



Australian Government  
Payment Times Reporting Regulator

# Payment Times Reporting: Guidance Materials

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*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.*

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# Abbreviations

Abbreviations	Full Reference
ABN	Australian Business Number
AASB	Australian Accounting Standards Board
ACN	Australian Company Number
ACNC	Australian Charities and Not-for-profits Commission
ACNC Act	<i>Australian Charities and Not-for-profits Commission Act 2012 (Cth)</i>
the Act	<i>Payment Times Reporting Act 2020 (Cth)</i>
ANZSIC	Australian and New Zealand Standard Industrial Classification
ARBN	Australian Registered Body Number
ART	Administrative Review Tribunal
ASIC	Australian Securities and Investments Commission
CCE	constitutionally covered entity
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
ESG	environmental, social, and governance
IFRS	International Financial Reporting Standards
MEC group	Multiple entry consolidated group
the Minister	the Minister for Small Business
myID	Digital Identity
nominated entity	controlled entities that are specified in a reporting nominee determination granted by the Regulator
PGPA Act	<i>Public Governance Performance and Accountability Act 2013 (Cth)</i>
the Portal	Payment Times Reporting Portal
RAM	Relationship Authorisation Manager
RCTIs	Recipient-created tax invoice
Register	Payment Times Reports Register
Regulator	Payment Times Reporting Regulator
the Rules	Payment Times Reporting Rules 2024
SBI Tool	Small Business Identification Tool
SBTCP Dataset	Small Business Trade Credit Payments Dataset
SPE	special purpose entity
TCP Dataset	Trade Credit Payments Dataset

## Important notice about this Guidance

This document contains the Regulator's practical administration approach to assist reporting entities with complying with the Act and relevant obligations. 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 Materials 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 a reporting entity under section 7 of the Act and volunteering entities, subsidiary reporting entities and reporting nominees, as determined by the Regulator.

If you are uncertain about any part of this Guidance, please contact [support@paymenttimes.gov.au](mailto:support@paymenttimes.gov.au)

# Entities that must report

1. Entities that meet relevant criteria in the Act are required to report. An entity should consider the following at the start of its financial year to determine whether it has met the criteria to become a reporting entity under the Act:
  - Is the entity a CCE?
  - Does the entity have a connection to Australia?
  - Was the entity's consolidated revenue more than \$100 million in its previous financial year?
  - 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, is a CCE.
9. A corporation formed in Australia is a constitutional corporation 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 term 'foreign entity' under 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 is not a body politic and 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 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 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 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. This includes:
    - having a place of business in Australia

- having a share transfer office in Australia
  - administering, managing, or dealing with property in Australia (section 21 of the Corporations Act), 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 in Australia, has entered into a lease in Australia, 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.

### Example 1

#### Connection to Australia

##### Scenario 1:

A company is incorporated as a 'limited' company under the Corporations Act.

- 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 total revenue of the entity and any entities it controls, as per the AASB Accounting Standards published by the AASB.

### 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.

### Example 2

#### 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 therefore, is unlikely that it 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.

##### Scenario 4:

An entity is the Responsible Entity of a Managed Investment Fund, acting in a fiduciary capacity for the benefit of investors in the fund. The entity does not have substantial exposure to the fund's variable returns.

- It is unlikely the entity meets the criteria set out in paragraph 7 of AASB 10 and therefore, is unlikely that it controls the Managed Investment Fund.
- The Managed Investment Fund needs to undertake a separate process to determine if it meets relevant criteria to be a reporting entity in its own right.

### 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 3

#### Trusts – beneficial and legal ownership

##### Scenario 1:

A company legally and beneficially holds 100% of units in a unit trust. The unit trust is fully consolidated in the company's consolidated financial statements.

- Full consolidation of the trust in its consolidated financial statements indicates the unit trust is controlled by the company under AASB 10 and must be consolidated for the purposes of the Act.

##### Scenario 2:

A company legally holds 100% of units in a unit trust on behalf of other entities. The unit trust is not consolidated in the company's consolidated financial statements.

- The unit trust is not controlled by the company under AASB 10 and not consolidated for the purposes of the Act.
- The trust needs to undertake a separate process to determine if it meets relevant criteria to be a reporting entity in its own right.

### Example 4

#### 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 indicates 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 IFRS, or statements that are consistent with IFRS, can generally be used.

