



Australian Government
Australian Taxation Office

How to submit your PAYG withholding annual report electronically

These instructions provide information to enable payers to submit the following pay as you go (PAYG) withholding annual reports electronically:

- *PAYG withholding payment summary annual reports* and
- *PAYG withholding where ABN not quoted annual reports*.

These annual reports cover a financial year and contain details of relevant payments made to payees.



Tax file number declaration information can also be reported electronically. For more information, phone **13 28 66**.



www.ato.gov.au
Visit our website to access further information on pay as you go withholding.

OUR COMMITMENT TO YOU

The information in this publication is current at May 2005.

In the taxpayers' charter we commit to giving you information and advice you can rely on.

If you try to follow the information contained in our written general advice and publications, and in doing so you make an honest mistake, you won't be subject to a penalty. However, as well as the underpaid tax, we may ask you to pay a general interest charge.

We make every effort to ensure that this information and advice is accurate. If you follow our advice, which subsequently turns out to be incorrect, or our advice is misleading and you make a mistake as a result, you won't be subject to a penalty or a general interest charge although you'll be required to pay any underpaid tax.

If you feel this publication does not fully cover your circumstances, please seek help from the Tax Office or a professional adviser. Since we regularly revise our publications to take account of any changes to the law, you should make sure this edition is the latest. The easiest way to do this is by checking for a more recent version on our website at **www.ato.gov.au**

© COMMONWEALTH OF AUSTRALIA 2005

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Commonwealth available from the Department of Communications, Information Technology and the Arts. Requests and enquiries concerning reproduction and rights should be addressed to the Commonwealth Copyright Administration, Intellectual Property Branch, Department of Communications, Information Technology and the Arts, GPO Box 2154, Canberra ACT 2601 or posted at <http://www.ag.gov.au/cca>

PUBLISHED BY

Australian Taxation Office
Canberra
May 2005

CONTENTS

INTRODUCTION	2
<i>PAYG withholding payment summary annual reports</i>	2
<i>PAYG withholding where ABN not quoted annual reports</i>	2
SUBMITTING YOUR PAYG WITHHOLDING ANNUAL REPORTS ELECTRONICALLY	3
Supplier number	3
USING THE INTERNET TO SUBMIT YOUR ANNUAL REPORT ELECTRONICALLY	4
USING MAGNETIC MEDIA TO SUBMIT YOUR ANNUAL REPORT ELECTRONICALLY	5
Magnetic media	5
Magnetic media information forms	5
Labelling media	5
Sending magnetic media	5
Checking and return of magnetic media	5
COMPLIANT SOFTWARE	6
<i>PAYG withholding payment summary annual reports</i>	6
<i>PAYG withholding where ABN not quoted annual reports</i>	6
GENERAL ADVICE	7
Reloading backup copies of data	7
Errors and amendments	7
ELECTRONIC LODGMENT AND PAYMENT SUMMARIES	8
Printing payment summaries on plain paper	8
Electronic payment summaries	8
REMINDERS	9
MORE INFORMATION	9

INTRODUCTION

If you make payments to employees and other payees, you must withhold amounts from their pay and send the withheld amounts to the Tax Office. This process is called withholding and is done through the pay as you go (PAYG) withholding system. You may also be required to withhold from payments you make to suppliers if they do not quote an Australian business number (ABN). At the end of each financial year you are required to submit PAYG withholding annual reports detailing payments made and amounts withheld. These instructions outline how these annual reports can be submitted electronically.

PAYG WITHHOLDING PAYMENT SUMMARY ANNUAL REPORTS

If you have withheld amounts from wages, salaries, eligible termination payments (ETP) or other similar payments, you are required to submit a *PAYG withholding payment summary annual report* detailing all payments made and amounts withheld for the financial year. This annual report must be sent to the Tax Office by 14 August following the end of the financial year.

If you submit your annual report via the Electronic Commerce Interface (ECI), it will consist of the report generated by your compliant payroll software that you have saved to your hard drive, then sent via the ECI to the Tax Office.

