



# Reforms to Payment Times Reporting

## INFORMATION SHEET 10

July 2024

### New Legislation

The Payment Times Reporting Scheme (the Scheme) has been subject to significant reforms impacting current reporting entities.

The reform legislative package consists of:

- **Payment Times Reporting Amendment Act 2024** (the amendment Act). The amendment Act overhauls the *Payment Times Reporting Act 2020* (the Act) and was passed by Parliament in July 2024. The amendments will commence 7 September 2024.
- **Payment Times Reporting Rules 2024**. New Rules are being developed to support the amendment Act. These Rules will repeal and replace the Payment Times Reporting Rules 2020 and will commence in line with the amendment Act.

## What's new?

### New 'reporting entity' definition

The definition of a reporting entity has been amended to include large businesses with annual consolidated revenue of \$100 million or more under accounting standards.

The new definition includes large businesses that are constitutionally covered entities that are incorporated, carry on a business, have central management and control or voting power controlled in Australia. Corporate Commonwealth entities that meet the reporting entity definition must also report.

Entities registered under the *Australian Charities and Not-for-profits Commission Act 2012* continue to be excluded from the definition.

Entities controlled by another reporting entity are excluded from the definition. Under consolidated reporting, the controlling reporting entity will give a single consolidated report that combines its own transactions and the transactions of the entities it controls.

Entities that do not meet the reporting entity definition can still volunteer to report by submitting an application to the Regulator.

## Changes to reporting

The reforms consolidate reporting content into the Rules and simplify reporting by introducing:

- **streamlined reporting requirements** – which reduce the total number of required reporting fields.
- **detailed calculation methodologies** – to improve consistency of payment times data, including excluded and exempt payments.
- **consolidated reporting** – by consolidating reports from large groups into one report to improve transparency and declutter the Payment Times Reports Register.

## Flexibility for entities

### Modified reporting structures

- **Entities can apply to report as a reporting nominee** – Entities that control a reporting entity can apply to report as a nominee of the reporting entity and other entities it controls. This can include where the entity is a common parent or controlling entity of multiple reporting entities.
- **Entities can apply to report as a subsidiary reporting entity** – A reporting entity may control another entity for the purposes of consolidation under accounting standards but the entity may operate under an entirely separate governance structure (e.g., a joint venture arrangement). In this case, the reporting entity can apply to the Regulator for the controlled entity to report separately to the consolidated group.

### Relief applications

- **Entities can apply to be exempt from reporting obligations** – Entities can apply to be exempt from reporting for specified reporting periods. This provides flexibility for the Regulator and reporting entities where reporting would be inappropriate or inconsistent with the amended objects of the Act.
- **Entities can apply for short extension of time** – Entities can apply for a short extension of up to 28 days without providing supporting evidence. Entities can still apply for an extension of longer than 28 days but must include evidence supporting the circumstances described in the application.

### Reduced reporting requirements

Entities that are in external administration or do not make payments to small business suppliers can submit a modified report with reduced requirements that excludes certain payment times information.

### Self-publishing of reports

The reforms remove the requirement for the Regulator to register payment times which will give reporting entities greater control over the timing of the release of their reports.

Control over the timing of publication will enable reporting entities to coordinate payment times reporting with other reporting obligations and publications such as annual reports and financial statements.

The Regulator will actively monitor reports and redact information and statements that are not in the public interest. More information will be provided on the Regulator's monitoring of reports in future guidance.

## Streamlined exit from the Scheme

The reforms allow reporting entities to exit the Scheme by giving a notice when they no longer meet the criteria to be a reporting entity. Entities will no longer be required to apply to the Regulator for a determination that they have ceased to be a reporting entity.

## New Regulator Powers

The reforms introduce and amend existing regulatory powers that will improve the efficiency of the administration of the Scheme. These include allowing the Regulator to:

- add and redact information on the Payment Times Reports Register quickly
- gather information by a notice to produce rather than resorting to 'on site' information gathering powers
- initiate the publishing of non-compliance more efficiently for suspected reporting entities, and
- accept an enforceable undertaking as part of remediation by a non-compliant reporting entity.

## Incentives for improvement

The reforms amend the objects of the Act and introduce incentives and increased transparency for large businesses to improve payment times. Incentives include recognition for positive payment practices and an increased spotlight on entities with poor behaviour through:

- including entities that pay small business suppliers within 20 days on a **fast small business payers** list on the Payment Times Reports Register
- identifying and potentially requiring enhanced disclosure by **slow small business payers** (reporting entities in the slowest 20 per cent of payers overall or within their industry)
- the Regulator undertaking research to identify best and worst payers and highlight payment practices that benefit and harm small business suppliers, and
- the Regulator creating tools for users to understand the context and meaning of payment times data on the Payment Times Reports Register.

If you have enquiries about the reforms to Payment Times Reporting, you can [contact the Regulator](#).