Institute of Certified Bookkeepers
Making you Count

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Bookkeepers helping Bookkeepers help Business

May 2016

News, views and things you need to know.

Welcome to the ICB's May 2016 Newsletter for Bookkeepers.

Web Version

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In this month's Members Newsletter you will find the following additional information:

Best Practice Bookkeeping

- Bookkeepers End of Year Project Plan and Timeline
- What is a Going Concern?
- Business Information Sheet - What it Means to be a Certified Bookkeepers

Continued Professional Education

- ICB Technical Webinar - End of Year Payroll
- ICB Technical Webinar - End of Year BAS
- ICB Technical Webinar - End of Year Financials and Accountants

From the ICB

- May 2016 eBrief, Customisable Newsletter for your Clients

Products and Solutions

- Workforce Guardian - Three Common Mistakes Employers Make and How to Fix Them

Important News for You

Last Chance to Register - June End of Year Workshops

Don't forget to reserve your spot for this year June End of Year Workshops being help across the country in 4 locations. These half day workshops are designed to guide students and new bookkeepers in the critical processes and lodgements for End of Year bookkeeping.

Click here to avoid disappointment and secure your spot.

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ICB Report on the 2016 Federal Budget for Bookkeepers

Remember that this is all proposed by a government that has said they will call an election pretty much immediately. Therefore nothing is likely to become law before an election.

Bookkeeper Issues

- More business get the $20,000 instant asset write off
- More businesses get the depreciation pooling system
- More business are eligible for the PAYG instalment system
- More businesses are allowed to report GST on a cash basis or GST instalment system
- Superannuation contribution cap to be $25,000
- Simpler BAS, i.e. G1, 1A and 1B reporting **only** (trial system)
- GST on **all** imports of goods
- eInvoicing has been supported
- Small business definition has changed to less than $10m turnover.

PAYG Withholding Rates will Change

Because personal tax rates are changing then tax tables for payroll withholdings will change. Medicare has a threshold change and the low income tax offsets change, meaning payroll withholding rates change.

Your Personal Tax Rate

A shift in one of the thresholds from $80,000 up to $87,000 before the 37% rate applies. (Sorry cynicism kicks in the maximum effect of this change is 4.5% of $7,000 = $315).

The Medicare Levy doesn't kick in until $21,335 of income.

Sole Traders (Including Contract Bookkeepers) Tax Rebate

The $1,000 small business tax rebate still exists but with an increased calculation. Note it is still only up to $1,000 (less tax). Talk to your tax agent to ensure you claim what you can. For incorporated businesses, see below for "Business Tax Rates".

SME Now Defined as Anyone with Turnover Less Than $10m

This gives a greater number of businesses, (estimated at about 100,000 more businesses), access to the small business tax concessions.

- Simplified depreciation (pooling)
- Write off assets up to the value of $20,000 until 30 June 2017
- Simplified method of PAYG instalments
- Cash basis for GST reporting allowed, or pay GST instalment system
- FBT exemptions

$20,000 Asset Write Off

This measure still expires on 30 June 2017, but for the next year it will extend to business with up to $10m turnover.

Superannuation Concessional Contributions Caps

The concessional contributions limits are to be reduced to a flat $25,000 per year from 1 July 2017; currently the threshold ranges between $30,000 and $35,000 based on your age. In addition, the extra tax rate of 30% that applies to contributions by those with incomes of over $300,000 will now apply to those with incomes of more than $250,000.

This includes employer contributions to super. If an employee is receiving SGC of over $25,000, their superfund may be taxed more, (30% instead of 15%), and they will be taxed at their personal marginal rate.

An individual pays their marginal rate with a rebate of the excess paid by the fund. Speak to your tax agents or financial planner if this applies to you. As bookkeepers we need to raise questions if an individual's super contributions, (SGC, salary sacrifice and any other employer contributions), exceed $25,000 in a year.

However, if in one financial year the person doesn't pay the maximum amount, then the portion of the cap threshold not used last year can be used within the next 5 years from 1 July 2017.

Example (from Thomson Reuters)

Cassandra is a 46-year-old earning $100,000 per year. She has a superannuation balance of $400,000. In 2017-18, Cassandra has total concessional contributions of $10,000. In 2018-19, Cassandra has the ability to contribute $40,000 into superannuation of which $25,000 is the amount allowed under the annual concessional cap and $15,000 is her unused amount from 2017-18 which has been carried forward.

The full $40,000 will be taxed at 15% in the superannuation fund. Prior to the changes, her amounts in excess of the annual cap would have been subject to tax at her marginal rate, resulting in a $3,600 tax liability.

Super Tax Deduction for Yourself

If you are a sole trader, i.e. not a company, you will be able to get a tax deduction up to the $25,000 cap as if you were employed.

GST on Imports

The government will now require overseas suppliers who sell more than $75,000 worth of goods in Australia to register for GST. While increasing tax revenue, this will also potentially increase the price of low-value goods bought through international eBay stores and the like.

GST on Low Value Goods

From 1 July 2017 GST will be applied to imports of all low value goods, (currently goods below $1,000 value are ignored), but it is a vendor registration scheme. That is, the overseas supplier must register with the Australian government and apply GST and issue a tax invoice indicating the application of GST.

Cash Basis Reporting

From 1 July 2016, because of the new definition of "Small Business" there will be more businesses able to report on a cash basis for GST. Presumably the ATO will therefore allow existing accrual reporters to revert to the Cash basis of reporting. Watch this space for details.

Digital Currencies

It appears current government policy applies GST twice to bitcoin and similar transactions. This is under review.

Dob in a Crook

As from 1 July 2018, (goodness knows why we have to wait until then), the Government will introduce "protection for tax whistle blowers" to better protect individuals who disclose information to the ATO about tax avoidance behaviour and other tax issues. This will help in shielding the identity and protecting the individual from victimisation and also from civil and criminal action for disclosing information to the ATO.

Business Tax Rates

- SME with turnover of less than $2m receive a tax rate cut of 1% down to 27.5%
- SME with turnover of between $2m to $10m receive a tax cut of 2.5% down to 27.5%

Note the $10m turnover is a recurring theme.

