

Standard Business Reporting

Australian Taxation Office –

Taxable Payments Annual Return 2021 (TPAR.0003) Business Implementation Guide

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This document and its attachments are Official

For further information, raise an enquiry via [Online Services for DSPs](https://softwaredevelopers.ato.gov.au/OnlineservicesforDSPs)*.* If you are unable to access this, contact [SBRServiceDesk@sbr.gov.au](mailto:SBRServiceDesk@sbr.gov.au) or call 1300 488 231. International callers may use +61-2-6216 5577.

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Endorsement

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| Endorsed for business context | Endorsed for publication |

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# Introduction

* 1. Purpose

The purpose of this document is to assist Digital Service Providers to understand the business context surrounding the Taxable Payments Annual Return (TPAR) lodgment through the Standard Business Reporting (SBR) platform. The ATO TPAR Business Implementation Guideforms part of the broader suite of documents used by the ATO to describe or interpret how the technical implementation relates back to the business context and process. This document is designed to be read in conjunction with the ATO SBR documentation suite including the:

* web service/platform information.
* ATO Common Business Implementation and Taxpayer Declaration Guide.
* ATO Service Registry (SR)
* test information, for example, conformance suites
* message Structure Tables
* validation rules.
  1. Glossary

For a glossary of terms, **see also**:

* [SBR glossary](https://www.sbr.gov.au/digital-service-providers/developer-tools/glossary)
* [ATO definitions](https://www.ato.gov.au/Definitions/?anchor=top)
* ATO Common Business Implementation and Taxpayer Declaration Guide.

# What is the TPAR service?

The TPAR service is used by some businesses and government entities to report payments made to contractors wholly or partly for certain services. Some government entities need to report grants paid to people or organisations with an Australian business number (ABN).

The third-party data reported in the TPAR enables the ATO to help businesses (contractors) to ensure correct reporting by including the third-party data in our pre-fill services and reported transactions service in ATO online platforms. These services provide transparency about the data that has been reported to the ATO about the business’s (contractors) transactions.

The ATO also collects this information to:

* Identify contractors who do not meet their tax obligations so we can assist them to correctly report their income.
* Ensure businesses aren’t disadvantaged by competitors who don’t declare all their income.

The information reported in the TPAR also enables the ATO to assist businesses (contractors) to correctly report other tax and super obligations when working as a contractor including:

* what they need to know when starting a business
* tax registrations they may need
* keeping records
* reporting and paying tax.

**See also:**

* The [ATO website](https://www.ato.gov.au/Business/Reports-and-returns/Taxable-payments-annual-report/) for more information on TPAR services and lodgment due dates.

## Where Standard business reporting (SBR) fits into TPAR lodgment obligations?

The validate and submit interactions are the core part of the SBR-enabled TPAR business process.

Table 1: Context of SBR interactions and the TPAR process

|  |  |
| --- | --- |
| Initiating party | SBR service offering |
| Step 1: Check lodgment obligations | LDGLST.list  View required lodgments |
| Step 2: Complete TPAR | TPAR.validate  Validate completed information |
| Step 3: Was validation rejected?  Yes: Revisit Step 2  No: Go to Step 4 | Not applicable |
| Step 4: Lodge the TPAR | TPAR.lodge  Lodge the report |
| Step 5: View success message | Not applicable |

* 1. Parent and child events specification

### Correct reporting of payer and payee data

The TPAR requires information about the reporting entity (payer) and details of the transaction paid to the contractor (payee).

* The payer is required to aggregate the payments made to a payee within the financial year (FY) and report the total amount paid to the payee for the year.
* When software is being used to report TPAR the payer is required to report all payments to contractors in the one report. This does not include one to one reporting of payer and payee data to the ATO.

One-to-many reporting is required for payer and payee data in the TPAR because of how ATO systems consume and use the data downstream. This includes how our front-line staff refer to the TPAR data to support business, intermediaries, and government entities with TPAR related queries. The ATO preference is for all payments and grants, where applicable, to be included in one single TPAR. However, a government entity can choose to report payments for services and grants paid in two separate TPARs for any given FY, which may be more practical.

### Government reporting

Government entities are required to report payments and grants to businesses in the TPAR. While the payment details required to be reported are the same for non-government entities, the grant information reportable is as follows:

* name of grant or program
* date of payment
* payment type (grant or payment)
* is this payment an amount listed or described under a provision of Division 59 of the ITAA 1997?

Note*:* Government entities (Federal and State) are required to report grants paid to people or organisations that have an ABN. Some of the grants reported may be treated as non‑assessable non-exempt income (NANE). The ATO has made it available for government entities to advise the ATO if the grant they’re reporting is listed under Division 59 of the ITAA 1997. It lists all grants that are NANE subject to the grant recipient self-assessing their eligibility of treating the grant as NANE.

### Amendments

There are different reasons to lodge an amendment and the approach will differ according to the reason. An amendment can only be lodged after an original TPAR has been received.