### Example 5

#### 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 that are controlled by a reporting entity should have their revenue included when calculating consolidated revenue for the purpose of the Act. This may be the case even where foreign revenues significantly outweigh Australian sources of revenue.

### Example 6

#### Foreign entities

##### Scenario 1:

An Australian company has a wholly owned German subsidiary and over 90% of the entities' combined revenue is generated in that subsidiary.

- The revenue earned by the German subsidiary is included in determining the Australian company's consolidated revenue for the purpose of the Act.

##### 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 in Australia. It generates 90% of its revenue in New Zealand with the remainder generated from a controlled Australian subsidiary.

- The revenue earned in both Australia and New Zealand is used to determine consolidated revenue for the New Zealand 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 7

#### Investment entity

An entity owns 75% of an investee 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 for the purpose of preparing its financial statements.

- The investee company can be excluded from consolidation for the purposes of the Act.
- The investee company needs to undertake a separate process to determine if it meets relevant criteria to be a reporting entity in its own right.

## Example 8

### 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.
- The joint venture needs to undertake a separate process to determine if it meets relevant criteria to be a reporting entity in its own right.

## Consolidated revenue

30. An entity's consolidated revenue is the total revenue of the entity and all its controlled entities, calculated in accordance with AASB guidelines - which includes eliminating intragroup income. Please refer to AASB's Glossary of Defined Terms for details of relevant terms from Australian accounting standards.
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.

## Example 9

### Foreign Currency Translation – Consolidated Revenue

An entity has reported a value of USD\$97,000,000 consolidated revenue in its financial statements for the financial year ended 31 December 2023. The entity must convert this to Australian dollars.

Based on the Reserve Bank of Australia average daily exchange rates, the average rate for the applicable year, being the period 1 January to 31 December 2023, is 0.6644. The entity converts its consolidated revenue from US Dollars to Australian dollars using the following calculation:

$$\text{USD\$97,000,000} / 0.6644 = \text{AUD\$145,996,387.72}$$

- The entity's consolidated revenue is \$145,996,387.72 in Australian dollars
- The entity has met the revenue threshold to be a reporting entity

## Excluded entities

### Charities and not-for-profits

34. If an entity is registered under the 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 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 10

#### Foreign controlling 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: the foreign parent entity to whom Scenario 2 applies may wish to consider applying to be a reporting nominee (see **Nominee reporting entities**). Hereafter, reporting nominees will be referred to in this Guidance as 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 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 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 11

#### 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 revenue below the threshold in two consecutive years before 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 they become controlled by another reporting entity however, formal notice cannot be given until the beginning of the next reporting period after the acquisition. By advising the Regulator ahead of time, the entity can be prompted at the beginning of its next reporting period to give notice to confirm it is controlled by another reporting entity and will cease reporting.

### Example 12

#### 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

## Volunteering entities

53. An entity that is not required to report can volunteer to report. Volunteering entities (hereafter, volunteering entities will be referred to in this Guidance as 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 [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 13

#### 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](#).

### Example 14

#### MEC groups and nominee reporting entity eligibility

A foreign company is not a reporting entity but has three Australian wholly-owned subsidiaries (Company A, Company B and Company C) that are reporting entities under the Act.

The three Australian companies have also formed a MEC group for income tax purposes, with Company A being the provisional head company.

- Although Company A is the provisional head company for the MEC group, it would not meet the eligibility requirements to become a nominee reporting entity for payment times reporting purposes. This is because it is already a reporting entity and also does not control Company B and Company C.
- In this case, the foreign company could apply to be a nominee reporting entity.

## 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 a 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 reporting entity 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 15

##### SPE

A reporting entity controls a 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 16

##### 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. The following examples are for reporting entities that have a standard 12-month financial year:
- For a financial year ending on 30 June, reporting periods are:
    - a. 1 July - 31 December; and
    - b. 1 January - 30 June.
  - For a financial year ending on 30 September, reporting periods are:
    - a. 1 October - 31 March; and
    - b. 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 17

#### 52-53 week financial year

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

#### 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 18

### Synchronised financial year

A reporting entity with an ordinary financial 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 3 months after the end of each 6 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](http://paymenttimes.gov.au).
85. To access [the Portal](#), the entity must have a representative with a myID, previously known as myGovID, which must be linked to the reporting entity's 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:
  - **Identifying and classifying details:**
    - a. entity name, including any registered business names.