Also note that for this tax rate cut purpose the application of the lower rate will soon apply to companies with greater turnover.
- Turnover level increases to $25m in 2017-18
- Then $50m in 2018-19
- Then $100m in 2019-20

There are promises of these tax rate cuts then expanding to all companies and then a future rate cut to 25%.

Government says CyberSecurity is Important

The budget allows for $195m to deliver a comprehensive cyber security strategy.

- $47m Joint Cyber Threat Centre
- $21.5m Computer Emergency Response Team
- $51m in public-private partnerships protecting Commonwealth systems
- $36.4m for Federal police (over 4 years)
- $16m Crime Commission

Other Matters

- For the youth training and employment internship program, "Young Jobs PaTH" (Prepare, Trial, Hire), Government will provide an Income Support Payment of $200 per fortnight
- $500,000 lifetime cap on non-concessional superannuation contributions
- Low Income Superannuation Co-Contribution remains unchanged at $500
- Heap of funding changes for government programs
- Tobacco excise goes up
- Public servant job cuts to save $1.4billion over 3 years

Summary for Impact on you the Bookkeeper and Your Business Clients

- Change in PAYG Withholding rates from 1 July 2016
- Watch the amount of super being paid for all employees
- More assets able to be written off immediately
- More business able to report GST on a cash basis
- GST on imports – presumably little impact as it will need to be shown on the document
- Simpler BAS seems to be on its way
- eInvoicing seems to be on its way

References

- Budget.gov.au
- ICB - Federal Budget 2016 for Bookkeepers

Acknowledgement to Thomson Reuters, MYOB and Treasury for input into this information.

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Threshold Updates 2016-2017

Superannuation

- Superannuation Guarantee Contribution remains at 9.5% until 2021.
- Proposed changes to super contribution caps:
    - Non-concessional contribution cap to change from $180,000 per annum, or three year cap of $540,000, to a lifetime cap of $500,000.
    - Individuals with a superannuation balance of less than $500,000 will be allowed to make additional concessional contributions for unused cap amounts. The portion of the cap threshold not used in the previous year can be used within the next five years from 1 July 2017.
    - No change this year to concessional contributions general cap for those aged 49 or under: $30,000; however this is set to reduce to $25,000 from 1 July 2017.
    - No change to concessional contribution cap for those aged over 49 years on 30 June: $35,000.
    - Higher rate of tax on concessional contributions for those with combined income of greater than $250,000.
- Superannuation maximum contribution base will increase from $50,810 per quarter to $51,620 per quarter from 1 July 2016.

- Government co-contributions: full contribution of $500 up to $36,021 per annum; pro-rata up to $51,021 at which point it cuts off. Proposed changes will end this system on 30 June 2017 and convert the co-contribution to a Low Income Superannuation Tax Offset up to a cap of $500.
- Proposed change to the work test for individuals aged 65 to 74 - only those over 75 will have to complete a work test from 1 July 2017.

Termination Payments

- Lump sum A continues to be taxed at 32%.
- No change to ETP concessional tax of 32% if the employee is under the preservation age, (currently age 55), and 17% for employees who have reached preservation age. Where the ETP has exceeded the concessional tax threshold the excess will be taxed at the top marginal rate of 49%.
- Lump Sum D Threshold will increase to $9,936 plus $4,969 for each completed year of service from 01/07/2016.
- ETP cap threshold remains at $195,000 from 01/07/2016. The whole of income cap remains at $180,000 as this is a non-indexed figure.

Tax Rates

- Note it is proposed that SME threshold will increase from turnover of up to $2 million to turnover of up to $10 million from 1 July 2016.
- From this date, company tax rate for SMEs up to $10 million will be 27.5%.
- The top marginal tax rate is 45% + 2% Medicare levy + 2% Temporary Budget Repair levy (this levy remains in place until 30 June 2017).
- Tax scales - proposed new personal tax rates for 2016-2017:

Taxable income	Tax payable
$0 – $18,200	Nil
$18,201 - $37,000	Nil + 19% of excess over $18,201
$37,001 - $87,000	$3,572 + 32.5% of excess over $37,001
$87,001 - $180,000	$19,822 + 37% of excess over $87,001
$180,000+	$54,232 + 47% of excess over $180,001

- HELP Repayment Thresholds and Rates 2016-2017 remain the same:

Repayment Income	Repayment Rate
Below $54,126	Nil
$54,126 - $60,292	4.0%
$60,293 - $66,456	4.5%
$66,457 - $69,949	5.0%
$69,950 - $75,190	5.5%
$75,191 - $81,432	6.0%
$81,433 - $85,718	6.5%
$85,719 - $94,331	7.0%
$94,332 - $100,519	7.5%
$100,520 and above	8.0%

Other Threshold and Rate Changes

- Cents per kilometre rate remains at 66 cents for business kilometres.
- FBT rate remains the same at 49%; gross up rates also remain the same:
  Type 1 (including GST) = 2.1463, Type 2 (no GST) = 1.9608.
- ATO statutory interest rates for FBT loans from 01/04/2016 remains at 5.65%.
- Cents per km basis for calculating FBT from 1 April 2016:

Engine Capacity	Rate per Kilometre
0 - 2500cc	52 cents
Over 2500cc	63 cents
Motorcycles	16 cents

- Sole-trader business income from unincorporated business with a turnover of less than $10 million will be eligible for a discount of 5% on the income tax payable. This will be capped at $1,000 per individual per financial year and will be provided by means of a tax offset after completing the tax return.
- Victorian payroll tax threshold will progressively rise by $25,000 a year over the next four financial years. The new registration threshold from 1 July 2016 will rise from the current amount of $550,000 to $575,000.

Changes Not Yet Announced

- LAFHA - new rates not yet announced.
- Luxury Tax / Fuel Efficient Car Limit/Vehicle GST limit for 2017 FY - not yet announced.
- Reasonable travel and overtime meal allowance - will be issued late June or July.
- No change to other payroll tax rates announced as yet.

References

- Australian Government Budget 2016-2017
- ICB - ICB's Budget for Bookkeepers
- ICB - End of Year Resources
- ATO - Key Superannuation Rates and Thresholds

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Reduce the Risk of a Cyber Crime Attack on You

ICB is a member of the ATO Cyber Security Working Group. Its aim is to enhance the security aspects of all those dealing with the ATO especially in respect to software.

