31 calendar days.

End of next month = 62 calendar days.

28 January 20xx (issue date 1 January 20xx) = 28 calendar days.

Excluded payment – Entity without an ABN

143 Payments are excluded from the TCP Dataset if the payee does not have an ABN.

144 It may not be clear from data held by a reporting entity whether a payee has an ABN but it may be reasonable to assume it does not have one. If a reporting entity assumes a payee does not have an ABN they should document the reasons supporting that assumption.

145 When assessing whether the reporting entity has complied with its requirements in preparing the TCP Dataset, the Regulator will consider whether the approach taken and documented by the entity was reasonable in the circumstances.

Example – Assumptions on suppliers holding an ABN

Scenario 1: An entity controls a foreign subsidiary that operates overseas. The foreign subsidiary’s procurement system does not record ABNs. In its methodology the entity records an assumption the foreign subsidiary does not have suppliers with ABNs based on a review of their procurement system and enquiries made with the team responsible for the financial reporting of the subsidiary. In this case, the assumption may be reasonable.

Scenario 2: An entity has a credit card payment for \$5,000 but does not have ABN details of the payee. The card is held by an Australian resident working in an Australian business unit. An assumption the supplier does not hold an ABN would be inappropriate. Steps would need to be taken to determine whether the payee holds an ABN.

Excluded payment – Intragroup payments

- 146 Payments between entities in the same consolidated group must be excluded from the TCP Dataset, even where the payment is to a business in the group with annual revenue less than \$10 million.
- 147 Payment to related entities that are not controlled are not excluded from the TCP Dataset.
- 148 When assessing whether this exclusion has been properly applied the Regulator may review payments in the TCP Dataset and the controlled entities reported in entity information.

Excluded payment – Credit cards

- 149 Reporting entities can exclude a credit card payment from the TCP Dataset if the value of the payment is less than \$100, or if the card that made the payment is subject to a relevant credit card policy.
- 150 A low-value \$100 threshold exclusion can be applied to any credit card payment without further assessment. The payment value must be less than \$100 including GST. Reporting entities should document use of this exclusion in their methodology for record-keeping purposes.
- 151 Credit card payments can also be excluded if the card that made the payment is subject to a genuinely enforced internal policy that prohibit the use of the card to make payment for a trade credit arrangement.
- 152 When a reporting entity uses this exclusion, the Regulator may review the relevant policies to ensure it expressly prohibits use for trade credit arrangements or has restrictions that have the same effect. A policy that prohibits the use of a card for payment of invoices, or only allows use for point-of-sale transactions and prepayments will generally be accepted.
- 153 The policy is genuinely enforced when it is subject to internal compliance reviews. A policy that is not subject to internal compliance reviews or audits is not genuinely enforced.
- 154 The Regulator may request details of frequency and scope of compliance activities undertaken by a reporting entity relying on this exclusion.

Small Business Trade Credit Payments Dataset (SBTCP Dataset)

- 155 After preparing the **Trade Credit Payments Dataset (TCP Dataset)**, reporting entities must create a **Small Business Trade Credit Payments Dataset (SBTCP Dataset)** by running the ABNs from the TCP Dataset through the **Small Business Identification (SBI) Tool**. Payments to ABNs identified as small businesses must be included in the SBTCP Dataset.

Calculate Payment Times

Excluded payments – Partial payments

- 156 When there are multiple payments for one trade credit arrangement, only the payment that settles the full amount is used to calculate the payment time.
- 157 Partial payments and other payments that don't settle the full amount must be excluded from the SBTCP Dataset to avoid duplicate reporting.



Example – Partial Payment

An invoice is issued for \$1,000. The entity mistakenly pays \$100 first, then pays the remaining \$900. The \$100 is a partial payment and must be excluded when calculating the payment time.

Method to calculate payment times

- 158 The payment time for invoices is the shorter period of:
- the number of days between and including the invoice issue date and the payment date, or
 - the number of days between and including the invoice receipt date and the payment date.
- 159 For recipient-created tax invoices (**RCTIs**), the payment time is the number of days between and including the RCTI issue date and the payment date.
- 160 If there is no invoice or document demanding payment, calculate the payment time from the date when the payment obligation started (which may be the supply date) to and including the payment date.
- 161 Payment times must be in calendar days and cannot be less than zero. Where a payment for a trade credit arrangement is made on the same day or before an invoice is issued, the payment time is zero days. If the payment time calculation results in a negative number, check if:
- the payment was under a trade credit arrangement, and
 - if so, adjust the number of days to zero.

Datasets: In practice

- 162 After following the above steps, reporting entities should have a dataset with the following details for all payments under a trade credit arrangement. This should include payments by the reporting entity and any entities it controls.

TCP and SBTCP Datasets (only in SBTCP data subset*)

Payer Name | Payer ABN (or ACN, ARBN) | Payee Name | Payee ABN | Payment Date | Payment Amount
 Credit Card Payment (Y/N) | eInvoice enabled Payment (Y/N) | Partial Payment (Y/N)
 Invoice Date | Invoice Receipt Date (if known) | Payment Terms (calendar days) | RCTI (Y/N)
 Small business payee (Y/N – SBI Tool) | Payment Time (calendar days)*

- 163 Reporting entities can develop this dataset in a way that suits its circumstances, as long as all required payments are accurately collected, classified, and understood. Entities can do this using multiple datasets or creating custom reports.
- 164 The Regulator may review the method used and test it to recreate the output used for reporting. Entities do not need to store datasets separately.