- b. ABN, ACN, or ARBN, if relevant.
  - c. The subdivision of its primary business activity as classified under the ANZSIC. Where there are multiple business activities, the reporting entity may determine its primary business activity using revenue or another appropriate financial measure or its business industry code for tax consolidated groups if applicable.
- **Contact information:**
    - a. A primary contact email address for communication.
    - b. A physical address for document service.
    - c. The name, email address and phone number of a responsible person of the entity.
    - d. The name, email address, and phone number of any authorised representative acting on behalf of the entity.
  - **Financial information:**
    - a. Entity's financial year details.
    - b. Whether the entity must report on operating segments under *AASB 8: Operating Segments*.
  - **Entity structure:**
    - a. Details of all entities controlled by the reporting entity.
    - b. Details of nominee or subsidiary reporting entities related to the entity.
    - c. Details of the ultimate parent entity in the entity's group structure.
    - d. For nominee reporting entities only, details of all controlled entities that are specified in their reporting nominee determination.
    - e. 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*.
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:

**Step 1:** Identify entities to consolidate

**Step 2:** Determine reporting requirements

**Step 3:** Prepare datasets

**Step 4:** Complete the payment times report

## Step 1: Identify entities to consolidate

97. In its report, a reporting entity must consolidate each payment under a **Trade Credit Arrangement** made by itself or any of its controlled entities, including those that are not a CCE or do not have a connection to Australia.
98. The only exceptions to consolidation of all controlled entities are as follows:
- Where a controlled entity has been determined by the Regulator to be a subsidiary reporting entity. In these circumstances, payments made by the subsidiary reporting entity (and its controlled entities) are not consolidated with payments made by the reporting entity. This is because a subsidiary reporting entity reports separately from the consolidated group; and
  - Where the entity is a nominee reporting entity. A nominee reporting entity must only consolidate payments made by a nominated entity.
99. 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.
100. For more information, see **Identifying controlled entities**.
101. Consolidation of payments by a reporting entity applies to all of its foreign controlled entities, however, for the purposes of creating a TCP Dataset only payments to Australian businesses with an ABN are included in this regard. If the foreign entity does not make payments to Australian businesses or record ABNs of payees, its payments can be excluded. See **Excluded payment – Entity without an ABN** for more details.
102. Only payments made to Australian small business suppliers will be used in payment times calculations in a payment times report and included in the SBTCP Dataset (discussed below).
103. However, payments to all Australian businesses with an ABN must be included in the TCP Dataset (discussed below) to enable the reporting entity to calculate its **percentage of small business procurement**.

## Example 19

### Entities to consolidate for consolidated payment times reporting

#### Scenario 1:

A reporting entity holds 100% of units in a unit trust. The unit trust is fully consolidated in the reporting entity's consolidated financial statements, thus indicating the control test in AASB 10 has been met. The unit trust is assessed by the reporting entity as not being a CCE.

- The reporting entity must report on payments by the trust in its payments times report. It does not matter that the controlled unit trust itself is not a CCE.

#### Scenario 2:

A reporting entity has a wholly-owned foreign subsidiary. The foreign subsidiary is fully consolidated in the reporting entity's consolidated financial statements, thus indicating the control test in AASB 10 has been met.

The reporting entity must report on the payments by the foreign subsidiary in its payments times report, however only the foreign subsidiary's payments that are made to Australian businesses with an ABN are included in the preparation of datasets required for a payment times report, see [Excluded payment – Entity without an ABN](#) for more details.

## Acquisitions and divestments

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

### Acquisitions and Obtaining Control

105. 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.
106. 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 20

### 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 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.

#### Scenario 4:

A reporting entity with a reporting period ending 30 June, acquires 100% of another company on 1 August. On 30 September, the reporting entity gives its payment times report for the period ended 30 June.

- Despite controlling the acquired company at the time of giving its report, it does not include that company's payments on the report.
- However, the reporting entity should ensure that its **entity information**, including details of all controlled entities, at the time of giving the report is accurate, up to date and reflects that the acquired company is a controlled entity.

## Divestments and loss of control

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

## Example 21

### Divestment of a controlled entity

#### Scenario 1:

A reporting entity with a reporting period ending 30 June sells a controlled entity on 1 March.

- The reporting entity excludes all payments by the formerly controlled entity from its 30 June payment times report.

#### Scenario 2:

A reporting entity with a reporting period ending 30 June decreases its ownership of a controlled entity from 95% to 25% on 1 April. After the decrease, the reporting entity ceased controlling that entity.

- The reporting entity excludes all payments by the formerly controlled entity from its 30 June payment times report.