If you submit your annual report via magnetic media, it will consist of the report generated by your compliant payroll software which has been transferred to a floppy disk, CD-ROM or other accepted media and forwarded to the Tax Office together with the relevant forms.

PAYG WITHHOLDING WHERE ABN NOT QUOTED ANNUAL REPORTS

If you have withheld amounts from payments to suppliers who did not quote an ABN you must submit a *PAYG withholding where ABN not quoted annual report* at the end of the financial year. This report is due by 31 October following the end of the financial year.

If you submit your annual report via ECI, it will consist of the report generated by your compliant software that you have saved to your hard drive, then sent via the ECI to the Tax Office.

If you submit your annual report via magnetic media, it will consist of the report generated by your compliant software which has been transferred to a floppy disk, CD-ROM or other accepted media and forwarded to the Tax Office together with the relevant forms.

SUBMITTING YOUR PAYG WITHHOLDING ANNUAL REPORTS ELECTRONICALLY

You can submit your PAYG withholding annual reports electronically if you, or your payroll bureau or tax agent, use software that complies with our specifications. See **compliant software** on page 6.

A Corporate External Gateway (CEG) User ID is used by some clients who electronically send information to the Tax Office. This is **not** required to submit your PAYG withholding annual reports electronically.

You can submit your annual reports via the internet or using magnetic media.

If you submit your annual reports electronically you **do not** have to send paper copies of payment summaries or a *PAYG payment summary statement* (NAT 3447) to the Tax Office.

SUPPLIER NUMBER

When you save PAYG withholding annual report information from your payroll software to your hard drive or magnetic media, you may be asked for a supplier number. This is either your ABN or withholding payer number (WPN).

You do not need to register with the Tax Office to submit your PAYG withholding annual reports electronically or obtain a special supplier number.

USING THE INTERNET TO SUBMIT YOUR ANNUAL REPORT ELECTRONICALLY

If you have access to the internet our ECI can be used at any time to securely submit your:

- *PAYG withholding payment summary annual report, or*
- *PAYG withholding where ABN not quoted annual report.*

The necessary software is available free of charge. Digital certificates as part of Public Key Infrastructure (PKI) technology are used to ensure the security and privacy of the information you submit. Additionally:

- data quality problems are identified before you send your information, and
- you will receive automatic acknowledgment, including a reference number, that your annual report has been successfully sent and received.

To use ECI you will need an ABN and compliant software. If you do not have an ABN you can apply at the Australian Business Register website at www.abr.gov.au

To get started, you need to:

- 1 register for the ECI at www.ato.gov.au/onlineservices
- 2 obtain a digital certificate – this will be issued once you register for the ECI, and
- 3 obtain and install the ECI client software – instructions will be provided once you receive your digital certificate.

Once the ECI software has been installed onto your computer and you have received your digital certificate you are ready to send your PAYG withholding annual reports to the Tax Office electronically.

At the end of the financial year, and after you have printed and supplied your payees with their payment summaries, you will run an end of year report from your payroll software. This report will be saved to your hard drive as an EMPDUPE file.

ECI will ask you to find this file. It will be checked for errors and, when validated, transferred to the Tax Office via the internet. A reference number will be given as a confirmation of our receipt of this file.

More information, including step by step instructions on lodging your PAYG withholding annual reports, is available at <http://eci.ato.gov.au>

DIGITAL CERTIFICATES

Digital certificates are only issued after the Tax Office has conducted rigorous identity checks that will positively identify you as a certificate holder on behalf of a business identity.

USING MAGNETIC MEDIA TO SUBMIT YOUR ANNUAL REPORT ELECTRONICALLY

MAGNETIC MEDIA

The Tax Office accepts the following media:

- IBM 3480, 18-Track Cartridge Tapes
- IBM 3490, 18-Track Compressed Cartridge Tapes
- IBM 3490E, 36-Track Cartridge Tapes
- IBM compatible 3.5 inch floppy disks, formatted to either 720KB (double density) or 1.44MB (high density)
- 100MB or 250MB ZIP disks
- CD-ROMs and DVDs, and
- 4mm DATs with a recording density of DDS1 (uncompressed) written in:
 - TAR format, or
 - NT Backup (version 3.51 or 4.0).