Figure 1: Core functions and factors involved in a cyber-resilience framework

Every year we see incidents where individuals and businesses become victims of identity fraud. Criminals may lodge fraudulent returns and obtain fraudulent refunds by accessing your own and your clients' information.

To reduce the risk of fraud in your practice:

- **Check the proof of identity** for all new clients and question discrepancies before you prepare and lodge their returns
- **Ensure your computer security systems are up to date** and you are protected against cyber attacks
- **Talk to your clients and staff** about the importance of keeping personal information secure (including user IDs and passwords)
  - **Use unique Passwords for each staff member**
- **report the loss or theft** of a TFN, ABN, AUSkey or any other client data without delay.

Criminals may also send you or your clients fraudulent communications that claim to be from the ATO. Find out how to verify or report a scam.

See also:

- Reducing the risk of fraud in your practice
- SCAMwatch - recognise scams and protect your practice
- Report cybercrime to ACORN

If your identity has been compromised or your system has compromised the identity of others refer to resources available at www.idcare.org.

What questions do you have or what guidance do you require in relation to the prevention of cyber fraud?

The ATO is seeking to hold workshops with members of tax professional associations regarding cyber security prevention and response strategies.

At this workshop they hope to gain input from participating tax professionals on the following:

- Level of awareness and concern related to cyber security
- Business impacts of setting cyber security protection expectations
- What expectations would be feasible
- How do we build a culture of early engagement when a data breach occurs
- Methods of responding to data breaches and incident management best practice

From this discussion they will draft a list of minimum cyber security standards for tax professionals and proposed data breach notification and response principles.

Interested members should raise their availability to be involved during June with Matthew@icb.org.au.

Further Information Extracted from the ASIC Cyber Resilience Health Check (Report 429)

If you are game the full report is available at ASIC - Cyber Resilience Heath Check Report.

The National Institute of Standards and Technology (NIST) Cybersecurity Framework Core is a set of activities to achieve specific cyber security outcomes, established through five concurrent and continuous functions:

- Identify
- Protect
- Detect
- Respond
- Recover

Related References

- IDCare – National Identity Support Service
- ASIC - Cyber Security Report
- ATO - Reduce the Risk of Fraud
- ICB - Security and Privacy

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SuperStream FAQs

Question - Does the contribution payment and message need to be sent on the same day?

Answer - Yes. You're required by law to send the payment and message on the same day.

Question - What is a USI?

Answer - A unique superannuation identifier - or USI - identifies the specific super product for an employee contribution. All super funds must have at least one USI.

Question - What if I don't have an ABN?

Answer - If you're eligible for an ABN you should register for one at www.abr.gov.au.

If you're not entitled to an ABN but have a withholding payer number (WPN), you can use your WPN instead.

Question - I already pay super contributions using EFT or BPAY - am I SuperStream compliant?

Answer - Not necessarily. Even though you are already paying electronically, you may not be sending the fund the information about the contribution required under SuperStream. The contribution information linked with each payment for each employee tells the fund exactly how to allocate the contribution.

Question - Are there any exemptions?

Answer - There are no general exemptions for SuperStream.

You don't need to use SuperStream for:

- contributions to your own self-managed super fund (SMSF) (i.e., if you're a related-party employer - for example, if you're an employee of your family business and your SGC go to your SMSF)
- personal contributions - for example, if you're a sole trader and you contribute to a super fund for yourself.

Question - Do I have to use a clearing house?

Answer - No. A clearing house is just one of the options available to an employer to meet their SuperStream obligations.

Other options to use are payroll software, your default fund or pay directly to each fund as long as you pay electronically.

Question - What if I don't get the information I need from employees with a SMSF?

Answer - After providing the employee a reasonable time to provide the SMSF fund, advise that you will redirect the employee super contributions to the default fund. Provide a super choice form and return it 28 days.

References

- ATO - SuperStream Frequently Asked Questions
- ICB - SuperStream

Support if Your Identity is Stolen

Idcare is an organisation that provides support for Australians and New Zealanders who have had their identity stolen. Specialised staff provide practical information and assistance to reduce the harm experienced from misuse of personal information.

If you have a client that has a high risk of their own or their customers' information being compromised or stolen, idcare offers membership for organisations to help them understand, prevent and deal with the situation.

Resources

- Idcare
- Idcare Membership

Single Touch Payroll Update

Status

- It is still happening
- The ATO has listened to and is continuing to listen to feedback
- Nothing drastic or new to report
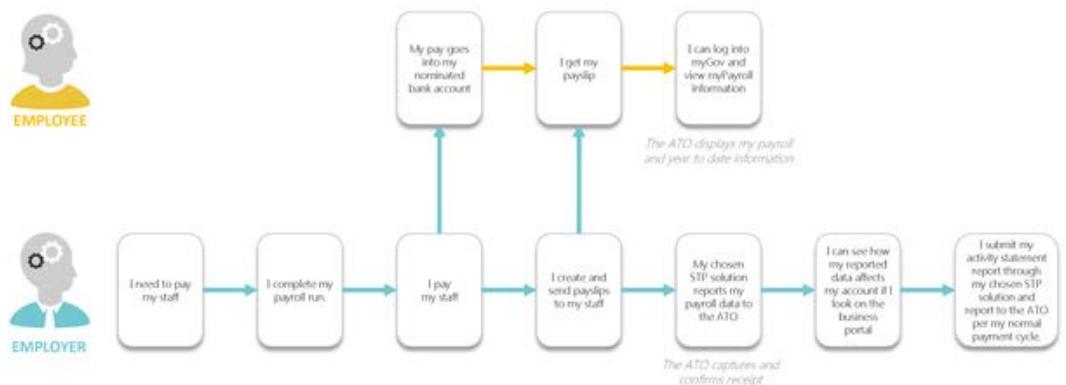- With the calling of the election, policy design is pretty much on hold

Current Plans

- High level design is being discussed (again), see "ATO Journey Maps"
- Business process pilot program will be conducted early 2017
- Software companies are being engaged and consulted to develop implementation plans

What Is It (At the Moment)?