#### Scenario 3:

A reporting entity with a reporting period ending 30 June, sells a controlled entity on 1 August. On 30 September, the reporting entity gives its payment times report for the period ended 30 June.

- The reporting entity includes all payments by the formerly controlled entity in its 30 June payment times report.
- However, the reporting entity should ensure that its **entity information**, including details of all controlled entities, at the time of giving the report is accurate, up to date and does not include the formerly controlled entity.

## Step 2: Identify Reporting Requirements

108. A reporting entity may need to modify its reporting based on specific circumstances. Entities can skip steps 3 and 4 and go to **Modified Reporting** if:
- the entity is in external administration
  - the entity and all its controlled entities have not made payments to Australian small business suppliers (per the **SBI Tool**), or
  - the entity is nominated entity under a nominee reporting entity.
109. A reporting entity must provide additional information in its report if:
- the entity prepares financial statements disclosing operating segments under *AASB 8: Operating segments* or an equivalent standard of a foreign jurisdiction. In this case, some information is reported at both the consolidated and segment level.
110. [The Portal](#) will give guidance on content requirements, provided **entity information** is accurate and up to date.

## Step 3: Prepare Datasets

111. 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.
112. The Regulator may undertake compliance activities to review the methodology used to compile datasets to ensure it meets requirements.

### Trade Credit Arrangements

113. Reporting entities must identify payments made under trade credit arrangements to create the 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 22

##### 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 7 days after the day of supply of goods. Despite agreed terms, the entity pays before the goods are supplied (prepayment).

- The arrangement is a trade credit arrangement because payment could have been made 1 calendar day or more after the goods were supplied.

###### Scenario 3:

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

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

## Example 23

### 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 24

### 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

115. 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 25

### 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

116. Payments made to government entities or that relate to employees are not trade credit arrangements and must be excluded from datasets.

117. 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)*.
118. Reporting entities can refer to [resources](#) published by the Department of Finance to identify Commonwealth government entities and corporate Commonwealth entities.
119. For State government entities reporting entities can refer to resources provided by each respective relevant State government.
120. Employee-related payments are excluded from reporting. Employee payments include payments subject to Pay As You Go withholding and payments that relate to employee benefits, such as superannuation contributions.
121. 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

122. 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.
123. 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 26

#### 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 27

#### 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

124. 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.

125. Failure by a reporting entity to disclose that it relied on this exclusion may result in penalties for non-compliance. For more information on what must be disclosed, see [Contextual Information and Approvals](#). The Regulator may investigate such exclusions.

## Payments made by a Third Party

126. Where a payment to a small business supplier is made by a third party on behalf of a reporting entity, the payment is to be reported by the entity that has the legal obligation to make the payment to the small business supplier.

## Preparing the TCP Dataset

127. 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

128. Include the payer's name and, if available, its ABN, ACN, or ARBN.
129. Include the payee's name and ABN. 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

130. The payment date is the date the entity takes action to pay, not when the payee receives it.
131. 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 28

### Credit note

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

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

### Credit card payment

132. Credit card payments must be identifiable from other types of payments to correctly apply credit card exclusions.
133. For more information, see [Excluded payment – Credit cards](#).

### Partial payments

134. Payment times are based on payments that fully settle an obligation. Any payment that does not settle an obligation is to be recorded as a partial payment in the TCP Dataset. Partial payments must be identifiable so they can be excluded from payment times calculations in a payment times report.
135. Although partial payments are not used for the calculation of payment times data, they must be included in the TCP Dataset to enable the reporting entity to calculate its [percentage of small business procurement](#).
136. For more information, see [Excluded payments – Partial payments](#).

### eInvoice capable

137. Only invoices or payment notices that could be sent or received through the Peppol invoicing 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.
138. 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 29

### 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'.

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

## Example 30

### 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.

### RCTIs

140. 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

141. 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 31

### 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

142. Where a payment relates to a supply that was agreed by written contract which specifies terms for payment, reporting entities are to use those contract terms when developing the TCP Dataset.
143. If there is no written contract, or the contract does not set out terms for payment, then the payment terms used in the TCP Dataset must be determined based on the relevant details set out in an invoice or notice for payment under an agreement.
144. Terms set by a written contract must be used when they are different to the terms set out on an invoice.
145. Where contract terms are inconsistent with payment terms stated in an invoice, reporting entities must use the contract terms in the TCP Dataset.