Step 4: Complete the Payment Times Report

- 165 To complete the payment times report, reporting entities need to perform statistical calculations using the **TCP Dataset** and **SBTCP Dataset**. These datasets contain crucial payment information. The [Portal](#) provides templates and instructions on how to input data. Ensure data follows the validation rules before submitting a report.



Payment Terms and Times

Most common standard payment term

Format: Number [0.00]

- 166 This refers to the mode of the payment term from the SBTCP dataset, calculated as the most frequent number of days taken to make payments.
- 167 Entities can calculate the mode using Python's mode(), R's mode(), or Excel's MODE().

Most common standard payment term (range)

Format: Number [0.00]

- 168 If the reporting entity has controlled entities, calculate the mode payment term for the reporting entity and each controlled entity. Then, report the minimum and maximum mode payment terms for the group as a range.

Example – Range of Modes

A reporting entity has 100 payments, Entity A has 500 payments, and Entity B has 10,000 payments:

- Reporting entity: Mode = 20 days
- Entity A: Mode = 28 days
- Entity B: Mode = 45 days

The reporting entity would report the range as 20–45 days.

Estimated payment term for the next reporting period

Format: Number [0.00]

- 169 Provide an estimate of the mode payment term for the next reporting period, based on any anticipated changes in payment practices. If no changes are expected, report the same values as in the current period.

Example – Estimate Payment Terms

Scenario 1: A reporting entity has a mode payment term of 45 days, but it implemented a policy to pay small business suppliers in 14 days. The reporting entity would report an estimated term of 14 days.

Scenario 2: A reporting entity changes its standard payment terms for all suppliers from 30 days to 60 days. The reporting entity would report an estimated term of 60 days.

Scenario 3: A reporting entity has two controlled entities and range of payment terms of 10 days to 45 days. The entity with 45-day terms changes its payment policy at the beginning of the reporting period to 28 days. The reporting entity would report an estimate range of payment terms of 10 days to 28 days.

Comparison of receivable terms to payment terms

Format: Selection [Faster/Slower/Same]

- 170 Compare the mode payment term to the credit terms for sales. Indicate if the receivable terms (how quickly the entity gets paid) are shorter, longer, or the same as payment terms to small business suppliers (how quickly the entity pays small business suppliers).
- 171 To perform the comparison, reporting entities can take the policy approach, accounting receivable days approach or transaction approach.

Policy approach

- 172 The reporting entity can assess their credit sale terms from a policy perspective provided it is reasonable in the circumstances. The entity should document the approach it took and why it is reasonable.

Example – Policy approach

A reporting entity has a **Mode payment term** of 45 days. The entity, other than for minor exceptions, has a policy of issuing invoices with 30-day payment terms to all customers.

The reporting entity can compare the 30-day term to the 45-day **Mode payment term** and report ‘Shorter’.

Accounting receivable days approach

- 173 The reporting entity can use the receivable days as calculated using the accounting equation:

$$\text{Receivable Days} = [\text{Average accounts receivable} \div \text{Credit sales}] \times \text{Days in period}$$

- 174 Receivable days should be calculated to align with the relevant reporting period. Reporting entities can use half year accounts for one reporting period and end of year accounts for the other but may also perform the calculation for the second half of a financial year based only on balances and sales for that half of the year.
- 175 Entities using this approach should document how calculations were performed and how the approach is reasonable.

Example – Accounting receivable days

A reporting entity has a **Mode payment term** of 45 days for a reporting period ending 31 December. The entity had an opening accounts receivable balance of \$1000, a closing balance of \$1200 and credit sales of \$4,000 for the reporting period.

The entity calculates its accounts receivable days as:

$$[(\$1,000 + \$1,200) \div 2] / \$4,000 \times 184 = 50.6 \text{ days.}$$

The entity compares the 50.6 receivable days and **Mode payment term** of 45-days and reports ‘Longer’.

Transaction approach

- 176 The reporting entity can calculate the statistical mode of the terms for every credit sale by the entity and entities it controls in the reporting period.
- 177 This approach is not recommended unless data of credit sales terms is readily available and able to have the mode calculation performed without extensive data cleansing and interrogation.

Average payment time

Format: Number [0.00]

- 178 Report the arithmetic average payment time using the SBTCP Dataset. Do not use the geometric mean.
- 179 Entities can calculate the average using Python’s `statistics.mean()`, R’s `mean()`, or Excel’s `AVERAGE()`.

Median payment time

Format: Number [0.00]

- 180 Report the statistical median payment time. If there’s an even number of payments, calculate the median as the average of the two middle values.
- 181 Entities can calculate the average using Python’s `median()`, R’s `median()`, or Excel’s `MEDIAN()`.

80th and 95th percentile payment times**Format: Number [0.00]**

182 Report the 80th and 95th percentile values for payment time.

183 Entities can calculate the average using Python's `numpy.percentile()`, R's `quantile()`, or Excel's `PERCENTILE.INC()`.

Percentage of small business payment within terms**Format: Number [0.00]**

184 Report the proportion of payments made to small businesses where the payment time is less than or equal to the payment term using this formula:

$$\text{Number of payments where Payment Time} \leq \text{Payment Term} \div \text{Number of payments}$$

Percentage of invoices paid within specified days**Format: Number [0.00]**

185 Report the percentage of invoices paid within 0-30 days, 31-60 days and over 60 days. Ensure that the sum of all three percentages equals 1 (with allowance of a 0.02 margin for rounding).

