

Your reference [Their Reference]
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General Manager
Small Business Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

14 August 2015

Dear Sir/Madam

Re: ATO Third Party Reporting

In relation to the ATO recent discussion paper regarding Third Party Reporting, Ipswich City Council has identified the following issues in regards to the matters raised in the discussion paper.

- The term 'non-cash benefits' is a very broad term. Clarification is required to define what type of non-cash benefits need to be reported. Non-cash benefits including in-kind transactions are difficult to record as our system has not been designed to capture these transactions. We rely on manual processes to track in-kind transactions.
- Clarification is requested for the meaning of 'incidental' with relation to the services reporting exclusion where reporting on service payments are excluded that are incidental to the purchase of goods. The following scenarios illustrate where clarification is necessary.
 - The purchase of an air-conditioning unit includes the costs to purchase, deliver and install the unit. The delivery and the installation would require the payment for services. The delivery cost is small in comparison to the unit purchase however the installation is not. Are both the services to deliver and install the air-conditioning unit incidental to the goods purchased?
 - The construction of a bridge includes payments for materials, goods and services to complete the final product. Are the services provided to construct the bridge incidental to the final product or good?

- There may be a requirement to include the dates of birth for payees. Please clarify whether a date of birth is required when the payee is a non-individual entity. The collection of birth dates will be cumbersome adding costs and administration burdens and the need to record and securely store the information. Disclaimers would be required to notify the payee of the use of the information and legal advice may be needed to ensure that privacy and other legislative requirements are considered.
- Further clarification is required to define the meaning of a grant. Payments are made for contributions, donations, bursaries and gifts all of which could be considered a grant from a certain point of view. There are also in-kind transactions that may be considered an alternative form of grant.
- Please provide further clarity around the non-reporting status of income-tax exempt payments. Will payments to income tax exempt payees be non-reportable, for example a payment to another Local Council?
- Reporting for amounts invoiced but not yet paid indicates that reports are based on a cash basis for a financial year. Non-cash benefits like 'swap arrangements, reciprocal transfers or in-kind grants' can be agreements that span over a number of financial years until the obligation is complete. Clarification is required for services relating to these types of non-cash benefits to be reported using a stage of completion method which is in line with accrual accounting.

Yours sincerely



Dianne Smith
Acting Chief Financial Officer