## Example 32

### 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 33

### 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.

146. If an invoice has multiple terms, the longer of the terms is to be used.

## Example 34

### 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.

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

148. 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 35

### 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

149. Payments are excluded from the TCP Dataset if the payee does not have an ABN.
150. 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.
151. 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 36

### 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

152. 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.
153. Payments to related entities that are not controlled entities are not excluded from the TCP Dataset.

154. When assessing whether this exclusion has been properly applied the Regulator may review payments in the TCP Dataset and the list of controlled entities reported in the entity information.

#### **Excluded payment – Credit cards**

155. 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.
156. 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.
157. 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.
158. 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 credit card for payment of invoices, or only allows use for point-of-sale transactions and prepayments will generally be accepted.
159. 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.
160. The Regulator may request details of frequency and scope of compliance activities undertaken by a reporting entity relying on this exclusion.

#### **SBTCP Dataset**

161. After preparing the TCP Dataset, reporting entities must create a SBTCP Dataset by running the ABNs from the TCP Dataset through the SBI Tool. Payments to ABNs identified as small businesses must be included in the SBTCP Dataset.

#### **Calculate Payment Times**

##### **Excluded payments – Partial payments**

162. 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.
163. For this reason, payments that have been recorded as partial payments in the TCP Dataset must be excluded from the SBTCP Dataset. However, this data will be used in the calculation of **percentage of small business procurement**.

## Example 37

### Partial Payment

An invoice is issued for \$1,000. The entity makes an initial payment of \$100, then pays the remaining \$900 at a later date.

- The \$100 is a partial payment and must be excluded when calculating the payment time.
- The \$900 payment which discharges the invoice is not considered a partial payment. Only this payment is used to calculate the payment time of the invoice.

### Method to calculate payment times

164. 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.
165. For RCTIs, the payment time is the number of days between and including the RCTI issue date and the payment date.
166. 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.
167. 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

168. 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)\*

169. 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.

170. 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

171. 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 payment term (statistical mode)

Format: Number [0]

172. This refers to the mode of the payment term from the SBTCP dataset, calculated as the most frequent number of days within which an entity is required to make payments.
173. Entities can calculate the mode using Python's `mode()`, R's `mode()`, or Excel's `MODE()`.

#### Most common payment term (range)

Format: Number [0]

174. If the reporting entity has controlled entities, calculate the mode payment term from the SBTCP dataset for the reporting entity and each controlled entity. Then, report the minimum and maximum mode payment terms for the group as a range.
175. Any entity that does not make any payments to small businesses (which can include the reporting entity itself) should be excluded from the range calculation. A mode of 0 should not be used.

### Example 38

#### Range of Modes

A reporting entity has no payments, its controlled Entity A has 500 payments to small businesses, controlled Entity B has 10,000 payments to small business and controlled Entity C has 1000 payments but no payments to small businesses:

- Reporting entity: Mode not applicable (excluded from calculation)
  - Entity A: Mode = 28 days
  - Entity B: Mode = 45 days
  - Entity C: Not applicable (excluded from calculation)
- The reporting entity would report the range as 28–45 days.

#### Estimated payment term for the next reporting period

Format: Number [0]

176. 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 39

### 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]

177. Compare the mode payment term to the most commonly offered receivable terms for sales to all customers. No comparison is necessary to the mode payment term range. Indicate if the receivable terms (how quickly the entity expects contractually to get paid) are shorter, longer, or the same as payment terms to small business suppliers (how quickly the entity is expected contractually to pay small business suppliers).
178. To perform the comparison, reporting entities can take the policy approach, accounting receivable days approach or transaction approach.

#### Policy approach

179. 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 40

### 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

180. The reporting entity can use the receivable days as calculated using the accounting equation:

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

181. 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.

182. Entities using this approach should document how calculations were performed and how the approach is reasonable.

### Example 41

#### 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

183. 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.

184. 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]

185. Report the arithmetic average payment time using the SBTCP Dataset. Do not use the geometric mean.

186. Entities can calculate the average using Python's `statistics.mean()`, R's `mean()`, or Excel's `AVERAGE()`.

### Median payment time

Format: Number [0.00]

187. Report the statistical median payment time using the SBTCP Dataset. If there is an even number of payments, calculate the median as the average of the two middle values.