Other payment Practices**Percentage of small business procurement****Format: Number [0.00]**

186 Report the percentage of total trade credit payments made to small businesses. Use the formula:

$$\text{Number of payments in the SBTCP Dataset} \div \text{Number of payments in the TCP Dataset}$$

Percentage of Peppol-enabled small business procurement**Format: Number [0.00]**

187 Report the proportion of small business payments that used Peppol-enabled systems. Use the formula:

$$\text{Number of payments that are Peppol capable payments} \div \text{Number of payments in the SBTCP Dataset}$$

Offers supply chain finance**Format: Selection [Yes/No]**

188 Report whether the reporting entity offers supply chain financing options to small business suppliers. Supply chain finance includes:

- settlement discounts (when a supplier offers a buyer a discount for early payment)
- dynamic discounts (when a buyer offers early payment in exchange for a discount)
- reverse factoring (when a buyer offers early payment, funded by a third party, in exchange for a discount).

189 If 'Yes', provide details of supply chain financing options in the report comments.

Practices and arrangements to accept invoices**Format: Selection [Yes/No]**

190 Report whether the reporting entity charges fees for small businesses to participate in procurement processes. This includes listing or subscription fees associated with e-procurement platforms and fees to stay on supplier lists.

191 If 'Yes', provide details of any fees collected by the reporting entity or entities it controls in the report comments.

Payment practices to small businesses – legal or voluntary obligations**Format: Selection [Yes/No]**

- 192 Report whether the reporting entity or its controlled entities have legal or voluntary obligations regarding payment times (e.g. industry codes or security of payment laws).
- 193 If 'Yes', provide details of obligations in the report comments.

Example – Industry code signatory

A reporting entity is a member of an industry code that commits signatories to paying small businesses in 30 days. The reporting entity must report 'Yes' and give details of the code it is a signatory of and the commitment of 30 days.

Example – Security of payment laws

A reporting entity operates a construction business in several Australian states. In each state the entity is subject to *Security of payment* laws that require them to make progress payments to contractors within a fixed number of days after receiving a claim for payment.

The reporting entity must report 'Yes' and give details of the security of payment laws it must comply with.

Contextual Information and Approvals**Reporting comments****Format: Text**

- 194 Use the comments section of the report to explain and provide context for the reporting entity's payment times and practices. This includes:
- Material events that affected payment times.
 - Changes to financial reporting practices or methods.
 - Identification of controlled entities for which payment data was excluded, explaining why the information was not accessible.
- 195 For information on excluding payments where data is not accessible, see Controlled Entity Data Not Accessible.
- 196 Comments should not include any personal or commercially sensitive information. If necessary, the Regulator may redact sensitive information from the published report.

Confirmation statement**Format: Selection [Yes/No]**

- 197 Reporting entities must confirm that the entity information provided with a report is true and correct.
- 198 For information on entity information requirements, see Entity information.

Report approval**Format: Text**

- 199 Report the name of the responsible member who approved the report. The approval must be in writing and provided before the report is submitted but will not be published on the [Register](#).
- 200 Reporting entities do not need to attach evidence of written or signed approval to the report. However, the Regulator may review documented approval as part of compliance activities.

Example – Approval of a payment times report

Scenario 1: A payment times report is prepared and included in a board pack. The board approved the report which is recorded in the agreed minutes. The entity reports the name of the board members that approved the report.

Scenario 2: A Managing Director provides an email response approving a report. The email is written approval and the reporting entity reports the Managing director as approving the report.

Additional reporting requirements

- 201 Some entities need to provide more information. The [Portal](#) helps identify what needs to be reported. By completing entity details, the system will guide reporters through any extra requirements.

Operating Segments

- 202 If a reporting entity reports according to *AASB 8: Operating Segments* or a similar foreign standard, it must provide the following payment details for each segment:
- Mode payment term
 - Average payment term
 - Median payment term
 - 80th and 95th percentile payment times
 - Proportion of payments within 30 days, 31–60 days and 61 or more days
 - Payments made on time.
- 203 These details are reported for each segment, just like for the consolidated group. To do this, modify the SBTCP Dataset to classify each payment by segment. Payments that can not be classified are excluded from segment reporting.

Example – Payment not attributable to an operating segment

A reporting entity is ASX-listed and required to prepare financial reports that present operating segment information in accordance with *AASB 8: Operating Segments*. The entity has payments by the holding parent entity that would ordinarily be allocated across their segments.

Payments by the holding entity are excluded from operating segment reporting and not allocated to segments.

Example – Nil report for an operating segment

A reporting entity is SGX-listed and required to prepare financial reports that present operating segment information in accordance with *International Financial Reporting Standard 8: Operating Segments*. The entity has 3 operating segments based on location: APAC, EU and US. Only entities in the APAC segment made payments to Australian small businesses.

Operating segment information must be reported for all segments. The APAC segment data will be the same as that reported by the reporting entity. Nil values are reported for the EU and US segments.



Subsidiary Reporting

- 204 A subsidiary reporting entity must provide details about its controlling reporting entity. This information helps users connect subsidiary reporting entities to controlling parent entities in the Register.

Step 5: Record keeping

- 205 All reporting entities must retain the information used to prepare their reports for seven years. This includes:
- The datasets and methods used to classify payments
 - Assumptions and interpretations made in the report
 - Documentation on governance and approval processes.
- 206 If a reporting entity uses automated systems or customized data extraction methods to prepare a report, it must keep detailed records of the process. This includes the rules, parameters, and reconciliation steps used to ensure data accuracy.
- 207 Civil penalties may apply if a reporting entity fails to keep records, so it is important to ensure good record-keeping practices for compliance reviews.