MAGNETIC MEDIA INFORMATION FORMS

You need to complete and attach an information form when sending a PAYG withholding annual report on magnetic media. An additional form is required if you are sending multiple files. Different forms are available for *PAYG withholding payment summary annual reports* and *PAYG withholding where ABN not quoted annual reports*.

➤ These forms can be:

- downloaded from our website at www.ato.gov.au by searching for the NAT number or form name, or
- obtained by fax by phoning **13 28 60** and using the form index number. All forms are one page plus header when sent by fax.

PAYG withholding payment summary annual reports

- The *magnetic media information form for payment summary annual reports* (NAT 8106) can be downloaded electronically or faxed to you (specify index 6797). This form must be completed and included with each dataset.
- The *magnetic media – multiple files form for payment summary annual reports* (NAT 8260) can be downloaded electronically or faxed to you (specify index 6798). This form is to be completed and included when more than one file is to be extracted from the media.

PAYG withholding where ABN not quoted annual reports

- The *magnetic media information form for PAYG withholding where ABN not quoted annual reports* (NAT 8247) can be downloaded electronically or faxed to you (specify index 6799). This form is to be completed and included with each dataset.

- The *magnetic media – multiple files form for PAYG withholding where ABN not quoted annual reports* (NAT 8249) can be downloaded electronically or faxed to you (specify index 6800). This form is to be completed and included when more than one file is to be extracted from the media.

LABELLING MEDIA

You should label each medium externally using your ABN or WPN, your address and the identifier you use on the magnetic media information forms. Ideally, the identifier should be six characters. If you are reporting on your own behalf, your details should be recorded on the form as the supplier of the media.

SENDING MAGNETIC MEDIA

Magnetic media is to be sent to the Tax Office's Magnetic Information Processing Services (MIPS) using the addresses provided below.

! There are different addresses for different types of media.

Mainframe cartridges and DATs

Securely pack your mainframe cartridges and DATs along with any required forms and clearly mark them 'DO NOT X-RAY' and send them to:

Magnetic Information Processing Services
Australian Taxation Office
567 Smollett Street
ALBURY NSW 2640

It is recommended you send these by courier to reduce the possibility of data corruption.

Disks, ZIP disks, CD-ROMs and DVDs

Pack disks, CD-ROMs and DVDs in a disk mailer or envelope with cardboard stiffener along with any required forms and send them to:

Magnetic Information Processing Services
Australian Taxation Office
PO Box 923
ALBURY NSW 2640

CHECKING AND RETURN OF MAGNETIC MEDIA

When magnetic media is received, a delivery receipt is forwarded to the sender. All media is processed and checked for compatibility and quality. Media with format errors will be returned to you for correction. Media with data quality problems will not be returned to you, however, you will be asked to provide replacement media with the required corrections.

COMPLIANT SOFTWARE

Our product register at www.ato.gov.au/rsf/business lists names of commercial software developers and their products that meet Tax Office specifications. If you have problems using the product register phone **1300 139 052**.

If you are using commercial payroll software you should register your details with the software developer so you receive upgrades in line with future changes to Tax Office specifications.

Specifications are available at www.ato.gov.au/rsf to assist with developing your own in-house software to allow you to submit annual reports electronically.

PAYG withholding payment summary annual reports

Your payroll software needs to be compliant with the *electronic reporting specification – pay as you go withholding (PAYGW) payment summary annual report* version 7.2 or later. Version 7.4 is the latest version. No other versions will be accepted.

PAYG withholding where ABN not quoted annual reports

If you use the ECI your software must conform to version 1.2 of the *electronic reporting specification – pay as you go withholding where ABN not quoted annual reports*.

If you use magnetic media your software must conform to version 1.1 or later of the *electronic reporting specification – pay as you go withholding where ABN not quoted annual reports*.

GENERAL ADVICE


RELOADING BACKUP COPIES OF DATA

If information you submit is rejected, or you wish to access data for a payee who has lost a payment summary, you may need to reload data. It is essential that you create a backup of your information. You should contact your software supplier or developer for assistance with backups.