188. Entities can calculate the average using Python's `median()`, R's `median()`, or Excel's `MEDIAN()`.

### 80<sup>th</sup> and 95<sup>th</sup> percentile payment times

Format: Number [0.00]

189. Report the 80th and 95th percentile values for payment time using the SBTCP Dataset.

190. This is the number of days it took to make 80% and 95% of the payments to small business suppliers in the SBTCP Dataset.

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

## Example 42

### 80th and 95th percentile payment times

An entity received 100 invoices from small business suppliers during a reporting period. The number of days it took for the entity to pay each of the invoices (i.e. payment time) was ordered lowest to highest as follows:

- Invoices 1-50: 10 days
  - Invoices 51-79: 15 days
  - Invoice 80: 20 days
  - Invoices 81-91: 21 days
  - Invoices 92-97: 28 days
  - Invoices 98-100: 32 days
- The entity's 80<sup>th</sup> percentile payment time is 20 days (being the number of days it took to pay 80% of its invoices to small business suppliers)
  - The entity's 95<sup>th</sup> percentile payment time is 28 days (being the number of days it took to pay 95% of its invoices to small business suppliers)

#### Percentage of small business payment within terms

Format: Number [0.00]

192. 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:

$$\left( \frac{\text{Number of payments in SBTCP Dataset where Payment Time} \leq \text{Payment Term}}{\text{Number of payments in SBTCP Dataset}} \right) \times 100$$

#### Percentage of invoices paid within specified days

Format: Number [0.00]

193. Report the percentage of the number of invoices paid within 0-30 days, 31-60 days and over 60 days. Ensure that the sum of all three percentages equals 100% (with allowance of a 2% margin for rounding).

## Other Payment Practices

#### Percentage of small business procurement

Format: Number [0.00]

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

$$\left( \frac{\text{Number of payments in the SBTCP Dataset} + \text{number of partial payments to Australian small business suppliers}}{\text{Number of payments in the TCP Dataset}} \right) \times 100$$

**Percentage of Peppol-enabled small business procurement**

**Format: Number [0.00]**

195. Report the proportion of small business payments in the SBTCP Dataset that used Peppol-enabled systems. Use the formula:

$$\left( \frac{\text{Number of payments in the SBTCP Dataset that are Peppol capable payments}}{\text{Number of payments in the SBTCP Dataset}} \right) \times 100$$

**Offers supply chain finance**

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

196. 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).

197. If 'Yes', provide details of supply chain financing options in the report comments. No calculation is required.

**Practices and arrangements to accept invoices**

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

198. 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.

199. 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]**

200. 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).

201. If 'Yes', provide details of obligations in the report comments.

### Example 43

#### 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 44

### 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

### Report comments

Format: Text

202. If applicable, use the comments section of the report to explain and provide context for the reporting entity's payment times and practices. Entities must provide reasonable additional information relating to any of the following:
- Material events that affected payment times and practices.
  - Changes to financial reporting practices or methods.
  - Identification of controlled entities for which payment data was excluded, explaining why the information was not accessible.
  - Any other details without which the report is likely to be misleading in a material respect.
203. For information on excluding payments where data is not accessible, see [Controlled Entity Data Not Accessible](#).
204. 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]

205. Reporting entities must confirm that the entity information provided with a report is true and correct.
206. For information on entity information requirements, see [Entity information](#).

### Report approval

Format: Text

207. Report the name of the responsible member who approved the report. The approval must be in writing and provided before the report is submitted.
208. A responsible member approving the report must have authority to give that approval and must be either:
- an individual member of that entity's principal governing body; or
  - if the entity is a trust administered by a sole trustee, that trustee; or
  - if the entity is a corporation sole, an individual constituting the corporation; or
  - if an entity is under administration, the administrator; or

- if the entity is of a kind prescribed by the rules, a prescribed member of the entity.
209. Reporting entities do not need to attach evidence of the written or signed approval to the report as it will not be published on the [Register](#). However, the Regulator may review the documented approval as part of compliance activities.

## Example 45

### 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 all board members who 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

210. 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

211. 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, in addition to the main reporting content for the consolidated group:
- Mode payment term;
  - Average payment time;
  - Median payment time;
  - 80th and 95th percentile payment times;
  - Proportion of payments within 30 days, 31–60 days and 61 or more days; and
  - Payments made on time.
212. These details are reported for each segment, within the same payment times report as the details reported for the consolidated group. The report webform will enable the necessary data fields to be loaded up and displayed as required. To report on operating segment payment details, classify each payment in the SBTCP Dataset by segment.
213. Payments that cannot be classified by segment (such as corporate overhead transactions) are excluded from segment reporting. If a payment transaction is allocated across multiple segments for financial reporting purposes, this allocation cannot be applied to the payment for the purposes of payment times reporting. The payment should be allocated to the primary operating segment. If there is no primary segment (i.e.. 50/50 allocation across two segments

in the financial report) the entity can elect a segment for the purpose of payment times reporting and leave information about allocations in the comments of the report.

