



Australia: Super funds subject to small business payment reporting

By Paul Shallue, Fiona Webster and Stephanie Rosseau
11 Nov 2020

Large Australian businesses — including superannuation funds with total annual income exceeding A\$100 million — will have to report, every six months, payment terms and practices for any supplier that is a small business. The measures, which aim to improve payment outcomes for small businesses, feature in The Payment Times Reporting Act 2020 and will generally take effect in 2021. Significant penalties will be levied for failure to file reports under the Payment Times Reporting Scheme — these will not apply until mid-2022.

Highlights

- Reporting organizations will have to put systems in place by 1 Jan 2021, to identify suppliers that are small businesses, set out the timeframe for invoice payments, and provide any other reporting information required. Smaller organizations could voluntarily decide to report under the scheme.
- Provided information must include the proportion of small business invoices paid by the reporting organization according to various timeframes (such as invoices paid within 21 days, 21 to 30 days, etc.).
- Small businesses will be defined as organizations with less than A\$10 million in annual turnover. This is the same definition used in taxation legislation. The Payment Times Reporting Small Business Identification Tool will help reporting organizations identify their small business suppliers.
- Earlier in 2020, the government consulted on rules to address the act's implementation. The finalized rules have not yet been published, but they will define small businesses as any organization recognized by the identification tool.
- A new regulator — the Payment Times Reporting Regulator — will be established to administer and enforce compliance with the scheme, including instructing reporting entities to undertake independent audits where there is reasonable suspicion of wrongdoing. Reporting entities will have a

Australia: Super funds subject to small business payment reporting

period of 18 months to apply the new measures, without penalty. Penalties are expected to apply from 30 Jun 2022, and could be levied for failure to report or maintain payment records, or for providing false or misleading information.

Related resources

- [Payment Times Reporting Scheme](#) (Australian Government)
- [Consultation on rules for Payment Times Reporting Scheme](#) (Australian Government)
- [The Payment Times Reporting Act 2020](#) (Australian Government, 14 Oct 2020)

Note: Mercer is not engaged in the practice of law, accounting or medicine. Any commentary in this article does not constitute and is not a substitute for legal, tax or medical advice. Readers of this article should consult a legal, tax or medical expert for advice on those matters.