Modified Reporting

Reporting entities in external administration

- 208 If a reporting entity is placed in external administration at any point during a reporting period or the three-month window before the report is due, it must still submit a report. However, it can submit a simplified report.
- 209 The simplified report must include:
- The start and end dates of the reporting period
 - The name of the responsible member who approved the report and the date they approved the report
 - The name of the external administrator
 - The capacity in which the administrator was appointed
 - The date of their appointment.
- 210 For the purposes of the Act, external administration has the same meaning as in the *Corporations Act 2001*. This includes situations where a liquidator has been appointed.

Reporting entities that have a reporting nominee

- 211 If a reporting entity is consolidated into the report of a nominee reporting entity, it must still submit a report. However, it can submit a simplified report.
- 212 The simplified report must include:
- The start and end dates of the reporting period
 - The name of the responsible member who approved the report and the date they approved the report
 - Details of the nominee reporting entity.
- 213 This information is published on the [Register](#) so that users can connect the reporting entity to the controlling nominee reporting entity that reports on the reporting entity's behalf.

Reporting entities that do not pay small businesses

- 214 If a reporting entity does not make payments to Australian small businesses, it must still submit a report. However, it can submit a simplified report.
- 215 The simplified report must include:
- The start and end dates of the reporting period
 - The name of the responsible member who approved the report and the date they approved the report
 - The proportion of payments made to Australian small business suppliers, which must be zero.
- 216 Whether the entity needs to prepare a TCP Dataset and a SBTCP Dataset to confirm it made no payments to Australian small businesses depends on its circumstances.
- 217 The entity must document the method used to determine that no payments were made to small businesses, and this may be subject to compliance reviews by the Regulator.

Example – Nil payments to Australian small businesses

Scenario 1: A reporting entity collects and distributes royalties and has no controlled entities or operating costs. The entity may be able to determine it makes no payments to Australian small businesses without preparing a TCP Dataset and SBTCP Dataset.

Scenario 2: A reporting entity is a holding company that primarily operates through subsidiaries outside of Australia. The entity makes a small number of domestic payments from its Australian bank account. The entity will likely need to prepare TCP Dataset and SBTCP Dataset to determine whether it pays Australian small businesses.

Applications

General application requirements

Form, content and approval requirements

- 218 Applications to become a volunteer, nominee, or subsidiary reporting entity, as well as applications for exemptions from reporting or extensions of time to report, have specific requirements regarding how they must be submitted and what information and approvals they must include.
- 219 These applications must be submitted through the [Portal](#) and must:
- Contain the required information in the relevant form, and
 - Include confirmation that the application was authorised in writing by a responsible member of the entity.
- 220 The Regulator will only accept an application outside the [Portal](#) if the entity is ineligible for RAM access because it either:
- Does not have an ABN, or
 - Does not have a responsible member or authorised manager eligible for a standard strength Digital Identity.

Providing Additional Information

- 221 The Regulator may require additional information for an application. If the applicant does not provide the requested information, the Regulator may refuse to make a determination.
- 222 The Regulator will request additional information when there is not enough detail to make a determination. These requests will be made and give 14 calendar days to respond.

Fees

- 223 Applicants must pay a fee for certain applications, including applications for nominee and subsidiary reporting entities, exemptions from reporting, and extensions of time.
- 224 The fees are set in accordance with the Australian Government Charging Framework. Information about the fees, how they are determined, and how to pay them is available on the Regulator's website.
- 225 The Regulator may refuse to start considering an application until the fee is paid.

Note for Exposure Draft: Fees are expected to apply to applications submitted on or after 1 July 2025. Further information, including fee amounts, will be provided in future consultations to develop a Cost Recovery Implementation Statement.

Timing of Decisions

- 226 The Regulator aims to approve or issue a notice of proposed refusal within 15 business days of receiving all the information necessary to consider the application. The only exception is for a short-term extension of time, which can typically be decided within 5 business days.
- 227 While the Regulator strives to meet these timeframes, it may not always be possible. To ensure timely assessment, applicants must provide all the necessary evidence with their application. If an application



is submitted near the end of a reporting period or close to a report's due date, the Regulator may not be able to consider it in time for the relevant date.

228 Be mindful of these timelines when submitting an application.

Publication of Application Decision

229 If an application affects an entity's reporting, its reporting structure, or the timing of submitting a report, the decision may be published on the [Register](#) to ensure transparency for users of payment times information.

230 The Regulator must publish determinations to grant or revoke volunteer, nominee, and subsidiary reporting entity status on the [Register](#). The Regulator must also publish details of decisions to grant extensions of time to report. Additionally, the Regulator may publish determinations to grant or revoke an exemption from reporting.

231 Only the type of application, the decision or determination, and the date it takes effect will be published. The Regulator will not publish the reasons for the decision or determination or any information submitted in the application.

Refusal of applications

Procedural Fairness and Review of Decisions

232 Before the Regulator makes a decision that could materially impact an applicant or another person adversely, the Regulator will ensure procedural fairness is provided to the affected parties.

233 If the Regulator intends to refuse an application, the applicant will receive a notification of the proposed decision and an invitation to submit further written submissions. Applicants be given 14 calendar days to provide additional submissions for the Regulator to consider.

234 If the Regulator refuses to make a determination or denies an extension of time to submit a report, the decision may be reviewable. The applicant can seek reconsideration of the decision by applying to the Regulator for a review.

235 For more information on how to apply for a review, see [Review of decisions](#).

Reporting entity applications

Volunteer Reporting Entity Applications

Regulator Note

For information on whether an entity is eligible to apply for **volunteer reporting entity** status, the obligations of volunteer reporting entities, and how volunteer reporting entity status can be revoked, see [Volunteer reporting entities](#).