## Example 46

### Payments not attributable to an operating segment or allocated across multiple operating segments

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 2 operating segments based on industry: Retail and Manufacturing.

For the purposes of financial reporting:

- A \$5,000 payment by the holding parent entity was not allocated to any operating segment
- A \$100,000 payment by a controlled entity was allocated to the Retail segment (70%) and Manufacturing segment (30%)
- A \$200,000 payment by a controlled entity was allocated to the Retail segment (50%) and Manufacturing segment (50%)
- For the purposes of operating segment reporting on the payment times report:
  - The \$5,000 payment by the holding entity is excluded
  - The \$100,000 payment is allocated to the Retail segment
  - The \$200,000 payment can be allocated to either the Retail or Manufacturing segment, at the discretion of the entity. The entity also includes a comment about the chosen allocation in its report.

## Example 47

### 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. All payments are attributed to at least one of the operating segments for financial reporting purposes. Only entities in the APAC segment made payments to Australian small business suppliers.

- 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.

## Modified Reporting

### Reporting entities in external administration

214. If a reporting entity is placed in external administration at any point during a reporting period or the 3 month window before the report is due, 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 name of the external administrator;
  - The capacity in which the administrator was appointed; and
  - The date of their appointment.
216. For the purposes of the Act, external administration has the same meaning as in the Corporations Act. This includes situations where a liquidator has been appointed.

### Reporting entities that have a reporting nominee

217. 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.
218. 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.
219. 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

220. 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.
221. 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; and
  - The proportion of payments made to Australian small business suppliers, which must be zero.
222. 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.
223. 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 48

### 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.

## Record keeping

224. All reporting entities must retain the information used to prepare their reports for seven years. This includes:
- The data and methods used to classify payments;
  - Assumptions and interpretations made in the report; and
  - Documentation on governance and approval processes.
225. If a reporting entity uses automated systems or customised 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.
226. 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.

# Applications

## General application requirements

### Form, content and approval requirements

227. 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.
228. 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.
229. 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 myID.

### Providing Additional Information

230. 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.
231. The Regulator will request additional information when there is not enough detail to make a determination. These requests will give an applicant 14 calendar days to respond.

### Fees

232. Applicants must pay a fee for certain applications, including applications for **nominee** and **subsidiary reporting entities**, **exemptions from reporting**, and **extensions of time**. Fees will not apply to applications submitted before 1 July 2025. Further information, including fee amounts, will be provided in future consultations to develop a **Cost Recovery Implementation Statement**.
233. 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 will be available on the Regulator's website.
234. An application is not taken to have been made unless the fee is paid and the Regulator may refuse to start considering an application until the fee is paid.

### Timing of Decisions

235. 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.

- 236. 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.
- 237. Be mindful of these timelines when submitting an application.

## Publication of Application Decision

- 238. 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.
- 239. 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**.
- 240. 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

- 241. 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.
- 242. 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 will be given 14 calendar days to provide additional submissions for the Regulator to consider.
- 243. 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.
- 244. 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

245. 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.
246. 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.
247. 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.
248. 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

249. 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.
250. 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.
251. 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](#).

252. Nominee and subsidiary reporting entities modify and reassign reporting obligations within a group. A nominee reporting entity is a nominee placed 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

253. 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; and
- The identity of the responsible member who approved the application.

254. 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 of their controlled entities (at least one must be a reporting entity)
- All controlled reporting entities, or
- Only some entities in its group.

255. 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.

256. 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.

257. 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

258. 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.
259. 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.
260. Applicants should address these requirements in their submissions, specifically explaining how the proposed reporting structure would enhance transparency of payment times and practices.
261. 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.
262. 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.
263. 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.
264. For more information on how to apply for a review, see [Review of decisions](#).

## Relief applications

### Short extension of time to give a report

265. Reporting entities can apply for a short extension of time of up to 28 days to submit their report, through [the Portal](#). The evidentiary threshold for short extensions is lower, and the process is more streamlined compared to modifiable extensions.
266. 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.
267. Applications must explain the circumstances that resulted in the need for extra time, but they do not require supporting documentary evidence.
268. If approved, a short extension of time cannot be further extended or modified.

