TPAR

without the tax yawn

If you pay contractors, the ATO may want a roll-call by 28 August.

Family Wealth Protection Advisory

What on earth is TPAR?

TPAR stands for Taxable payments annual report.
Think of it as a once-a-year guest list for certain contractor payments.

The simple idea

If your business is in a covered service area and pays contractors to help deliver that service, you may need to tell the ATO who was paid and how much.

It is not a new tax

It is a reporting obligation. You are not paying the contractor's tax. You are simply reporting payments you made during the financial year.

Deadline: 28 August

The report is due after the financial year ends. For example, contractor payments made from 1 July to 30 June are reported by 28 August.

Why is the ATO doing this?

Because contractor income can be easy to forget, miss, or under-report. TPAR gives the ATO a simple data trail so tax returns match real payments.

1

Business pays a contractor

Example: a cleaning business pays a subcontract cleaner.

2

Business reports the payment

The business includes that payment in its TPAR.

3

ATO matches the information

The ATO can compare it with the contractor's income.

The fairness point

The ATO says collecting this information helps identify contractors who may not be meeting tax obligations and helps make sure businesses are not disadvantaged by competitors who do not declare all income.

New pre-fill angle

For Tax Time 2026, TPAR amounts reported to the ATO can be pre-filled into individual business tax returns. The ATO says most TPAR data is available after 28 August.

Who may need to lodge?

You may be in the TPAR club if you have an ABN, provide certain services, and pay contractors to help deliver those services.

- Building & construction
- Cleaning
- Courier & road freight
- IT
- Security / investigation

Contractors can come in many costumes

For TPAR, a contractor can be a sole trader, company, partnership, trust, subcontractor, consultant or independent contractor. The label is less important than what they were paid to do.

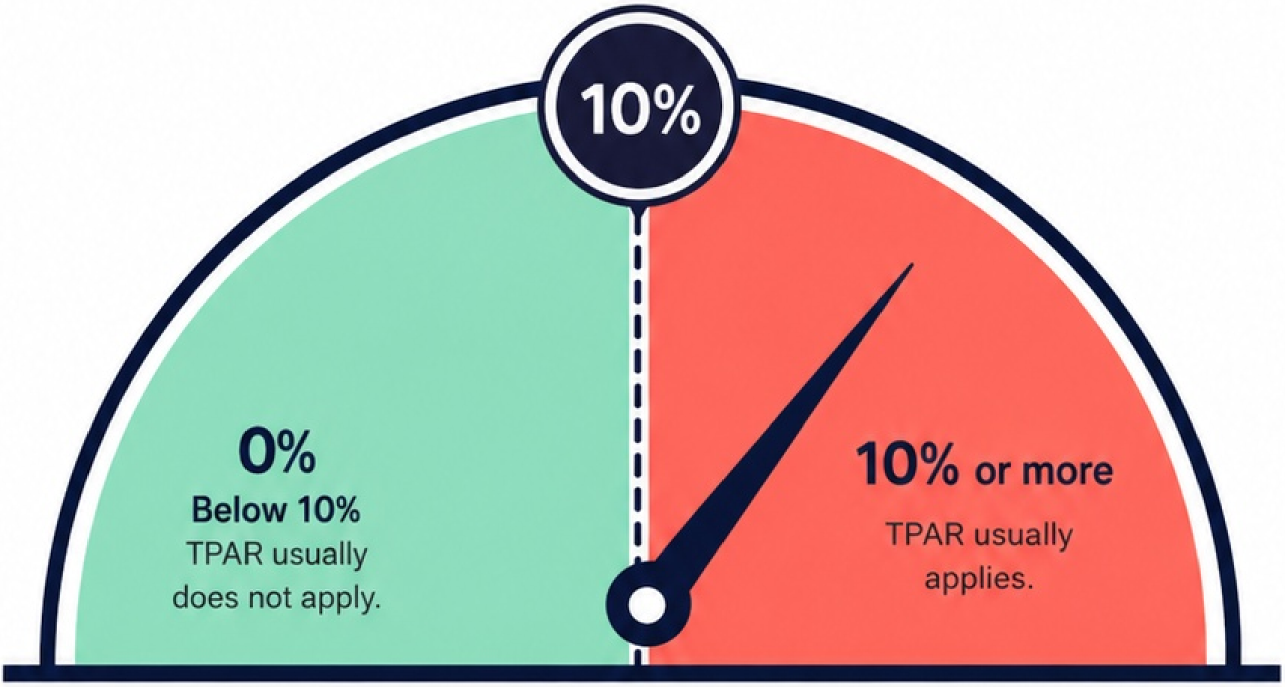
Government entities have extra rules

Federal, state, territory and local government entities generally report payments made for services. Federal, state and territory entities also report certain grants paid to people or organisations with an ABN. Some government entities are exempt.

Local government note: local government entities do not report grants.

The service-o-meter

For most covered services, TPAR only kicks in if that service is a meaningful slice of your business income.



10% threshold

If income from the covered service is **10% or more** of your business income, TPAR usually applies.

Most TPRS services

If covered service income is **10% or more** of business income and you paid contractors for that service, you generally lodge.

Building and construction

This has a different test. Broadly, if your business primarily operates in building and construction and pays contractors for those services, TPAR may apply.

Simple formula

Money received for the covered service divided by total business income, multiplied by 100. If it reaches 10%, check TPAR.

What gets reported?

Think of your TPAR like a contractor payment playlist. Only the right tracks belong on it.

Report these

- Payments to contractors for covered services
- The total payment amount if an invoice includes both labour and materials
- Payments made on or before 30 June
- ABN not quoted amounts, if reported in TPAR and not in another annual report

Usually leave these out

- Employees - use STP/PAYG channels instead
- Materials only
- Incidental labour
- Unpaid invoices at 30 June
- Labour hire arrangements
- Private or domestic payments
- Payments within the same consolidated group

Invoice tip: if the contractor invoice mixes labour and materials for a reportable service, the ATO says to report the total payment amount.

Mini stories that make it click

Same rules, less tax-speak. These examples show the thinking.

The pizza sprint

A takeaway shop charges delivery fees and uses contract drivers. If delivery income hits the threshold, TPAR may enter the chat.

The broom brigade

A cleaning agency uses contract cleaners for client jobs. Contractor payments for those cleaning jobs usually belong in TPAR.

The bug-fix squad

An IT business pays contractors to write client-specific software patches. Those contractor payments can be reportable.

The night watch owl

A security business pays contractors for monitoring or crowd control. If the service threshold is met, those payments may be reported.

What details do you need?

Good records are the antidote to the August scramble.

1 **Contractor name**
Business name or individual name

2 **Address**
The contractor's address

3 **ABN**
Check it matches your records

4 **Amount paid**
Gross amount including GST

5 **GST amount**
Total GST you paid them

6 **Tax withheld**
If ABN was not quoted

28 August

TPAR due date

Paper lodgments are no longer accepted after 28 August 2025. Use business software, Online services for business, Online services for individuals and sole traders, or a registered tax/BAS agent.

Need help with TPAR?

If you want help working out whether TPAR applies, we're here to help.

1. Website

www.fwpadvisory.com.au

2. Email

hello@fwpadvisory.com.au

3. Call

0475 219 534

4. Book an online meeting

Scan to book a meeting

Use your phone camera to open our calendar.

Best next step:
if you are unsure, get advice before 28 August.

Getting advice early can save stress, time and money.