TAXABLE PAYMENT ANNUAL REPORTING (TPAR)

Last Manual Update:
5/11/2013

TAXABLE PAYMENT ANNUAL REPORTING (TPAR)

All businesses in the Building & Construction Industry who pay Contractors for Building & Construction labour services are required by law to produce a report of these payments, which must then be sent to the ATO by the 21st of July each year.

In accordance with the ATO requirements, your report must include the Contractor's ABN, Name, Address and the total amount paid to them for the year and include any GST content. This information will generally be contained in the invoices you receive from your contractors.

Accrivia has the ability to produce the data for this report very simply, and requires just a few initial setup steps to ensure the correct information is gathered. Some of the same criteria and restrictions apply as well in terms of wording etc as the ATO will use your data to cross reference against the information currently held against the ABN, so it is critical that you ensure the Trading & Legal Names appear correctly in your system and that a current valid ABN is entered against each creditor. (you will be prompted for an ABN before leaving the screen)

> It is recommended that you cross check the current ABN details you have entered against each Creditor's invoice as it is possible they may have changed since the original entry. Only valid "Active" ABN numbers will be accepted by the ATO

> It should be noted that the report is based purely on all Reconciled Payments made, so regardless of when the invoice was logged onto your system, the details of the purchase will not be recorded in this report until such time as it is paid for.

System Settings For TPAR

There are a few areas that need to be activated in order for the Taxable Payments Reporting function to work, however most of these are once off entries and once set up require no further maintenance.

- Go to **FILE | SYSTEM SETTINGS | CREDITORS**, place a tick in the Taxable Payments Reporting field.

- Go to **FILE | SYSTEM SETTINGS | BRANCH**, ensure that a valid ABN number is entered for each branch (entity).

- Go to **FILE | USER | ACCESS**, click on the Creditor tab at the top of the screen. Click on the field called END at the bottom then select Taxable Payments. You will then need to save this and close down Accrivia then re-open to activate this new option.

- Go to **CREDITORS |FILE MAINTENANCE | EXPENSE,** while all Expenses are already loaded into this field you will note a new column called **[LABOUR]**on the grid for single entity clients or on the right hand column for multi companies . You must now scroll down your entire Available Expense Accounts and place a tick in this column for any expense that directly relates to a 'Labour expense'.

No	Description	BAS Type	Capital	GLAcct D	Labour
1845	Protective Clothing	1 GST Credit	☐	1845	☐
1846	Quality Assurance	1 GST Credit	☐	1846	☐
1850	Rates & Land Taxes	1 GST Credit	☐	1850	☐
1851	Redundancy Payments	1 GST Credit	☐	1851	☐
1855	Rent On Land & Buildings	1 GST Credit	☐	1855	☐
1865	Repairs & Maintenance	1 GST Credit	☐	1865	☑
1870	Replacements (tools, Etc)	1 GST Credit	☐	1870	☑
1871	Research & Development	1 GST Credit	☐	1871	☐
1880	Salaries - ordinary	1 GST Credit	☐	1880	☐
1885	Salaries - Associated persons	1 GST Credit	☐	1885	☐
1900	Security	1 GST Credit	☐	1900	☐
1915	Staff Amenities	1 GST Credit	☐	1915	☐
1920	Staff Training	1 GST Credit	☐	1920	☐
1925	Subscriptions	1 GST Credit	☐	1925	☐
1927	Subcontractors	1 GST Credit	☐	1927	☑
1930	Sundry Expenses	1 GST Credit	☐	1930	☐
1935	Superannuation	1 GST Credit	☐	1935	☐
1936	Superannuation - Assoc persons	1 GST Credit	☐	1936	☐
1940	Telephone	1 GST Credit	☐	1940	☐
1950	Travel, Accom & Conference	1 GST Credit	☐	1950	☐
1965	Wages	1 GST Credit	☐	1965	☐
1966	Workcover	1 GST Credit	☐	1966	☐
1970	Work Experience	1 GST Credit	☐	1970	☐

Available Expense Accounts

> For any expense that you feel can be used for labour 'sometimes' but not all, then you should tick the box for the purposes of this report. The ATO will determine what is relevant.

- Go to **CREDITOR | FILE MAINTENANCE | TRANSACTIONS**, You will see a column on the right called **[PAYMENT]**. You will need to place a tick in the field of any Transaction Type that relates to a

payment as this will be used when generating the Taxable Payment Report. Note that this includes any negative (or reversal) types as anything relating to the addition or reduction of a payment is required in order to give an accurate report.