Making an application

236 Applications for volunteer reporting entity status must be submitted through the [Portal](#). The applicant must provide:

- Identifying information
- The identity of the responsible member who approved the application, and

- Any other information required by the [Portal](#) form.

237 Applicants may also attach supporting documents relevant to its application, such as:

- Evidence of registration under the ACNC Act
- Financial statements to demonstrate that the applicant is not already a reporting entity under the Act, or
- Corporate group information to demonstrate that the entity is not controlled by a reporting entity.

238 An application may specify the time from which the entity intends to start reporting, which must be either the start of the reporting period in which the application is made or the start of the following reporting period.

239 If the application does not specify an intended start time, if made, the determination will take effect at the start of the reporting period that begins after the Regulator makes the determination.

Assessment of the application

240 When assessing a volunteer reporting entity application, the Regulator may require financial evidence (financial report, tax return, declaration) or corporate structure information to be satisfied that the applicant is not a reporting entity, or controlled by another entity that is a reporting entity.

241 Refusal by the Regulator to grant a volunteer reporting entity determination is a reviewable decision. The applicant can seek reconsideration of the decision by making an application for a review.

242 For more information on how to apply for a review, see [Review of decisions](#).

Nominee & Subsidiary Reporting Entity Applications

Regulator Note:

For information about eligibility, obligations, and revocation of status for:

Nominee reporting entities, see [Nominee reporting entities](#).

Subsidiary reporting entities, see [Subsidiary reporting entities](#).

243 Nominee and subsidiary reporting entities modify and reassign reporting obligations within a group. A nominee reporting entity places a nominee at the top of the reporting group to report on behalf of one or several controlled reporting entities. A subsidiary reporting entity is removed from a consolidated group and reports separately.

Making an application

244 Applications for nominee and subsidiary reporting entity status must be submitted through the [Portal](#) and include all information required by the application form. The applicant must provide:

- Identifying information
- The identity of the responsible member who approved the application.

245 For nominee reporting entity applications, the applicant must also specify which reporting entities and controlled entities will be included in their reports. Nominees can apply to report on behalf of:

- All controlled entities
- All controlled reporting entities, or
- Only some entities in its group.

- 246 Applicants should include the following documents to support the application:
- A submission explaining why the applicant is applying to report under the proposed structure
 - Submissions outlining how the modified reporting arrangements would improve transparency of the applicant’s and consolidated group’s payment times and practices for users of payment times information, and
 - Documents detailing the corporate structure of the applicant’s group, financial statements, and any relevant management accounts for specific entities.
- 247 An application may specify the time from which the entity proposes to start reporting under the new reporting structure, which must be either the start of the reporting period in which the application is made or the start of the following reporting period.
- 248 If the application does not specify a proposed start time, if made, the determination will take effect at the start of the reporting period that begins after the Regulator makes the determination.

Assessment of the Application

- 249 For nominee reporting entity applications, the Regulator must be satisfied that:
- The applicant is not already a reporting entity and controls at least one reporting entity, and
 - Consolidated reporting by the applicant would be consistent with the objects of the Act and would not be contrary to the public interest.
- 250 For subsidiary reporting entity applications, the Regulator must also be satisfied that having the subsidiary report separately from its group would align with the objects of the Act and not be contrary to the public interest.
- 251 Applicants should address these requirements in their submissions, specifically explaining how the proposed reporting structure would enhance transparency of payment times and practices.
- 252 As a general principle, the Regulator considers consolidated reporting to provide the greatest transparency of a group’s payment times, terms, and practices. When preparing a submission to modify a reporting structure, applicants should consider:
- How the proposed reporting structure might affect the perspective of an external user of payment times information, and
 - Whether the proposed structure would influence whether entities in the group are more likely to be identified as slow or fast small business payers.
- 253 If a nominee reporting entity application seeks consolidation of only some reporting entities or controlled entities, the submission should explain why partial consolidation would not mislead users of payment times information.
- 254 Refusal by the Regulator to grant a nominee or subsidiary reporting entity application is a reviewable decision. The applicant can seek reconsideration by submitting an application for a review.
- 255 For more information on how to apply for a review, see Review of decisions.

Relief applications

Short extension of time to give a report

- 256 Reporting entities can apply for a short extension of time of up to 28 days to submit their report, through the [Portal](#). The evidence threshold for short extensions is lower, and the process is more streamlined compared to modifiable extensions.
- 257 The application must be submitted before the original report due date and must include:
- Identifying information
 - The new date by which the report would be submitted, and
 - The name of the responsible member who approved the application.
- 258 Applications must explain the circumstances that resulted in the need for extra time, but they do not require supporting documentary evidence.
- 259 If approved, a short extension of time cannot be further extended or modified.
- 260 The Regulator may grant a short extension only if satisfied that the described circumstances justify the need for more time to report. The [Portal](#) provides a list of standard circumstances for applicants to select. If the relevant circumstances are not listed, the applicant must provide a brief description.
- 261 If the Regulator refuses to grant a short extension, this is a reviewable decision. The applicant can seek reconsideration by applying for a review. An extension of time application cannot be made after the report due date.
- 262 For more information on how to apply for a review, see Review of decisions.