Table 2: Amendment reasons

|  |  |
| --- | --- |
| Reasons | Requirements |
| The previously reported payment amount (gross, GST or ITW) is incorrect | Amend a lodged TPAR when the amounts (excluding details) reported for payees are incorrect. Incorrectly reported amounts include:   * total goods and services tax (GST) * gross amount paid * total tax withheld where the Australian business number (ABN) was not quoted.   Include all the details for each payee that requires amending. The details must be exactly as they appeared in the original lodgment, except the amended amounts for the payee. |
| The previous TPAR reported had incorrect payee details or a payee was wrongly included in the TPAR | If the original TPAR included any incorrect details for a payee (excluding amounts), do not submit an amendment TPAR. The lodging entity will need to contact the ATO to correct this information:   * see the [ATO website](https://www.ato.gov.au/Business/Reports-and-returns/Taxable-payments-annual-report/Lodge-your-TPAR/Amend-a-lodged-TPAR/#Lodgeyouramendmentonline) on how to correct online * see the [ATO website](https://www.ato.gov.au/Business/Reports-and-returns/Taxable-payments-annual-report/Lodge-your-TPAR/Amend-a-lodged-TPAR/#Sendcorrectedpayeedetailsbymail) on how to correct via mail. |
| Add new payees | To add a new payee, you need to lodge another TPAR, including:   * all your information as the payer. * the information for the new payee or payees.   Note: lodge a new TPAR (no amendment indicator on the payee is required) and only lodge the TPAR for the new payee. |

* 1. Interactions

The TPAR lodgment process could consist of the following interactions:

Table 3: Interactions available in the TPAR lodgment process

| Service | Interaction | Detail | Single | Batch | Optional |
| --- | --- | --- | --- | --- | --- |
| TPAR | TPAR.Validate | Validate TPAR message before lodgment | N | Y | Y |
| TPAR | TPAR.Submit | Lodge TPAR | N | Y | N |

1. Authorisation
   1. Intermediary relationship

The SBR services an intermediary can use on behalf of their clients depends on the activity being undertaken and whether the intermediary has a relationship with the client. An intermediary must have the appropriate authorisation for the interaction being performed on behalf of the taxpayer recorded in ATO systems.

For the TPAR interaction, an intermediary must be appointed by a business in Access Manager to use the available services on their behalf. In relation to the tax agent to taxpayer relationship, system level linkages are a fundamental precondition to interacting with SBR for TPAR interactions.

Note**:** If the relationship doesn’t exist, the Client Update Relationship (CUREL) services can be used to establish a link between the tax agent and the taxpayer.

For further information:

* ATO Common Business Implementation and Taxpayer Declaration Guide.
  1. Access and initiating parties

ATO systems will check that the initiating party is authorised to use the interaction received through the SBR channel.

**See also:**

* Section 3 – Access in the Common Business Implementation and Taxpayer Declaration Guide.

The [ATO website](https://www.ato.gov.au/general/online-services/access-manager/) for more information on Access Manager.

The table below displays the interactions available to each initiating party via SBR for TPAR:

Table 4: TPAR permissions

| Service | Interaction | Activity | Tax agent | BAS agent | Business | Business Intermediary |
| --- | --- | --- | --- | --- | --- | --- |
| TPAR | TPAR validate | Validate data inputted into TPAR before submitting for processing | Y | Y | Y | Y |
| TPAR | TPAR.Submit | Lodge FITR for processing | Y | Y | Y | Y |

A user must be assigned the appropriate authorisation permissions to use the TPAR service. The below table references the SBR service to the relevant permission in Access Manager:

Table 5: Access Manager permissions for TPAR

| Service | Access Manager Permission |
| --- | --- |
| Validate | Client.TPAR.Prepare (Agents)  TPAR.Prepare (Businesses) |
| Submit | Client.TPAR.Submit (Agents)  TPAR.Submit (Businesses) |

1. Constraints and known issues
   1. Usage restrictions

Digital Service Providers (DSPs) must be aware of the usage restrictions, which are described within the Reasonable Use policy. The ATO actively monitors the use of services and will notify DSPs that contravene this policy. Continued breaches may result in de-whitelisting.

**Find out about:**

* The[Reasonable use policy](https://softwaredevelopers.ato.gov.au/usage-restrictions)**.**

1. Taxpayer declarations

Each time an intermediary lodges an approved form on behalf of a taxpayer the law requires the intermediary to have first received a signed written declaration from that taxpayer. Developers of SBR-enabled software products may elect to provide a printable version of the taxpayer declaration within their products to assist intermediaries. A taxpayer declaration must be obtained by the intermediary for all lodgment obligations performed on behalf of their client.

These declarations apply, not just for original lodgments, but when lodging amendments to TPAR.

**Find out about:**

* Information on the retention of declarations on the [ATO website](https://www.ato.gov.au/tax-professionals/prepare-and-lodge/managing-your-lodgment-program/client-declarations-and-lodgment-online/)**.**
  1. Suggested wording

|  |
| --- |
| Taxation law authorises the ATO to collect information and to disclose it to other government agencies. For information about your privacy go to ato.gov.au/privacy  Declaration  If lodged by an entity relating to their own personal tax affairs:  ‘I declare that the information I am providing is true and correct.’  If lodged by an authorised agent on behalf of an entity:  ‘I declare:   * This document has been prepared in accordance with information supplied by the entity. * I have received a declaration from the entity stating that the information is true and correct, and * I am authorised by the entity to give this document to the Commissioner of Taxation.’ |

1. TPAR guidance
   1. TFN and ABN algorithm validation

**See also:**

* The [Software developers website](http://softwaredevelopers.ato.gov.au/ABNformat) for more information on ABN validation.