269. 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.
270. 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.
271. For more information on how to apply for a review, see [Review of decisions](#).

## Modifiable extension of time to give a report

272. 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.
273. 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.
274. 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.
275. The Regulator assesses each application case by case, considering the specific circumstances and the details provided.
276. 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.
277. 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.
278. 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.
279. 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.
280. 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.
281. For more information on how to apply for a review, see [Review of decisions](#).

## Modifying an Extension

282. 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.
283. 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

284. Reporting entities can apply for an exemption from reporting for up to 2 years. An exemption application cannot be made for a reporting period starting before 1 July 2024.
285. 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.
286. 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.
287. 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 major cyber-attack destroying data, or
  - The entity has been acquired by another reporting entity whose transactions will cover the exempted period.
288. If an exemption application is refused by the Regulator, the applicant may apply for a review of the decision.
289. For more information on how to apply for a review, see [Review of decisions](#).

## Exemption Conditions

290. 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 49

### 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 2 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 3 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

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

## Example 50

### 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

293. 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

294. 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.
295. 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.
296. 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 ART

297. 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.
298. The ART may affirm the original decision, vary the decision or set the decision aside and substitute it with a new decision.
299. 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

300. 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.
301. 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.
302. Entities with a 95th percentile payment time of 30 days or less cannot be classified as slow small business payers.
303. Most reporting entities, including nominee and subsidiary reporting entities, can be identified as slow small business payers, but volunteer reporting entities are excluded.

## Reporting cycles

304. 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.
305. 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.

### Example 51

#### Conventional Financial Years

##### Scenario 1:

A reporting entity with an ordinary year-end of 30 June gives a payment times report for the reporting period 1 January to 30 June.

- For the purposes of identifying slow small business payers, this report is assigned to the 1 January to 30 June reporting cycle for that year.

##### Scenario 2:

A reporting entity with an ordinary year-end of 30 September gives a payment times report for the reporting period 1 April to 30 September.

- For the purposes of identifying slow small business payers, the is assigned to the 1 July to 31 December reporting cycle for that year.

306. 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 52

### 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.

- 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 assigned to 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

307. 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](#).
308. 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

309. The Minister 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.
310. 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 53

### 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

311. 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.
312. 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

313. Before issuing a direction, the Minister (or the Regulator) must consider the relevant entities history of compliance or non-compliance with the Act. The Minister must also have regard to the following, if made in written submissions by the reporting entity:
  - 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 and
  - Whether the cost and burden of complying with the direction would be reasonable.
314. 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

315. 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.
316. 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 54

### 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?

317. 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.
318. 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 ESG policies or performance, such as sustainability reports and investor documents
  - In any other documents the Minister (or the Regulator) considers appropriate.
319. 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 amounts to a contravention 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

320. 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.
321. For more information on how to apply for a review, see [Review of decisions](#).

## Duration of Slow Small Business Payer Direction

322. A slow small business payer direction remains in effect until the earlier of:
- the day the entity submits a payment times report with a 95th percentile payment time of 30 days or less;
  - if the direction specifies a date that the direction ceases to have effect, that day;
  - 1 year after the direction is given;
  - if the Minister revokes the direction by written notice, the time the Minister gives the entity the notice.
323. Where a slow small business payer direction is given, information about this direction must be published on the [Register](#) and may remain on the [Register](#) even after the direction has ceased to be in effect.

## Fast Small Business Payers

### What is a Fast Small Business Payer?

324. A fast small business payer is any reporting entity, including volunteer, nominee, and subsidiary reporting entities, that reports payment times of 20 days or less over a 12-month period.
325. 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.
326. 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.
327. 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.
328. 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 55

### 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, with its last submitted report being for the reporting period ended 31 December 2026. On 31 October 2027, the entity submits its next report with 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 previous reporting period) but regains the status after submitting the next report.

## Fast Small Business Payer List

329. The Regulator must publish and maintain a list of fast small business payers on the [Register](#).
330. 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, generally, if an entity makes this claim without being on the list, it may face compliance actions and penalties.
331. 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 56

### 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.



332. 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**

333. The Regulator has the power to exclude entities from the fast small business payer list, even if they meet the criteria to qualify.
334. 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.
335. The Regulator can also withhold adding an entity to the list while investigating whether any of these circumstances apply.
336. 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.
337. 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.