

Statement by a supplier

(reason for not quoting an ABN to an enterprise)

The following information provides guidance on:

- ☒ pay as you go (PAYG) withholding from payments for supplies
- ☒ the requirements for quoting an Australian business number (ABN).

When you pay suppliers who provide goods or services to your business, those suppliers generally need to quote an ABN. They can quote their ABN on an invoice or some other document that relates to the goods and/or services they provide. If any supplier does not provide its ABN, you may need to withhold an amount from the payment for that supply. This is referred to as 'No ABN withholding'.

WITHHOLDING FROM PAYMENTS

Generally, you must withhold 46.5% of the total payment for a supply unless one of the following applies:

- ☒ you have an invoice or some other document relating to the supply on which the supplier's ABN is quoted
- ☒ the ABN of the supplier's agent is quoted (if the supply is made through the agent)
- ☒ one of the exceptions to withholding applies or the supplier is not entitled to an ABN.

You may also be required to withhold 46.5% from the payment if you have reasonable grounds to believe that the ABN quoted is invalid (for example, it belongs to another entity).

QUOTING AN ABN

A supplier must quote their ABN by the time the payment is made to prevent 46.5% of a payment being withheld. A supplier may quote their ABN on an invoice or other document relating to the supply.

Documents that an ABN may be quoted on include:

- ☒ invoices
- ☒ quotes
- ☒ renewal notices (such as for insurance or subscriptions)

- ☒ order forms
- ☒ receipts
- ☒ contracts or lease documents
- ☒ letterheads, emails or internet records (web pages)
- ☒ records of over-the-phone quotation of an ABN
- ☒ catalogues (and other promotional documents) the supplier produces.

You must keep this information with other records relating to the supply.

- You do not have to check if the ABN is valid. However, if you suspect that the ABN quoted does not belong to the supplier or the supplier's agent, you can check it by either:
- ☒ visiting www.abr.business.gov.au
 - ☒ phoning us on **13 72 26**, 24 hours a day, seven days a week.

WHEN IS WITHHOLDING NOT REQUIRED?

You do not have to withhold an amount from a payment if one of the following applies:

- ☒ the payer is not making the payment in the course of carrying on an enterprise in Australia
- ☒ the payment is \$75 or less, excluding any goods and services tax (GST)
- ☒ the supply that the payment relates to is wholly input-taxed
- ☒ the supplier is an individual and has given you a written statement that states the supply either
 - relates to a private recreational pursuit or hobby
 - is wholly of a private or domestic nature for that supplier.

However, you should withhold if you have reasonable grounds to believe that this statement is false or misleading. For example, the supplier is an individual aged under 18 years of age and the payment does not exceed \$350 a week.



You also should not withhold an amount from a payment if you are satisfied that one of the following applies:

- the supply is made by an individual or partnership without a reasonable expectation of profit or gain
- the supplier is not entitled to an ABN as they are not carrying on a business or enterprise in Australia
- the whole of the payment is exempt income for the supplier.

! If a supplier has applied for an ABN, they may ask you to hold back payment until the ABN has been obtained and quoted. This is a matter for you and the supplier to work out. However, unless one of the above exceptions applies, you must withhold 46.5% of the payment if it is made before an ABN is quoted. If you do not withhold from the payment, you may have to pay a penalty equal to the amount you should have withheld.

HOW DO YOU INFORM THE PAYER IF NO WITHHOLDING APPLIES?

As the payer, you may request a written statement from the supplier to justify not withholding if the supply either:

- relates to a private recreational pursuit or hobby – for example, a hobby artist receives a prize of \$100 in a shopping centre art show
- is wholly of a private or domestic nature for the supplier – for example, a home owner sells some personal furniture to a second hand store.

As a minimum, the statement should contain the following:

- the supplier's name and address
- why it was not necessary to withhold
- the supplier's signature.

We have developed a *Statement by a supplier* form that can be used for this purpose.

If you do not withhold because an exception applies, you should keep sufficient records to:

- identify the supply and the supplier
- justify the reason for not withholding.

You may choose to obtain a signed statement from the supplier containing the required information or use our form. If we conduct a review and find that the statement was incorrect, you won't be penalised if we believe it was reasonable for you to rely on the supplier's signed statement.