Modifiable extension of time to give a report

- 263 Reporting entities can apply for an extension of time to report for any length of time by making a modifiable extension application through the [Portal](#). A modifiable extension requires a higher level of evidence than a short extension and must include supporting documentary evidence.
- 264 A reporting entity may only apply for a modifiable extension if it has not been previously granted a short extension of time to submit the report. Applications must be submitted before the original report due date, and must include:
- Identifying information about the entity
 - The new date by which the report would be submitted, and
 - The name of the responsible member who approved the application.
- 265 Applications must explain the exceptional circumstances that resulted in the need for extra time and must provide supporting documentary evidence. Applications should describe how providing additional time will allow the entity to address these circumstances and be able to report.
- 266 The Regulator assesses each application case by case, considering the specific circumstances and the details provided.
- 267 The Regulator will not provide a prescribed list of circumstances deemed "exceptional" because such circumstances vary for each entity. However, exceptional situations could include uncommon events, beyond foreseeable circumstances that arise in the ordinary course of business, such as a major cyber-attack that destroyed reporting data or a control transaction like a company takeover.

- 268 Circumstances are less likely to be considered exceptional if they are foreseeable and arise in the ordinary course of business, such as staff illnesses and needing to obtain third party advice or support to report.
- 269 The Regulator can only grant an extension for a period appropriate for the circumstances. This period may be shorter than requested in the application. Submissions and supporting evidence must be stronger for longer extensions.
- 270 Common reasons the Regulator may grant a shorter extension than requested include where submissions are not clear on why the period requested is required or indicates prioritising other obligations or business needs ahead of giving a report.
- 271 If an extension request is refused by the Regulator, the entity may apply for a review of the decision. If the extension is granted, but for a shorter period than requested, this decision is not reviewable. An extension of time application cannot be made after the report due date.
- 272 For more information on how to apply for a review, see Review of decisions.

Modifying an Extension

- 273 If granted, reporting entities may apply to extend a modifiable extension further. Requests for further extension must be made before the extended report due date and include updated information on how exceptional circumstances are continuing to impact the ability to report.
- 274 There is no limit to how many times an entity can apply for a modifiable extension as long as it does so before the report due date expires on each occasion and provides proper justification. Each subsequent application should be prepared to the same evidentiary standards as the original extension application.

Exemption from Reporting

- 275 Reporting entities can apply for an exemption from reporting for up to two years. An exemption application cannot be made for a reporting period starting before 1 July 2024.
- 276 Applications can be made at any time, but must be submitted via the [Portal](#) and must include:
- Identifying details of the entity
 - The reporting periods for which the exemption is sought, and
 - The name of the responsible member who approved the application.
- 277 Applications must explain why an exemption would be appropriate. To grant an exemption the Regulator must be satisfied that giving the exemption is appropriate in the circumstances having regard to the objects of the Act.
- 278 The Regulator is unlikely to grant an exemption because an entity is new to reporting or because it only makes a low number of small business payments. Exemptions may be appropriate where:
- A one-time asset sale pushed the entity over the \$100 million revenue threshold and the entity would not otherwise be a reporting entity
 - Exceptional circumstances exist, like a cyber-breach destroying data, or
 - The entity has been acquired by another reporting entity whose transactions will cover the exempted period.

- 279 If an exemption application is refused by the Regulator, the applicant may apply for a review of the decision.
- 280 For more information on how to apply for a review, see Review of decisions.

Exemption Conditions

- 281 The Regulator can impose conditions on an exemption. These conditions will be outlined in the exemption decision. If an exempt entity fails to comply with any conditions, the Regulator can revoke the exemption.

Example – Exemption conditions

A reporting entity applies for an exemption because it exceeded the \$100 million threshold due to an asset sale.

The Regulator grants an exemption from reporting for two years on the basis the entity would not otherwise be a reporting entity.

The exemption is subject to a condition that the entity inform the Regulator of its consolidated revenue within three months of the end of each financial year for the exemption period to confirm it has not subsequently exceeded the \$100 million threshold.

Revocation of Exemption

- 282 The Regulator may revoke an exemption if the entity fails to comply with the imposed conditions or if the exemption is no longer appropriate.
- 283 If an exemption is revoked, the entity must submit reports for the periods that were covered by the exemption. These reports will be due within three months from the date of revocation.

Example – Revocation of an Exemption

An entity was given an exemption for the reporting period 1 January to 30 June. The Regulator revokes the exemption on 30 September. The entity must now submit a report for that period by 31 December.

Review of decisions

- 284 Certain decisions made by the Regulator can be reviewed, and affected entities have the right to apply for reconsideration of the decision. Reviewable decisions are:
- **Applications:** Refusing a volunteer, nominee, or subsidiary reporting entity application, refusing to grant an extension of time, or refusing an exemption application.
 - **Revocations:** Revoking the status of a volunteer, nominee, or subsidiary reporting entity, or revoking an exemption.
 - **Other Decisions:** Deciding that an entity is no longer a reporting entity under subsection 10K(1) of the Act, publishing the identity of an entity or details of non-compliance on the [Register](#), the Regulator (as delegate) issuing a slow small business payer direction, or excluding an entity from the list of fast small business payers.

Reconsideration of decision

- 285 Reconsideration of reviewable decisions is conducted internally by either the Regulator or a delegate of the Regulator who was not involved in the original decision. This person must hold a position at least equivalent to the individual who made the original decision. The reviewer can:
- Affirm the original decision
 - Vary the decision, or
 - Set aside the decision and substitute it with a new one.
- 286 Applications for reconsideration of a reviewable decision must be made in writing within 14 days of the original decision and set out the reasons for the application.
- 287 The Regulator or their delegate will provide written notice of the review decision, stating the date the decision takes effect and the reasons behind it. If no response is given within 90 days, the original decision is deemed to be affirmed.