- *Example - an invoice is entered and an EFT payment is made, therefore this payment will appear on the TPAR, however if you decided to reverse that payment with an -EFT this would effectively mean the payment had not been made so in order for that initial payment to be cancelled out in the TPAR then both the EFT & -EFT need to be ticked in Transaction Types.*

Creditor Transaction File Maintenance

Trans.	Description	Type	BAS Adj	Payment	GL Acct D	GL Acct C
ADJC	ADJ CREDIT	C	✔	☐		3048
ADJD	ADJ DEBIT	D	✔	☐	3048	
AMEX	AMEX	D	☐	✔	3048	2000
BPA-	B-PAY REVERSAL	C	☐	✔	2000	3048
BPAY	B-PAY	D	☐	✔	3048	2000
CASH	CASH PAYMENT	D	☐	✔	3048	2000
CHQ	CHEQUE	D	☐	✔	3048	2000
CHQ-	CHEQUE ADJ	C	☐	✔	2000	3048
CRDR	CR/DR ADJUST	D	☐	☐	3048	2101
CRN	CREDIT NOTE	D	☐	☐	3048	
DDBT	DIRECT DEBIT	D	☐	✔	3048	2000
DISC	DISCOUNT	D	✔	☐	3048	
DISD	DISCOUNT MINUS	C	✔	☐		3048
DPAY	DEBTOR PAY	D	☐	☐	3048	4400
DRCR	DR/CR ADJUST	C	☐	☐	2101	3048
EFT	EFT	D	☐	✔	3048	2000
EFT-	EFT-	C	☐	✔	2000	3048
INT	INTEREST	C	☐	☐		3048
INV	INVOICE	C	☐	☐		3048
MAS-	MASTERCARD REV	C	☐	✔		3048
MAST	MASTERCARD	D	☐	✔	3048	2003
TAXC	TAX CRED ADJUST	C	☐	✔	3394	3048
TAXD	TAX DEB ADJUST	D	☐	✔	3048	3394

*** Invoices & Credit Notes are not 'payments' and therefore should not be ticked

You now need to decide which of your Creditors fall into the category of Contractor of Labour for the purposes of including them in all future TPAR reports.

- Go to CREDITOR | FILE MAINTENANCE | CONTRACTORS TAB
- Note section at the bottom called **Taxable Payments Reporting**

- You will need to place a tick in 'Include in Contractor Reporting' against every applicable Creditor.
- If your contractor is a Sole Trader and uses their own name on the invoices (ie: doesn't have a registered business name) then you will need to place a tick in the Sole Trader field then add in the full name details into the required fields. The system will automatically use the Trading Name from the Details tab if no tick is entered here.

To confirm the official details of your Contractor, using their ABN search for the details at the following website - http://abr.business.gov.au/

- For a Sole Trader you will now need to manually add the Address into each of the relevant fields. The ATO requires each part of the address to appear in it's own field so do not just copy and past from the Details tab.

Reconciling Creditor Accounts

Before commencing the reporting process - it is essential that you ensure you have no unreconciled payments for TPAR Creditors in the system. If need be you will need to manually reconcile any payments in your system to ensure the final report is accurate.

The final TPAR report cannot generate if there are outstanding unreconciled accounts, an error report will be generated where you will be advised which accounts have not been reconciled.. Depending on the volume of Creditors you have who are eligible to report, you may find it easier & quicker to generate the report and let the system report as an error message. You can then take the list and reconcile these accounts then regenerate the TPAR file.

> It is recommended that in general it is best to ensure all payments are reconciled against invoices upon payment

Generating A Taxable Payments Report

Menu option: **CREDITORS** - ATO Taxable Payments

- Open the TPAR reporting screen
- **Dates** - The system will automatically check your system date and determine what is the Period Start & End for the current Financial year and enter the dates for you.

As of July 2013, you will have the option to send these reports Quarterly and therefore you will be able to manually adjust these dates if this is how you choose to send the reports.

- As an extra security measure, the system will automatically check the date of your previous report, and therefore will not let you enter dates into the new report that fall prior to the last report sent.

- **ABN NO** - you will need to remove the spaces in this field at the top so that it matches the fields in the bottom.