1. Digital solutions to improve the:
   - TFN Declaration process
   - SuperChoice process
   - Other employer processes for new employees
2. Option for an employee to use a function of myGov to provide info to employer
3. Option for employer's payroll software to interact with government for new employees
4. Plan is that an employer will constantly provide up-to-date payroll information to government (details yet to be decided)
   - Each payslip - copy sent digitally to government
   - Includes ongoing super guarantee information
   - Data will be year-to-date payroll amounts - removing any need to fix past information
5. Plan is for a new "pay year is final" process to replace current payment summary
6. Possible that the RESC and RFBT reporting may be separated from the "pay year is final" process
7. Investigating how government can best receive confirmation that super has been **paid**
8. Providing **options** for employers to pay PAYGW or SGC earlier (certainly not required to pay any earlier than now)
9. Thoughts that the ATO will prefill the PAYG W fields on a BAS: W1 to W4
10. Developing how ATO will approach its compliance activity
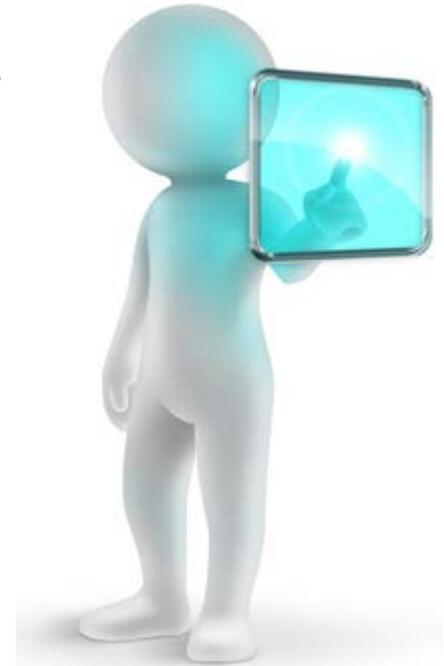
What It Is Not

- No reduction in employer obligations
- No reduction in paperwork
- No change to SGC obligations
- No removal of payment summaries (employees are still going to want them), despite what the government keep saying in their paperwork

When?

- Employers with more than 19 employees proposed July 2018 start
- Others - to be determined but in reality as soon as the software is ready

Why?

- Government position: it will result in less red tape, deregulation - we don't see it
- This project should result in a relatively low impact (to employers) method of helping the Government improve its compliance activity
- To catch the crooks
  - Employers not withholding or not paying will be followed up sooner
  - Employers not paying super will be followed up sooner
  - Level the playing field - compliant employers will now compete fairly with the previously non-compliant employers

ICB View

We believe that Single Touch Payroll should be implemented through the use of business payroll software in the first instance and through the government providing access to simply report the same information for employers who don't have software or internet access. We believe that most payroll software should be able to easily send the information to government.

STP should be designed to recognise that employers, and their bookkeepers, spend considerable time fixing employee data (incorrect superfund information, incorrect TFN declaration information and so on). The new process **must** allow employers to fix incorrect employee information.

STP should also be designed so that the business's own records remain the source of truth i.e., the ATO records are simply a submission of the current information from the employer's payroll system; it should not be a second ledger that has to be reconciled.

ATO therefore gets a new set of information each submission that replaces previous information submitted. Any adjustments are simply picked up from the next submission and do not have to be separately reported.

We believe that the combining of the SuperChoice form and the TFN declaration into one computerised process should be an efficiency benefit for employers. The proposed computerised interaction of an employee's existing funds with the SuperChoice form is a good win.

We would like to see the ATO redesign their compliance approach to work with employers on a program that allows for the first interaction to be understanding and forgiving. We hope the ATO will recognise that most employers are working hard to be totally compliant and if the ATO have a question, ask 'soft approach' questions before creating unnecessary compliance work for the employer who is already trying to be compliant.

We believe that government's involvement in receiving the data on a regular basis can **only** be justified if they actually take prompt action against the non-compliant employers. There is very little other benefit. There is currently **no** reduction to the regulatory burden on employers.

Best Practice Bookkeeping

GST Groups and Branches

GST Groups

The ATO provides two scenarios where business entities can group together for GST purposes. The two options are either forming a Group or a Branch.

With GST groups, two or more related entities are able to group together and operate as a single business for GST purposes even though they may have different ABN numbers. Specific criteria has to be met by the entities prior to being approved by the ATO.

Entities that can be involved in a group are:

- Companies
- Partnerships and Trusts with common ownership or membership
- Individuals or family members of individuals associated with the above entities

However, a group cannot solely exist of individuals.

Eligibility of Forming a Group

To be eligible to form a group you have to meet the ATO's membership criteria and each member has to satisfy that criteria as listed below:

- All must be registered for GST
- Tax periods must be the same for all group members
- GST accounting method must be the same for all members - cash or accrual
- Cannot be a member of another group
- Cannot have a GST Branch
- Any specific requirements or regulations of the entity must satisfied

The group is required to nominate an entity for the ATO. This entity is responsible for completing and lodging the BAS for the entire group and ensuring any adjustments are reported. The nominated entity must also notify the ATO if any of the following occurs:

- Group member added or removed
- The nominated entity is changed
- The group is cancelled

Benefits of a Group

There are benefits to forming a group in regards to GST and BAS lodgements:

- Group treated as one entity for GST reporting, therefore only one BAS lodged for the group
- Transactions between groups do not incur GST and are not reportable on the BAS. Therefore tax invoices do not have to be issued between members of the group. This means there is no liability to pay or claim GST from members of the group.
- One entity is responsible for managing the GST of the group so there may be a reduction in administration and cash flow costs if managed properly.

Notifying the ATO of Forming a Group

You can't just form a group without notifying the ATO of your intent. The ATO has a specific form that you need to use for notification. This form is also used for notification of changes within the group such as:

- Adding a group member
- Removing a group member
- Changing the nominated entity of the group
- Cancelling a group all together
- Advise cessation of **all** group members tax periods for the same date if an entity becomes incapacitated

The form you need to use is the NAT 2952 as per sample below:

Determining the GST Turnover of the Group

There are GST thresholds to be met to help determine the accounting method of the group and for reporting purposes. These are based on the turnover of the group as a whole. When determining the group's turnover, the nominated entity must work it out over the entire group by adding all entities' turnover together, **except** for sales made from one group member to another.

