



# Small Business Identification (SBI) Tool

## INFORMATION SHEET 6

October 2022

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

## What is the Small Business Identification (SBI) Tool?

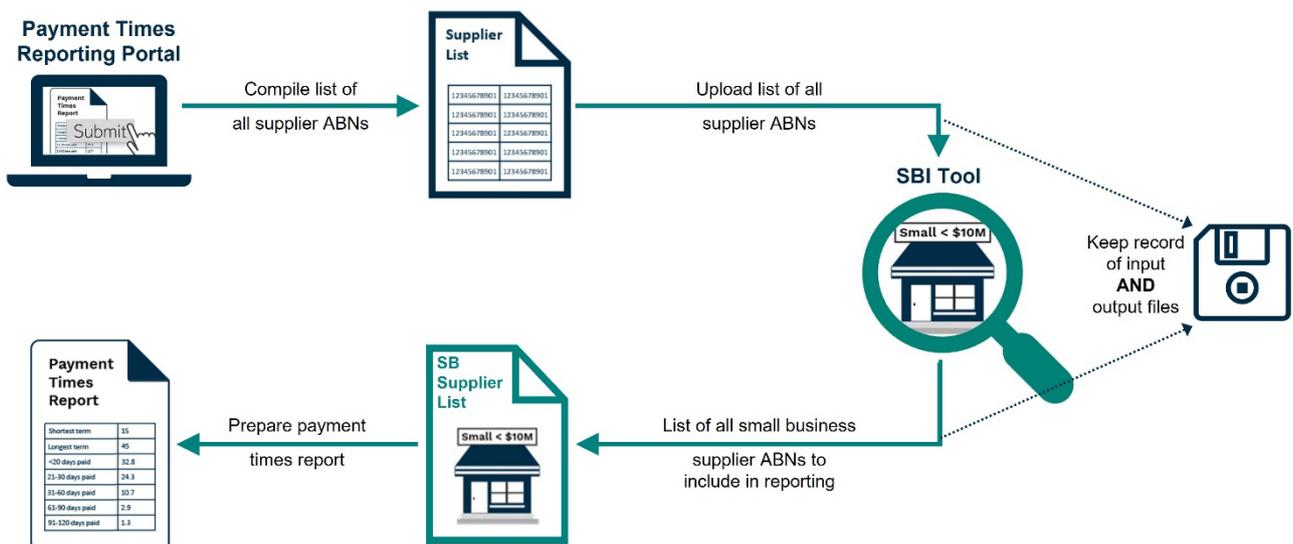
The Payment Times Reporting Small Business Identification (SBI) Tool identifies which of your suppliers are small businesses for payment times reporting. The tool is available through the [Payment Times Reporting Portal](#) and must be used to identify small business suppliers for payment times reporting. You cannot use other data and information sources to identify small business suppliers.

The tool works by elimination. It contains a database of Australian Business Numbers (ABNs) that are:

- large businesses and medium sized businesses (income greater than A\$10 million)
- small businesses that have opted out of the tool.

To use the tool, you will need a list of your suppliers' ABNs. The tool compares your list to the businesses in its database. ABNs that don't have a match in the SBI Tool's database are small businesses for reporting purposes.

The tool returns both a list on the screen and a text output file listing the small businesses you must include when preparing payment times reports.



## Accessing the SBI Tool

The SBI Tool is not publicly available – it is only accessible via the [Payment Times Reporting Portal](#) and is only available to entities registered in the portal.

The SBI Tool cannot be used for any purpose other than reporting under the [Payment Times Reporting Act 2020](#). The [Terms of Use](#) explain the obligations of those accessing and interacting with the tool and you must agree to them prior to accessing the SBI Tool. Improper use may result in your access to the SBI Tool being restricted.

## When to use the SBI Tool

You can access the SBI Tool by being a registered [reporting portal](#) user. The tool can be accessed at any time and used in any manner that suits you in meeting your reporting obligations. Two approaches endorsed in [Guidance Note 2: Preparing a payment times report](#) are:

- running the SBI Tool once after the reporting period end date and before the report due date ([the end date approach](#)) or
- running the SBI Tool at regular intervals throughout the year to classify small business payments closer to the time of the transaction ([the continuous approach](#)).

When choosing an approach to using the SBI Tool, you should be mindful that inconsistent, infrequent, or selective use could result in reports being misleading.

You can run the SBI Tool for all member entities if you are a part of a corporate group. However, each reporting entity in your group must:

- be set up as a group in the [reporting portal](#);
- prepare individual reports; and
- keep the [SBI Tool records](#) used to prepare reports for at least 7 years.

## How to use the SBI Tool

If you use the SBI Tool selectively or inconsistently we may consider further investigation or action.

Examples of SBI Tool use where we may investigate further include where:

- A reporting entity runs the SBI Tool several times during a reporting period and for each supplier selects the SBI Tool output file most convenient for reporting.
- A reporting entity uses the SBI Tool when engaging a new supplier but does not confirm the classification of the supplier in each reporting period.
- A reporting entity modifies the SBI Tool output, classifying suppliers using other data sources.

If we identify unusual usage or approaches to the use of the SBI Tool, we will review your payment times report disclosures on how the tool was used or contact you for clarification.

## Reporting how the SBI Tool was used

You are required to report information that provides context or explanation for your report. How the SBI Tool was used can be relevant to this reporting requirement as the timeliness and frequency of use can impact on reporting accuracy.

We encourage you to provide comments on how the SBI Tool was used for all reports, but it may be a reporting requirement if the method you used materially impacts reporting.

## Keeping SBI Tool records

You are required to keep records of information used to prepare your payment times report for at least 7 years.

Although the SBI Tool keeps a copy of the output file, you must keep copies of both the input file submitted to the SBI Tool and the output file you receive. You are required to keep these records for 7 years after the end of the reporting period, even if another entity in your group used the tool for you.

Failing to keep records, as required by the *Payment Times Reporting Act 2020*, may result in civil penalty action with a penalty of 200 penalty units or a modified amount for body corporates.

## Correcting the SBI Tool

We seek to ensure that the SBI Tool is maintained with up-to-date data collected from an expanding group of sources including third-party data providers, government agencies and information received from users. Although we update the tool as new data becomes available, it may not always accurately reflect the correct status of a supplier.

The accuracy and reliability of SBI Tool data can be impacted by several factors including businesses delaying or being non-compliant with statutory reporting, an absence of available data (particularly for newly established entities) and lack of readily available data sources for some organisation structures.

If you believe the SBI Tool output file incorrectly identifies a supplier as a small business, you can:

- request the small business supplier contact us to request its classification be updated
- provide documentary evidence in the form of payment records showing you paid over A\$10 million to the supplier in a single income year, or
- provide a signed statutory declaration stating you have undertaken an analysis that shows you made payments of more than A\$10 million to the entity in the relevant income year.

If the SBI Tool cannot be updated, or be updated in time to prepare a report, you can provide details (on a no-name basis) in the report comments field on the number of businesses reported on that you do not consider to be small businesses and the potential impact on payment performance.

You cannot remove suppliers identified as small business suppliers by the SBI Tool from your calculations for reporting.

## Opting out of the SBI Tool

Small business suppliers may choose not to be identified as a small business in the SBI Tool. To opt out of the SBI Tool, small businesses must register as users of the [Payment Times Reporting Portal](#). Once registered and logged into the portal, small businesses can select the option to opt out of the SBI Tool.

If a small business opts out, you cannot include payments to that small business when preparing your report.

If a small business subsequently wishes to opt in, they can log into the [reporting portal](#) and change its opt out selection.

## Further information

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