Review by the Administrative Review Tribunal (ART)

- 288 A person affected by certain decisions may apply to the ART for review of the decision. An application to the ART can be made for review of:
- reconsideration decisions made by an internal decision reviewer: Act s 54, and
 - decisions to give a slow small business payer direction personally made by the Small Business Minister: Act s 54AA.
- 289 The ART may affirm the original decision, vary the decision or set the decision aside and substitute it with a new decision.
- 290 Applications for an ART review must be made in writing, usually within 28 days of receiving the decision that the person wants the ART to review. An [application fee](#) may be required. For more information visit the [ART website](#).



Fast and Slow Small Business Payers

Slow Small Business Payers

- 291 A slow small business payer is identified based on how they compare to other reporting entities, both overall and within their particular ANZSIC Division during a reporting cycle. A reporting entity is classified as a slow payer if:
- It ranks in the slowest 20% of small business payers during a reporting cycle, or
 - It ranks in the slowest 20% of small business payers within its ANZSIC Division during a reporting cycle, and
 - In either case, has a relevant 95th percentile payment time of more than 30 days.
- 292 To identify slow small business payers, the 95th percentile payment time is used. This is the number of days it takes for the entity to make 95% of its payments to small business suppliers, which allows for delays due to outlying or disputed payments.
- 293 Entities with a 95th percentile payment time of 30 days or less cannot be classified as slow small business payers.
- 294 Most reporting entities, including nominee and subsidiary entities, can be identified as slow small business payers, but volunteer reporting entities are excluded.

Reporting cycles

- 295 The Act uses reporting cycles to classify reports for comparison and to identify slow small business payers. Reporting cycles allow comparison of payment times for entities with different financial years and reporting periods.
- 296 Reports are assigned to a reporting cycle based on the end date of the relevant reporting period. There are two reporting cycles each year:
- 1 January to 30 June, and
 - 1 July to 31 December.
- 297 If a reporting entity uses an unconventional financial year, such as a 52-53 week financial year, the report may be classified based on the entity's ordinary financial year.

Example – Unconventional Financial Years

A reporting entity with an ordinary year-end of 30 June extends its financial year to 3 July under section 323D of the *Corporations Act 2001*. In this case, the reporting period for the entity is 1 January to 3 July.

For the purposes of identifying slow small business payers, however, this reporting period will be classified in the 1 January to 30 June reporting cycle for that year.

Section 16 of the Rules ensures that irregular changes and unconventional financial years do not lead to reports being incorrectly categorised.

Slow Small Business Payer Directions

- 298 The Minister for Small Business (the Minister) can issue a direction to a slow-small business payer, requiring it to make disclosures about its payment times on its website and in procurement, ESG-related, and other documents. These slow small business payer directions are published on the [Register](#).
- 299 Before the Minister (or the Regulator, acting as the Minister’s delegate) can issue this direction, four steps must happen:
- **Step 1:** The authority to issue a direction must be enlivened.
 - **Step 2:** The Minister (or the Regulator) decides whether to potentially give the direction.
 - **Step 3:** The Minister (or the Regulator) must consider the reporting entity’s circumstances.
 - **Step 4:** The reporting entity must be given notice and allowed procedural fairness.

Regulator Note

The Minister may delegate the power to issue slow small business payer directions to the Regulator, subject to written directions. Details about the delegation of these powers, whether in full or in part, will be available on the Regulator’s website.

Authority to issue a direction

- 300 The Minister for Small Business can issue a direction to an entity that has been identified as a slow small business payer. This can happen if the entity:
- Is a slow small business payer for two consecutive reporting cycles, or
 - Is a slow small business payer for one reporting cycle and also fails to submit a payment times report in the period before or after that.
- 301 Once these criteria are met, the Minister’s authority to issue a direction is enlivened (activated) for 12 months from the end of the second reporting cycle.

Example – Power to Make a Direction

In reporting cycle 1, a reporting entity has a 95th percentile payment time of 45 days, placing it in the bottom 20% of all reporting entities.

In reporting cycle 2, the entity reports a 95th percentile payment time of 35 days, placing it in the bottom 20% of entities in its ANZSIC Division.

In reporting cycles 3 and 4, the entity fails to submit its required payment times reports.

In this case, the Minister has the power to issue a slow small business payer direction starting at the end of reporting cycle 2 and continues to have that power during reporting cycles 3 and 4.

Deciding to make a direction

- 302 The Minister has discretion in deciding whether to use the direction power. The Minister can choose to use this power—or the Regulator, as the Minister’s delegate with delegated powers—on any reporting entity, or group of reporting entities, that meet the criteria for the power to be enlivened.
- 303 For example, the Minister could choose to issue directions only to the slowest 5% of payers overall or focus on the slowest payers in specific industries where small businesses face greater risks.

Considering the Circumstances

- 304 Before issuing a direction, the Minister (or the Regulator) must consider the following circumstances and submissions, if made by the reporting entity:
- Any history of compliance or non-compliance with the Act
 - The entity’s payment practices and the practices of any entities it controls
 - Whether those practices have shown improvement
 - Whether any circumstances beyond the entity’s control have caused the slow payments
 - Whether the cost and burden of complying with the direction would be reasonable.
- 305 These considerations may be included in the notice of proposed decision, and the entity will have the opportunity to provide additional information or submissions before the final direction is made.

Notice of Proposed Decision & Procedural Fairness

- 306 Before the Minister (or the Regulator) can issue a direction to a slow small business payer, they must first give the entity a notice of the proposed decision that provides reasons. The entity will then have 28 days to submit a written response, which will be considered by the decision maker.
- 307 The Minister (or the Regulator) may decide not to issue the direction if they are satisfied that the entity will faithfully implement a written undertaking that improves payment outcomes for small business suppliers. This gives the reporting entity a chance to address its slow payment practices before a direction is issued.