Bookkeeping Process for Groups
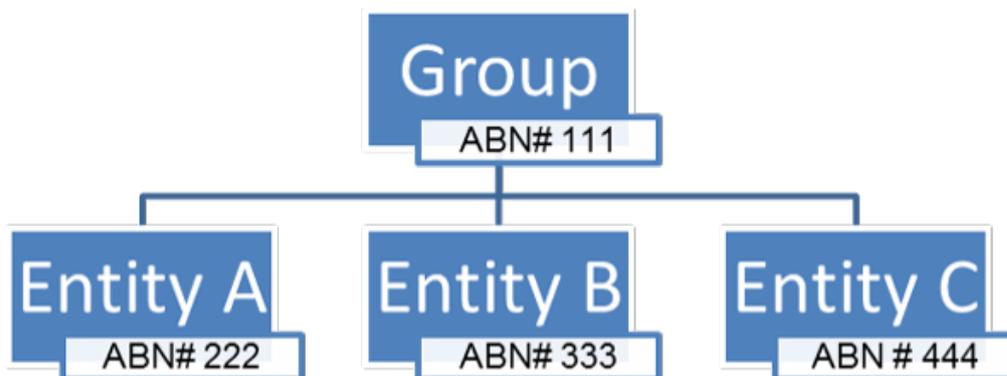
If you are the bookkeeper taking care of a group, it would be beneficial to set up a separate income account to allow you to quickly access the figures that need to be left out of the turnover figure, or use a specific tax code to differentiate these transactions.

Setup of Accounting File

Each member of the group will have their own data file to record their own activities. This may even be a different software to other group members.

Bookkeeping and BAS Preparation

- Bookkeeping and BAS work is carried out separately within each entity's accounts as per usual.
- Any invoicing between the groups needs to be shown in the GST free sales and purchases area of the BAS, as GST does not apply.
- If you are not the bookkeeper or BAS Agent for all groups it needs to be determined who will be responsible for the lodgement of the group BAS.
- It's important to have processes in place for receipt of all entities' BAS information by an agreed date so the nominated BAS agent is able to complete the group's BAS.
- All BAS fields from each entity need to be added together and lodged as an individual figure. Suggest using an excel spreadsheet to do this and for keeping of the records.
- The nominated entity of the group then needs to have access to all the reports and the final BAS so s/he is able to authorise the lodgement.
- Ensure you have the usual authorities from the nominated entity prior to lodgement.
- Lodge the BAS once approved.
- Ensure all group members receive a copy of the group BAS that has been lodged for their own records, with a breakdown of each entity's liability amounts.

Allocation of the Payment

The nominated entity is responsible for paying the BAS and therefore will pay the full value. This entity needs to receive reimbursement from the other group members for their portion of the BAS liability.

- Set up an asset account within the nominated entity's file for each group member's liability owing

Example

Total BAS owed to the ATO for the whole group: $65,000
Entity A: $25,000 (nominated entity for reporting to ATO)
Entity B: $10,000
Entity C: $30,000

Payment Allocation Nominated Entity A

Details	Account	Debit	Credit	Tax Code
Payment from Bank Entity A	Asset-Bank		$65,000	No Tax
Entity A Liability - Nominated Entity	Liability Entity A Owing	$25,000		
Entity B Liability	Liability Entity B Owing	$10,000		
Entity C Liability	Liability Entity C Owing	$30,000		

Payment From Entity B to Entity A

Allocation by other entities for payment to Group A would be from their BAS liability account.

Details	Account	Debit	Credit	Tax Code
Payment from Entity B Bank to Entity A	Asset-Bank		$10,000	No Tax
Entity B Liability	Liability Group B Owing	$10,000		

GST Branches

A GST branch is where a business entity separately registers different structures or businesses under its own ABN to enable them to report and act as an individual entity for reporting purposes. When a branch is registered with the ATO a unique code is given to the branch to differentiate them from the main entity; this is the main entity's ABN, usually with 3 digits added on to identify the branch number. The branch is effectively its own entity for GST reporting.

- GST is payable on any sales, including those to the parent entity
- GST is payable between the branches
- GST is claimable on both sales and purchases

GST turnover is measured across the whole entity. An individual branch may not reach the threshold for registration on its own, but because the entity as a whole reaches the threshold and the main entity is registered, then each branch must submit a BAS. As with GST groups, the type of registration applies to all the branches, as does the reporting periods. A BAS needs to be lodged for each tax period for each branch.

The parent entity is ultimately responsible for the lodgements but the branches do the lodgements themselves. If a branch fails to lodge and / or pay a BAS, then the main entity would be liable. However, as it would generally be the same owner or bookkeeper looking after each BAS, this is unlikely to be an issue. The tax return is prepared for the whole entity.

Example of a Branch and Entities

A family trust has three trading businesses under its ABN – Bookkeeping, Electrical Services and Lawn Mowing. All run their own business in their own right, operated by different members of the family. Each of the businesses has a branch number enabling them to act separately from the main entity for GST reporting and lodging.

Eligibility for Registering a GST Branch

An entity is usually able to register a branch if it meets the following criteria:

- The branch has an independent system of accounting. The branch cannot be running out of the main entity's accounting as a separate code within those books. It needs to be totally separate.
- The branch can be identified separately either due to the type of activity it does or the location of the branch.
- An enterprise is carried on through the branch.
- The entity registering the branch cannot be a member of any GST groups.

Benefits of a Branch

There are benefits of registering a branch from a business perspective.

- Allows singular reporting to the ATO at BAS time on multiple businesses under the umbrella of the one ABN.
- Gives easy access to reporting on individual businesses under the ABN which can be helpful for many reasons especially when selling a business.
- Once you have registered for branch, the entities must be kept separate.

Note that branches are useful for reporting and tracking purposes, however, because it is a single ABN, these businesses could in fact be managed under the one data file using categories and so on.

Registration of a GST Branch

The main business can register as many branches as they need, providing the criteria above are met.

To register a branch a business will need to complete a NAT 14834 form application to register GST or PAYG withholding branch as per sample below.

