

ALERT

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Taxation Administration Regulations amended for the building and construction industry

The federal government has released an amendment to the *Taxation Administration Regulations 1976* (**Regulations**) that will affect the reporting requirements for businesses operating in the building and construction industry that purchase building and construction services.

Division 405 of Schedule 1 of the *Taxation Administration Act 1953* requires businesses purchasing goods and services listed in the Regulations to report quarterly on certain transactions.

The government has amended the Regulations to include the building and construction industry. This will require those who carry on a business primarily in the building and construction industry who purchase building and construction services, or a combination of goods and services, to produce a report to the Commissioner of Taxation (**Commissioner**) within 21 days after the end of each quarter.

A supply to a business purchaser in the building and construction industry incorporates the supply of a range of services and the

supply of a combination of goods and services. However, it will not include a supply of building and construction services where such supply is incidental to the supply of the goods.

Generally, a business purchaser will be taken to be carrying on a business primarily in the building and construction industry if 50 per cent or more of its income in a financial year is derived from providing or relates to, building and construction services.

A broad interpretation is given also to the term 'building and construction services', which includes asphaltting and demolition to fencing and decorating.

For the purposes of the Regulations, 'purchasers' will usually be builders and construction enterprises, including civil construction enterprises, which, if they meet the criteria, will be required to produce the quarterly report.

The new reporting requirements will commence on 1 July 2012 and must contain:

- a. the name and ABN of the suppliers;



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- b. total payments the business purchaser made to the supplier during the relevant quarter;
- c. the total invoices the business purchaser received from the supplier during the relevant quarter; and
- d. any other information the Commissioner specifies.

Accountants and purchasers of building and construction services that primarily operate a business in the construction industry should ensure adequate measures are in place to comply with the new reporting requirements from 1 July 2012.

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