- **Run Type**- choose from the drop down of Test or Production. It is possible to test the data for your report at any time - if you wish to do so choose Test in this field and send to the ATO using the testing function as explained in the video link below. For all other times choose Production.

- **Organisation Name** - selecting the relevant Entity here will then auto fill several other fields: the ABN connected that entity and the Address Details .

- **Contact Name** - you must manually add a name in this field and this will appear on the report for the ATO.

- **Authorised Person** - you must manually add a name in this field and this will appear on the report for the ATO.

- **Email** - you must add a relevant email address under the address field

Failure to add details into the last 3 fields will result in a warning message prompting you to do so.

- Now click on [GENERATE FILE & PRINT]
- You will be directed to advise where you wish to save the file, with the standard name format being (the date) TPAR.CO1- if producing multiple reports for entities then we recommend you change the digit at the end of the file name for each report.

*** FILE PATH *** It is Critical that the name of the file always inclue es the word TPAR and file path extension .C01. as this is what the ATO looks for when loading through the Portal. If you wish to rename a file simply add the extra wording to the default name - eg: TPAR Admin.C01

When generating the file, the system uses a validation programme to confirm that the ABN numbers entered are valid - a warning message will be provided if you have invalid entries.

Taxable Payment Annual Report

Once generated a report will be produced for each Contractor selected in your system to whom you have made payments for labour that fall within the selected Date Periods.

While at this time, it is not a legal requirement to pass these reports onto your contractors, it is recommended that you do so as it advises the contractor as to what information has been provided to the ATO about their account, and may assist them in preparing their tax returns.

The system will automatically generate a backup of these reports and this file can be found in

HELP | ACCRIVIA/PDF FOLDERS | REMITTANCES

Files will be saved in the Creditor Remittances folder and be named 'Remittance_Taxable Payment Summaries*end date* *date generated*.

At this time there is no direct emailing option for these reports, although you may choose to print each one off as a PDF and email to each creditor.

Reported taxable payments for year ending 30 June 2013

Accrivia
PO BOX 911
WARRNAMBOOL VIC 3280

Your ABN   91 099 013 386

INFORMATION FOR PAYEE
The information below will help you to complete your tax return. It is the total amount that has been reported to the ATO in a Taxable payments annual report.

Gross amounts paid (includes GST)	$ 800.00	Gross amount paid includes: - Total of all payments made to you within the financial year (which may be different to invoiced amounts)
Total GST	$ 72.72	- GST.

Amounts invoiced, but not actually paid to you in the financial year are not included.

Negative Reporting Errors

On rare occassions you may find that a Creditor has a negative balance on the TPAR report, this could result from payment reversals etc. Should this occur you will receive an error message when generating the file advising the specific Creditor code.

A file with this type of error cannot be sent to the ATO and should be corrected before sending the final report.

To correct, it is recommended that you go to the Creditor File Maintenance and remove the 'Include" tick on the Contractor tab. You can now re-run the report which can then be lodged with the ATO.

*** Note - don't forget to re-tick the box after the report has been generated to include any purchases for the new financial period

Reporting To The ATO

Please find below an extract from the ATO Website as of 11/3/2014 advising permissible methods of advising the ATO.

Lodging your Taxable payments annual report

You can lodge your *Taxable payments annual report* by **one** of the following methods:

- online using the Business, Tax Agent and BAS Agent Portals or Standard Business Reporting (SBR)

- completing the paper form *Taxable payments annual report* (NAT 74109) and mailing it to us.

    Spread sheets, CD-ROM, DVD, USB, floppy or zip disk formats – are not acceptable for this annual report.

Last modified: 11 Mar 2014   QC 27311

Taxable Payments Annual Report - Lodge Online

Once your TPAR report has been produced, the final step is to send the details to the ATO direct using the Portal on the ATO website (or by mail if not using the portal). Details on how to do this can be found in the ATO directed link to a You Tube video which explains how to lodge your Taxable Payments Report online. (published 14 May 2013)

http://ato.gov.au/content/00351482.htm

ATO Information

It is recommended that all clients in the building and construction industry who use Contractors, and will therefore need to provide this report, should refer to the Australian Tax Office website for more information on why this report is required and what information is needed along with how to forward reports. See ato.gov.au/taxablepaymentsreporting

This comprehensive website will provide information on:

- the taxable payments reporting system
- who needs to report
- what needs to be reported
- when your report is due
- how to register for an AUSkey
- other options for lodging your annual report including how to lodge it
- how to register for a free webinar