Australian Government
Australian Taxation Office

Application to register a GST or PAYG withholding branch

WHEN TO USE THIS FORM
You can use this form to:
- create a goods and services tax (GST) branch
  – complete sections A, B, C, D, E, G and H
- create a pay as you go (PAYG) withholding branch
  – complete sections A, B, C, D, F and H
- add a GST role to an existing PAYG withholding branch
  – complete sections A, B, C, D, E, G and H
- add a PAYG withholding role to an existing GST branch
  – complete sections A, B, C, D, F and H

When we refer to the term 'registered agent' in this document, we mean 'registered tax or BAS agent'.

MORE INFORMATION

Phone us on **13 28 66** between 8.00am and 6.00pm, Monday to Friday, if you need:

WHEN COMPLETING THIS FORM
If you are filling in this form by hand:
- print clearly in BLOCK LETTERS using a black or dark blue pen
- place [X] in all applicable boxes
- do not use correction fluid or covering stickers
- check you have signed and dated the declaration
- make a copy for your records
- mail or fax your completed form to the address shown on page 7.

If you are filling in this form on screen:
- download a copy of this form to your computer
- when complete, print two copies
- sign and date the declaration
- mail or fax your completed form to the address shown on page 7
- keep the second copy for your records.

Cancelling a Branch

To cancel a branch the main entity needs to apply to the ATO for cancellation of the GST registration within 21 days of the branch ceasing to operate. However, the cancellation of a branch cannot usually happen until it has been registered for 12 months or more. If the branch has been registered for less than 12 months the ATO may cancel if they are satisfied that the branch is not carrying on an enterprise and will not do so in the following 12 months.

If the main business entity is no longer operating and ceases to exist, then all branch registrations cease to be in effect.

Bookkeeping Process for Branches
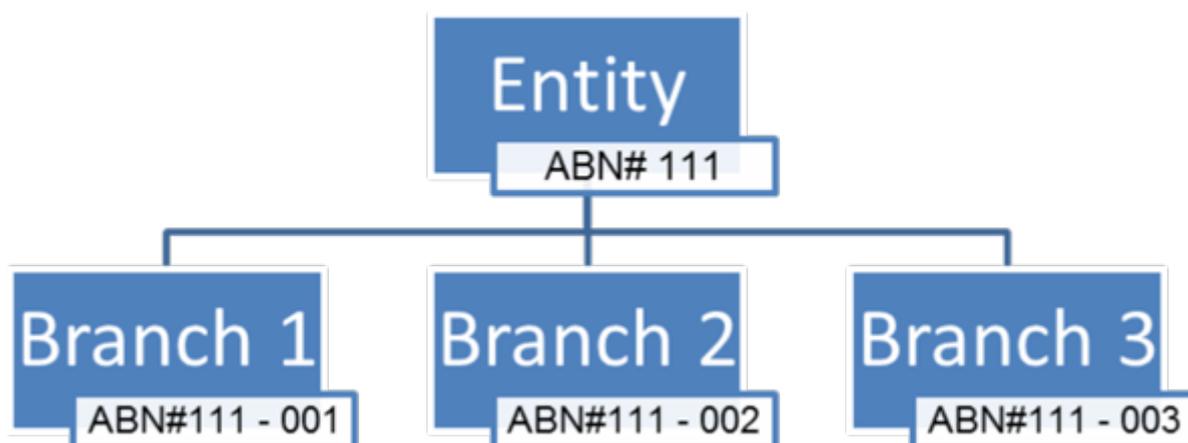
Setup of Accounting System

Set up a separate accounting system for each branch. Again this could possibly be in different software if different people are managing each branch, but usually the owner would engage the same bookkeeper for all branches.

Bookkeeping and BAS Preparation for a Branch

In effect each branch is treated as its own business and the bookkeeping processing is done separately for each branch. Accounts are set up to suit the business operations of each branch. Each branch is responsible for reporting, lodging and paying their own BAS, however, it is still the main branch's responsibility to ensure all lodgements and payments are met. Because all branches are linked under the one ABN, ultimately the main branch is liable for complying with ATO requirements.

Generally one bookkeeper looks after all branches, however it is good practice that someone from the main branch oversees all BAS lodgements for each branch. If you are the BAS Agent for all the branches then you will need to process each lodgement separately and get authorities for lodgement from the appropriate person from each branch.

References

- ATO - Groups
- ATO - Branches

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TPAR Applies to Government Grants from 1 July 2017

TPAR for Government Grants and Payments

From 1 July 2017, government entities at federal, state, territory and local levels will need to report total payments made to a business for providing services. Government entities at the federal, state and territory levels will also need to report total grants paid to entities with an ABN.

The new law applies to the payer i.e., the Government, but will impact the receiver of such payments. The first report will be due on 28 August 2018. Certain types of government entities are exempt from reporting, as are certain transactions. For more information refer to the ATO website.

The current reporting specifications being provided to software companies covers reporting by:

- Businesses in the building and construction industry for payments made for building and construction services, and
- Government entities that are required to report:
    - payments for services, or
    - grants paid to entities with an ABN.

Recipients of Government Grants and Payments

The information submitted to the ATO in the Government TPAR will be used for data matching against businesses that have received government grants and payments, to identify businesses that have either not lodged tax returns or not met their GST compliance obligations. It is expected that this program will also identify invalid ABNs being used, reporting of GST that is not consistent with the ABN's registration on ABR, and incomplete or omitted information such as understating business income on the tax return.

Reporting Requirements

In relation to Government grants and payments, software will need to create a file that reports in accordance with the following:

- Payee data record - New data fields have been added to enable reporting of government grants and other payments, they include:
    - **6.64** Payment type
    - **6.65** Date of grant payment
    - **6.66** Name of grant or grant program
    - **6.67** Email address
    - **6.68** Statement by a supplier

These fields are unique to the Government payments and presumably are additional to those fields already specified under TPAR. ICB will publish further details when available.

Reporting Electronically

> ⚠ Taxable payments annual reports cannot be sent to the ATO using the Electronic Commerce Interface (ECI) or on electronic storage media.

Senders are able to lodge their Taxable payments annual report file electronically via the Business Portal, Tax Agent Portal and the BAS Agent Portal where the data file has been prepared and stored locally.