ERRORS AND AMENDMENTS

Do not issue another payment summary if an error needs to be fixed after you have submitted your PAYG withholding annual report electronically. You must provide a letter detailing the necessary adjustments to the payee and send a copy of this letter to:

**Income Tax Withholding Variations – PSA
Australian Taxation Office
Locked Bag 1515
UPPER MT GRAVATT QLD 4122**

 Your letter to the payee must explain the reason for the adjustments.

Where a large number of amendments are involved you must provide a letter to each affected payee and send us an updated version of your PAYG withholding annual report. This updated report must include all information for:

- each payee that was in the original report and has not been amended, and
- those payees where the payment summary information has been amended.

This report should be sent by magnetic media. It should be clearly labelled as 'amended' and sent to:

**Magnetic Information Processing Services
Australian Taxation Office
PO Box 923
ALBURY NSW 2640**

ELECTRONIC LODGMENT AND PAYMENT SUMMARIES

PRINTING PAYMENT SUMMARIES ON PLAIN PAPER

If you submit your PAYG withholding annual report electronically you can self-print payment summaries on plain paper.

If you are going to print your payment summaries on plain paper, please contact us on **13 28 66**. We will then update our records so that you are not sent Tax Office payment summary stationery in the future. You only need to contact us the first time that you print payment summaries on plain paper.

You do not need to send written advice if you submit your PAYG withholding annual report electronically or are printing payment summaries on plain paper.

Self-printed payment summaries must comply with our *specifications for self-printing PAYG payment summaries* (version 1.0 or later). The latest version is 1.2.

Printed payment summaries must be of letter-quality print or laser printed so they are easily read.

If you are using commercial payroll software contact your software supplier or visit our product register at www.ato.gov.au/rsf/business to check if you can use your software to print payment summaries on plain paper. Phone **1300 139 052** if you have problems using this product register.

ELECTRONIC PAYMENT SUMMARIES

If you submit your PAYG withholding annual reports electronically, you can also provide your payees with electronic payment summaries.

An electronic payment summary is a non-editable data file transmitted to the payee via electronic means. The file must meet the requirements of the *specifications for self-printing PAYG payment summaries* (version 1.2). Each payee must be able to self-print their electronic payment summary.

There are currently four payment summary types that are able to be provided to payees electronically:

- *PAYG payment summary – individual non business* (NAT 0046)
- *PAYG payment summary – labour hire and other specified payments* (NAT 3282)
- *PAYG payment summary – voluntary agreement* (NAT 3223),
and
- *PAYG payment summary – personal services attributed income* (NAT 3446).

For more information refer to *PAYG withholding guide no 4 – providing payment summaries electronically* (NAT 9210).

REMINDERS

- Check that the correct ABN or WPN is used. The ABN will usually be the same one used when reporting your PAYG withholding on your activity statements. If your activity statement shows a tax file number, you will have been given a WPN. Phone **13 28 66** if you are unsure which number to use.
- Your *PAYG withholding payment summary annual report* needs to provide the details of all payment summaries (with the exception of payment summaries included in other PAYG withholding annual reports) issued to payees during the financial year.
- Create a backup copy of your PAYG withholding annual report as you must retain payment summary information for five years. The information may be stored electronically.
- Send your *PAYG withholding payment summary annual report* to the Tax Office by 14 August.
- Send your *PAYG withholding where ABN not quoted annual report* to the Tax Office by 31 October.
- Do not send paper copies of payment summaries to the Tax Office if you submit your annual report electronically.
- Send all magnetic media to MIPS along with the appropriate completed forms. Do not send your magnetic media to any other address.

MORE INFORMATION

If you have any questions or need more information on payment summaries or electronically lodging your *PAYG withholding payment summary annual report* or *PAYG withholding where ABN not quoted annual report*, you can:

- visit our website at **www.ato.gov.au**
- phone **13 28 66**, or
- obtain a fax by phoning **13 28 60**.

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**.

