



University of
South Australia

Memorandum

To: Whom it may concern
From: **Kristian Thoroughgood, Tax Accountant**
Date: **11 Feb. 10**
Subject: Statement by a supplier (reason for not quoting an ABN)

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Dear Sir/Madam

Please find enclosed a 'Statement by a supplier' declaration form. If you or your organisation is unable to quote an Australian Business Number (ABN), please review, complete and sign this form. Please return the signed document to the University of South Australia (UniSA) staff member that has contacted you with this request.

The University requires this form as evidence of you or your organisation's reason for not quoting an ABN. If UniSA is not provided with either an ABN or a Statement by a supplier declaration, we are required by law to withhold 46.5% of your payment as 'No ABN PAYG Withholding Tax'. This withholding tax is then paid to the ATO.

Please note that UniSA will rely on the declaration you make within this form until we are advised that you have had a change in your status, or until we have reason to believe this declaration is no longer valid. It is the responsibility of the person or organisation making this declaration to advise UniSA of any changes in your status that affects the reason for not quoting an ABN, and failure to do so may result in a penalty from the Australian Taxation Office for making a false or misleading statement.

If you have any questions in regards to this requirement, please direct your questions to the UniSA staff member who has contacted you with this request.

Kristian Thoroughgood
Tax Accountant

Attachment: Statement by a Supplier

Statement by a supplier

(reason for not quoting an ABN to an enterprise)

PURPOSE

This fact sheet provides guidance on:

- pay as you go (PAYG) withholding from payments for supplies, and
- 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 their ABN, you may need to withhold an amount from the payment for that supply. This is sometimes referred to as 'No ABN withholding'.

WITHHOLDING FROM PAYMENTS

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

- 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), or
- 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 that payment being withheld. A supplier may quote their ABN on an invoice or other document relating to the supply.

Documents on which an ABN may be quoted 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 and/or
- 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 whether 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 or phoning the Tax Office on **13 72 26**, 24 hours a day, seven days a week.

WHEN WITHHOLDING IS NOT REQUIRED

You do not have to withhold an amount from a payment if:

- 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, or
- the supplier is an individual and has given you a written statement which says:
 - the supply relates to a private recreational pursuit or hobby, or
 - the supply 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.

- The supplier is an individual aged under 18 years and the payment does not exceed \$120 a week.



You also should not withhold an amount from a payment if you are satisfied that:

- 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, or
- 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.

INFORMING 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:

- relates to a private recreational pursuit or hobby
 - For example, a hobby artist receives a prize of \$100 in a shopping centre art show.

or

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

The Tax Office has developed a form, *Statement by a supplier*, which is attached to this fact sheet and 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, and
- 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.

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 the Tax Office 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).

IF YOU DO NOT WITHHOLD WHEN REQUIRED

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.ato.gov.au**
- phone the Tax Office on **13 28 66** between 8.00am and 6.00pm Monday to Friday, or
- speak to your tax adviser.

If you do not speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service on **13 14 50** for help with your call.

If you have a hearing or speech impairment and have access to appropriate TTY or modem equipment, phone **13 36 77**. If you do not have access to TTY or modem equipment, phone the Speech to Speech Relay Service on **1300 555 727**.

OUR COMMITMENT TO YOU

The information in this publication is current at April 2008.