On-screen confirmation will be provided once the file has been sent. The ATO will perform data quality and format compatibility checks after the data file is sent. If the user selects the email acknowledgement option in the Lodge file process, an email will be provided confirming that the files have been successfully lodged with the ATO. A validation report will be available in the portal to advise if the report was successfully validated or if there are any problems.

Retention of Information

Under taxation law, payers must keep payment information for a period of five years. The information can be kept electronically.

Related References

- ICB - Taxable Payments Annual Report
- ATO - Taxable Payments Reporting for Government Entities
- ATO - Taxable Payments Reporting, How to Lodge Online
- ATO - TPAR Electronic Reporting Specification

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BAS Agent World

ATO Releases Simpler BAS

Introduction

GST reporting should always have been one choice - GST or no GST.

When selling something, it should be a simple question of "do I have to charge GST on this sale?" And when the answer is yes, we capture it with a GST code that calculates the GST amount and allows us to report that GST amount.

When buying something, it should be a simple question of "am I allowed to claim back the GST if I paid some?" If so, allocate the GST code which will calculate the GST claim and allow us to report that amount of GST.

This is the ideal GST system. Somewhere along the way, GST got complicated and BAS reporting got complicated. What if we tell the ATO how much GST we have collected, i.e., 1A, and how much GST we are claiming back, i.e., 1B.

This simpler reporting aligns to natural business processes. This is the simpler BAS reporting system announced in the budget. The ATO is now actively working with businesses, your professional associations, BAS and Tax agents to move to this less complex reporting system. Unfortunately it won't remove all the complexities of applying GST to what you do.

Businesses should work with registered agents to ensure they are applying the GST law correctly and to effectively adapt to this new simpler BAS reporting.

The Changes

From 1 July 2017, small businesses will only need to report the following on their BAS:
- GST on sales (1A)
- GST on purchase (1B)
- Total sales (G1)

It will no longer be required to report export sales (G2), other GST free sales (G3), capital purchases (G10) or non-capital purchases (G11).

What Does this Mean for Bookkeeping?

A business will still need to implement the GST system and understand how GST applies to what they sell. A business will still need to understand what GST they are allowed to claim back.

Sales

As advisors, in order to implement GST correctly we will need to:

- Understand what the business does and what they sell.
- Understand the GST law and how it applies to those income activities.
- Determine what business systems to put in place so that the business can do what it does but at the same time correctly charge GST on the right items.
- Develop a GST coding system that:
  - Captures the amount of GST collected for reporting.
  - Allows verification and application of the GST by the business in its normal daily operation. For many businesses this may be no more than "GST" or "No GST". For some businesses you may use more codes to be able to quickly determine whether something has changed or been incorrectly treated.

Purchases

As advisors, in order to implement GST correctly we will need to:

- Understand what goods the business purchases and who it pays for services.
- Understand how the GST law applies to those purchases and expenses.
- Determine what business systems to put in place so that the business can correctly claim back the GST it pays and is allowed to claim.
- Develop a GST coding system that:
  - Captures the amount of GST paid that is allowed to be claimed for reporting.
  - Allows verification and data integrity checking.

What has Changed for the BAS and for BAS Agents?

No longer will you need to re-classify GST free items that aren't reportable. Nor will you need to re-classify Not Reportable (or BAS Excluded) items back into Free, if mistakes were made.

At the moment, we have to re-classify transactions to ensure the form is correct. The current BAS requires a correct statement of the amount of GST free sales and the amount of GST exports. It requires you to have a record of any input taxed sales, even if they aren't currently reported on the BAS.

You aren't allowed to lodge a form you know to be incorrect or missing items. In the new world the form won't be wrong if these items are incorrectly allocated (between free and not reportable), because we don't have to tell the ATO these amounts on a BAS.

But What if the Business is Audited?

The ATO are currently working on a change to their audit routines and approach to adapt to a program of being able to review the required reporting. They will check that:

- You were charging GST when you were supposed to be.
- You paid the amount of GST at the time you were supposed to.
- You only claimed back the GST input tax credits that you were allowed to.

What About G10?

The ATO have finally verified that the reported G10 amounts were not accurate across all lodgements. Therefore if it is not accurate why bother people with asking for it.

What Difference Does This Make?

It may be an uncomfortable change for those of us who established coding systems in order to get each transaction fully classified according to the five or six different definitions and relevant applications under the GST law.

However we have been required to establish these complex systems to provide numbers on a report that nobody uses. By working out how GST applies to a business and then capturing only the amounts of GST to pay and claim back, we can develop simpler business systems that still get the GST right.

Do we still have to use a BAS agent expertise to apply GST correctly? Absolutely. The underlying GST law is not changing - only the reporting. Someone still has to explain to a business how GST applies to them and then check whether the business has been getting it right.

Note that a business and/or BAS agent may still choose to use a variety of tax codes for internal reporting requirements and differentiation of transactions; however, these will not be required for the BAS.

References

- ATO - Simpler BAS

ATO Deferral Requests May Take 28 Days

Important Information From the ATO

The number of deferral requests we receive increases around peak lodgment dates. We may take up to 28 days to process your request because of this.

Do not resend a further deferral application for the same clients within the 28-day processing period. This could cause possible delays to the processing of your original request.

If your deferral request is approved but not processed in our system until after the lodgment is made, we will automatically cancel any warning letters that have issued and remove any penalties or interest that have been imposed. In this instance, you can also disregard reminders to lodge.

Further details are available from the ATO here.

Who can Lodge a BAS for a NFP Entity?

Either the **primary contact** or an **authorised contact** can lodge the BAS for a NFP entity.

The **primary contact** (or entity representative) is the person formally recorded as the primary and authorised contact for the entity. For companies or incorporated associations this is the **public officer** or **director**. For unincorporated associations or other NFP entities, this is an **office holder**, i.e., a member of the committee of management such as the public officer, president, vice president, treasurer or secretary.

An authorised contact may be another person on the management committee or a representative such as a BAS agent.

The Primary Contact

The Income Tax Assessment Act 1936 sets out the law regarding who shall represent an entity to the ATO.

There are several primary roles for a Not For Profit (NFP) entity.

