

**TAXABLE PAYMENTS REPORTING - BUILDING & CONSTRUCTION INDUSTRY**  
**COMMENCES FROM 1 JULY 2012**

From 1 July 2012, businesses who derive 50% or more of their income by operating in the Building & Construction Industry (BCI) will be required to report the total payments made to each contractor for building and construction services each year. The report will need to be lodged with the Australian Taxation Office (ATO) using the "Taxable Payment Annual Report" (TPAR).

The aim of this new requirement is to ensure that all contractors are meeting their tax obligations. **It is important that you take action now to ensure you have record keeping procedures in place that allow you to comply with these new rules.**

You will be required to report the following details, normally located on the contractor's invoices, each year for each contractor who supplies building and construction services:

- A valid ABN – **Note: if a valid ABN is not provided you are legally required to withhold 46.5% of the payment and remit this to the ATO on your next BAS.**
- Name
- Address
- Total tax where ABN not quoted
- Gross amount paid to the contractor for the year
- Total GST included in the gross amount you paid

The definition of building and construction services is quite broad. It includes any activity performed on, or in relation to, any part of a building, structure, works, surface or sub-surface and encompasses the design, destruction, erection, maintenance and management services.

Please visit our website [www.patison.com.au](http://www.patison.com.au) under the "resources" tab, for a complete list of occupations and activities that are included as building and construction services.

Contractors who pay other contractors for building and construction services are also required to report their payments if they are carrying on a business that is primarily in the Building & Construction Industry.

A contractor can be an individual, a partnership, a company or a trust.

We include for your convenience a worksheet that can be used to record payments made to a contractor plus the other details to be included in the TPAR.

The TPAR will need to be lodged by 21 July each year with the first TPAR being due on 21 July 2013.

You will have the option of lodging your TPAR either online with the ATO; or, using a paper form.

The paper form can be ordered from the ATO either by phone or online. Each form can accommodate details for nine contractors.

You are not required to report payments to contractors where:

- The invoice is for materials only
- The invoice is unpaid at 30 June each year
- The payment is required to be reported in a –
  - a) Pay As You Go (PAYG) withholding payment summary annual report;  
or
  - b) Pay As You Go (PAYG) withholding where ABN not quoted annual report.  
You can choose to report these payments in the TPAR instead of the Pay As You Go (PAYG) withholding where ABN not quoted annual report.
- You make payments and you are a home owner making payments to contractors for building and construction services.
- The payment is made to a related entity that is part of a consolidated group for tax purposes.

If you require any additional assistance or have any questions in relation to this matter please contact our office.