WHAT DO YOU NEED TO DO IF YOU ARE REQUIRED TO WITHHOLD?

If you are required to withhold an amount, you must:

- be registered for PAYG withholding – this can be done by phoning **13 28 66** between 8.00am and 6.00pm, Monday to Friday (you may already be registered if you are withholding from other payments, such as wages to employees)
- withhold 46.5% of the payment unless an exception applies
- report and pay the withheld amounts to us using your activity statement
- complete a *PAYG payment summary – withholding where ABN not quoted* (NAT 3283), providing a copy to the supplier at the time of payment or as soon as possible afterwards – suppliers can use the payment summary to claim a credit in their income tax return for the amount withheld
- keep a copy of the payment summary with your records
- complete a *PAYG withholding where ABN not quoted – annual report* (NAT 3448).

WHAT IF YOU DO NOT WITHHOLD WHEN YOU ARE REQUIRED TO?

You may be subject to penalties if you do not withhold an amount when required. The penalty will be equal to the amount that should have been withheld. It is an offence not to withhold and the payer may be prosecuted in appropriate cases.

➤ MORE INFORMATION

If you need more information about ABNs, you can:

- visit www.abr.gov.au
- phone us on **13 28 66** between 8.00am and 6.00pm, Monday to Friday
- speak to your tax adviser.

If you do not speak English well and need help from the ATO, phone the Translating and Interpreting Service on **13 14 50**.

If you are deaf, or have a hearing or speech impairment, phone the ATO through the National Relay Service (NRS) on the numbers listed below:

- TTY users, phone **13 36 77** and ask for the ATO number you need
- Speak and Listen (speech-to-speech relay) users, phone **1300 555 727** and ask for the ATO number you need
- internet relay users, connect to the NRS on www.relayservice.com.au and ask for the ATO number you need.

OUR COMMITMENT TO YOU

This publication was current at **May 2012**.



Statement by a supplier

Complete this statement if the following applies:

- you are an individual or a business
you have supplied goods or services to an other enterprise (the payer), and
you are not required to quote an Australia business number (ABN).

Payers must withhold 46.5% of the total payment it makes to you for a supply that you make as part of your enterprise you carry on in Australia, unless an ABN has been quoted or there is no need to quote an ABN.

HOW TO COMPLETE THE STATEMENT

- Print clearly in BLOCK LETTERS using a black pen only.
Use BLOCK LETTERS and print one character in each box.
Place X in all applicable boxes.

Grid for printing characters: S M / T H S T

Payers can check ABN records of suppliers by visiting www.abr.business.gov.au or phoning 13 72 26 24 hours a day, 7 days a week.

Section A: Supplier details

1 Your name?

Grid for entering name

2 Your address?

Grid for entering address, including Suburb/town, State/territory, and Postcode

3 Your reason/s for not quoting an ABN? Place X in the appropriate box/es.

- The payer is not making the payment in the course of carrying on an enterprise in Australia.
The supplier is an individual aged under 18 years and the payment does not exceed \$120 a week.
The payment does not exceed \$75, excluding any goods and services tax (GST).
The supply that the payment relates to is wholly input taxed.
The supplier is an individual and has given the payer a written statement to the effect that the supply is either:
made in the course or furtherance of an activity done as a private recreational pursuit or hobby, or
wholly of a private or domestic nature (from the supplier's perspective).
The supply is made by an individual or partnership without a reasonable expectation of profit or gain.
The supplier is not entitled to an ABN as they are not carrying on an enterprise in Australia.
The whole of the payment is exempt income for the supplier.

Section B: Declaration

Under pay as you go (PAYG) legislation and guidelines administered by the Tax Office, the named supplier is not quoting an ABN for the current and future supply of goods or services for the reason or reasons indicated.

Name of supplier (or authorised person)

Grid for entering name of supplier

Signature of supplier (or authorised person)

Large box for signature

Daytime phone number

Grid for entering phone number

Date

Grid for entering date (Day, Month, Year)

Penalties apply for deliberately making a false or misleading statement.

Do not send this statement to the Tax Office. Give the completed statement to any payer that you are supplying goods or services to. The payer must keep this document with other records relating to the supply for 5 years.