Example – Submissions during procedural fairness

A notice of proposed decision to make a direction is sent to a reporting entity as part of the procedural fairness process required by the Act.

In response, the entity submits a written undertaking to implement a small business payment policy that commits to paying suppliers within 30 days. The entity also commits to publishing the policy on its website and implementing it within six months.

The Minister defers the decision, allowing the entity to implement the small business payment policy.

If the entity fails to follow through on its commitments, the Minister may restart the procedural fairness process to issue a direction.

What Can a Slow Small Business Payer Be Directed to Do?

- 308 A slow small business payer direction requires the entity to disclose its status as a slow small business payer in certain places and documents. The direction may require the slow small business payer and any controlled entities to publish:
- A statement that the entity or its controlled entity is a slow small business payer, and/or
 - Information on how to access payment times reports related to the entity or its controlled entities.
- 309 The direction may require these statements to appear in one or more of the following:
- On the entity's or controlled entity's website
 - In procurement-related documents (such as invoices, quotes, and tenders)
 - In documents related to environmental, social, and governance (ESG) policies or performance, such as sustainability reports and investor documents
 - In any other documents the Minister (or the Regulator) considers appropriate.
- 310 The direction can specify the exact wording and how visible the statement must be, ensuring it is clear and not hidden or difficult to find. Information about all slow small business payer directions must also be published on the [Register](#).

Regulator Note

Failure to comply with a slow small business payer direction is a violation of the Act. The Regulator can use its information-gathering and compliance powers to monitor whether the entity is following the direction.

Reconsideration of a Slow Small Business Payer Direction

- 311 A decision to give a slow small business payer direction made by the Minister is reviewable by the ART. If the Regulator, acting as the Minister's delegate, issues the direction, the entity can apply for internal reconsideration of the decision.
- 312 For more information on how to apply for a review, see Review of decisions.

Fast Small Business Payers

What is a Fast Small Business Payer?

- 313 A fast small business payer is any reporting entity, including volunteer, nominee, and subsidiary entities, that reports payment times of 20 days or less over a 12-month period.
- 314 An entity qualifies as a fast small business payer if, for two consecutive reporting periods, it has a payment time of 20 days or less.
- 315 To identify fast small business payers, the 95th percentile payment time is used. This is the number of days it takes for the entity to make 95% of its payments to small business suppliers, which allows for delays due to outlying or disputed payments.
- 316 The fast small business payer designation automatically expires nine months after the end of the reporting period in which the entity qualified. This allows time for the next six-month reporting period and three months to submit the report. The designation will also automatically expire if the entity

submits a report for the next period which indicates it makes 95% of its payments to small business in more than 20 days.

- 317 If a fast small business payer submits a report with payment times of 20 days or less within nine months of its last qualifying period, it will continue to be designated a fast small business payer on the [Register](#).

Example – Fast Small Business Payer Criteria

Scenario 1: A reporting entity submits two consecutive reports with 95th percentile payment times of 20 days and 18 days. This entity meets the criteria to be designated a fast small business payer.

Scenario 2: A reporting entity is already designated as a fast small business payer. The next report, submitted 10 months after the last report, has a 95th percentile payment time of 14 days. The entity ceased to be a fast small business payer for one month (9 months after the end of the last reporting period), but regained the status after submitting the next report.

Fast Small Business Payer List

- 318 The Regulator must publish and maintain a list of fast small business payers on the [Register](#).
- 319 If an entity is on this list, both the entity and the entities it consolidates in its reporting can publicly state that they are fast small business payers. However, if an entity makes this claim without being on the list, it may face compliance actions and penalties.
- 320 Entities that make public statements about being fast small business payers must exercise care and ensure accuracy. If an entity is removed from the list, it must remove any claims about being a fast small business payer from existing publications to avoid compliance actions and penalties.

Example – Fast Small Business Payer List

Scenario 1: A reporting entity submits two consecutive reports with 95th percentile payment times of 20 days. The entity qualifies to be added to the fast small business payer list after submitting its second report and can start making public statements about being on the list once it appears.

Scenario 2: A reporting entity is on the fast small business payer list and makes this claim in its requests for quotes. However, in the next reporting period, it submits a report with a 95th percentile payment time of 21 days and is removed from the list. The entity must immediately remove statements about being a fast small business payer from its documents.

- 321 Entities that state that they are a fast small business payer should carefully monitor their status on the [Register](#) to ensure they are still listed as fast small business payers.

Regulator Note

Penalties apply to false claims to be a fast small business payer when an entity is not on the list. The Regulator can use its information-gathering and compliance powers to check for false claims. Entities are responsible for regularly checking their fast small business payer status on the [Register](#) if they make public statements about it.



Excluding Entities from the Fast Small Business Payer List

- 322 The Regulator has the power to exclude entities from the fast small business payer list, even if they meet the criteria to qualify.
- 323 The Regulator can exclude an entity from the list if the entity:
- Has procurement practices that limit or restrict small business participation
 - Has engaged in payment practices that go against the objects of the Act, or
 - Has submitted a payment times report with misleading or incorrect information.
- 324 The Regulator can also withhold adding an entity to the list while investigating whether any of these circumstances apply.
- 325 Before deciding to exclude an entity, the Regulator will provide the entity with written notice, explaining the reasons for exclusion and the duration of the exclusion.
- 326 Exclusions prevent entities from being recognised or commended as fast small business payers while engaging in practices that harm small businesses or where their fast small business payer status may be misleading.

