

## ATO third party reporting measure - NSW submission to Commonwealth

### Current situation

The legislative elements of the measure will apply to transactions occurring on or **after 1 July 2016**.

The proposed measure will require the reporting of government grants and payments paid to entities for the provision of a range of services. It will only apply to payments that are not already subject to existing legislative reporting requirements (for example, the Pay as you go withholding provisions that apply to employee salary and wage payments).

These measures cover a payment by a government entity to an entity wholly or partly for a supply of services. The measures cover a provision of a grant by a government entity to an entity that has an ABN.

Grants and payments provided from one government entity to another government entity will not need to be reported. However, if a government entity that is required to report makes payments and grants on behalf of an entity that isn't required to report, it will need to report these with the payments and grants it provides in its own capacity.

Under the draft legislation, all grants paid to entities with an ABN will be reported. This includes non-profit organisations with ABNs. While many non-profit organisations do not have income tax obligations, they may still make taxable supplies for GST.

The data required will need to be provided in a format that meets ATO reporting specifications. The data requirements identified in the exposure draft do not appear to be onerous. At a high level, for each supplier or grant recipient this would include:

<b>For payments:</b>	<b>For grants:</b>
ABN	ABN
Name and address	Name and address
Gross amount paid	Gross amount paid
Total GST included in gross amount paid	Total GST included in gross amount paid
Bank account details (BSB and account number) where payments are made electronically	Bank account details (BSB and account number) where payments are made electronically
Phone number and email address, where known	Phone number and email address, where known
<i>Statement by a supplier</i> indicator (where a payment has been provided to a supplier that has provided a <i>Statement by a supplier</i> form)	Name of grant or grant program
	Date of payment of grant

Government entities will be required to report the information electronically in the 'approved form'.

The following types of government entities within the Planning and Environment Cluster will **not** be required to report:

- Trusts and Trustees for trusts for the public benefit or in the public interest (e.g. Bundanoon Trust, Shrine of Remembrance Board of Trustees, ANZAC Day Trust, Luna Park Reserve Trust)
- Zoological and botanical gardens, parks, public reserves (e.g. foreshores) and alpine resorts
- Regulatory and advisory bodies (e.g. water boards, conservation boards, registration boards, licencing boards, advisory councils)

Based on the above, it is envisaged the following entities within Planning and Environment Cluster will be **exempt** from reporting: Environmental Protection Authority (EPA); Environmental Trust; Centennial Park and Moore Park Trust; Western Sydney Parklands Trust; Parramatta Parklands Trust; Botanical Gardens Trust.

Those **not exempt** include DP&E, OEH, CSEPA, CCRDC, HDC, and Urban Growth Development Corporation.

**Specific issues that Planning and Environment cluster entities have identified:**

- Separating out payments to suppliers who at times provide either goods or services may be problematic as such it may be that all payments to those suppliers are reported.
- Reporting of payments will be on a cash basis rather than on accruals.

## **Background**

On 6 November 2013, the government announced that it would proceed with the 2013–14 Budget measure Tax compliance: improving compliance through third party reporting and data matching.

On the 6th of July 2015 Treasury released an exposure draft ([External link](#)) of the legislation and an explanatory memorandum. The ATO is seeking to engage with industry bodies and business to provide context on the administration of the measure to enable them to provide relevant feedback to Treasury.

The information provided to the ATO aims to improve the pre-filling of tax returns, making tax time simpler for taxpayers. The measure will also improve compliance and provide a level playing field for Australian taxpayers by enabling the ATO to expand its data matching with third party information.