- Director
- Secretary
- Public Officer
- Management committee roles such as president, vice president and treasurer

Any of these roles may be listed as "authorised persons" for the purpose of liaising with the ATO; however, it is ultimately the **Public Officer** who takes the main responsibility.

What is the Public Officer?

The Public Officer is responsible for ensuring that the company complies with the tax law and for liaising with the ATO regarding taxation matters.

This office should be appointed within 90 days of the commencement of the entity and should be notified in writing to the ATO, outlining the full name and address of the officer. It is best practice, although not a legal requirement, that the Public Officer consents in writing to the appointment of the role. These details can be submitted via the Australian Business Register, Business Portal or paper form (NAT 2943).

It is the public officer who is "answerable for the doing of all such things as are required to be done by the company under this Act or the regulations…".

Also, "everything done by the public officer which the officer is required to do in the officer's representative capacity shall be deemed to have been done by the company" and "any proceedings under this Act taken against the public officer shall be deemed to have been taken against the company and the company shall be liable jointly with the public officer for any penalty imposed upon the officer".

The primary roles should be defined in the organisation's constitution. This document should be the guiding information in the roles, powers, (including delegation), and tasks of board or committee members. Specific functions may also be detailed - such as who will represent the entity to the ATO.

If a constitution has not been adopted the 'replaceable rules' in the Corporations Act 2001 will apply as a default.

Who Can Lodge?

- **Primary contact** (or entity representative). This person must be formally recorded as an authorised contact for the entity.
    - For companies or incorporated associations this is the **public officer** or **director**.
    - For unincorporated associations or other NFP entities, this is an **office holder**, i.e., a member of the committee of management such as the public officer, president, vice president, treasurer or secretary.
- **Authorised contact**. This may be another person on the management committee or a representative such as a BAS agent.
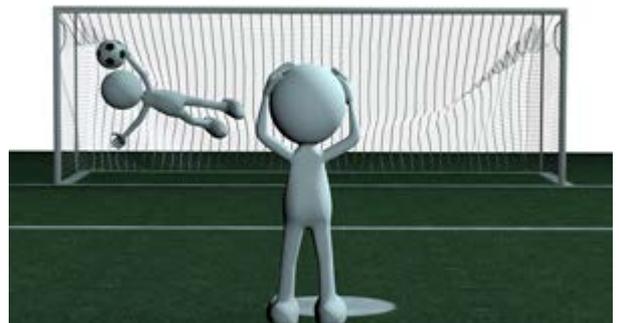
Who can be a Public Officer?

The individual must be over 18 years old, an Australian resident and capable of understanding the nature of the person's appointment and responsibilities of the role.

Who can be an Authorised Contact?

The individual must be formally authorised by the primary contact or entity representative to act on their behalf in relation to some or all of the entity's tax obligations.

Related References

- ICB - Not For Profit
- ATO - Change of Registered Business Details
- ATO - Primary and Authorised Contacts
- Income Tax Assessment Act 1936 (See section 252)
- Income Tax Assessment Regulations 1997

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Continued Professional Education

This Month From the ICB Continued Professional Education Webpage

ICB Events and Webinars	Classroom	Online
ICB June End of Year Workshop Various Locations, May / June 2016	**ATO Open Forums 2016** Multi-Locations Multi-Dates	**ATO Live panel discussion on Tax Practitioner Lodgement Service** Online 1st June, 2016
ICB June End of Year Workshop - Students and New Bookkeepers Various Locations, May / June 2016	**Reckon Accredited Partner Training Days** Multi-Locations Multi-Dates	**Reckon One Training Webinars** Online 2nd June, 2016
ICB Technical Webinar - EOY Payroll Webinar, 7th June, 2016	**2016 Reckon Roadshow** Multi-Locations Multi-Dates	**MYOB News Channel** Online 3rd June, 2016
ICB Technical Webinar - EOY BAS Webinar, 21st June, 2016		**SuperStream using MYOB** Online Multi-Dates
ICB Technical Webinar - EOY Financials and Accountants Webinar, 19th July, 2016		**Reckon HR Advice Online Webinar Series** Online Multi-Dates
		The Power of Calxa for Your Practice Online Multi-Dates

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Question For You to Discuss This Month - SGC and RESC

This month's question for you all to debate at your network meeting is:

An employee makes a significant salary sacrifice to superannuation. The employer has been paying Superannuation Guarantee Contribution on the gross wages. The accountant has advised that the difference between the 9.5% SGC and the amount paid in total is Reportable Employer Superannuation Contributions. Is he right?

Well, is he?

 Let us know your thoughts here.

Last month we asked you:

I have been engaged by a new client since October last year and I am working my way through a long list of problems with their data file. After attending the ICB conference, I thought I'd better take a look at payroll. It turns out there are a lot of issues with incorrect payslips, pay rates, underpaying, unpaid superannuation, etc. I've only just taken a look at these matters and the client has now advised that he is selling the business in 10 days. I happen to know the purchaser, and the purchaser is going to engage me to look after the bookkeeping after the sale.

I know now that the current owner has been non-compliant with FairWork laws, I have spoken to him about it, and he says "it will be the new owner's problem next week, I don't' care". What do I do? I am in a small town and if I don't advise the purchaser of these problems I may be in trouble. But if I do advise then I am in breach of confidentiality.

We all know each other and so far the relationships are all good but I am afraid this will change everything when it comes out.

ICB's Response:

Well, you've got all the conference topics in one scenario! Non-compliance with FairWork, sale of a business, conflict of interest and confidentiality issues…

Firstly, you have to report to the current business owner **in writing as soon as possible** all that you have picked up that is incorrect or non-compliant with their payroll, even if you are not yet sure of the scope of the problems and do not have time to go into the detail of each employee's pay issues. You can urge him to report these issues to the purchaser immediately, so that full disclosure is made. If he chooses to do nothing, at least you have advised about the situation in writing.

You may want to advise the purchaser of these issues - but of course you cannot, because as you have rightly said, that would be a breach of confidentiality. This is tricky, because once the business is sold to the new owner, they may well be angry that you did not inform them of the issues, when you know them. There may be an expectation on their part that "you will look after them". If you have your notes and report to the owner in writing you can at least prove to the new owner later that you did advise them to address the issues before the sale of the business, and that it is not your responsibility to advise the potential buyer of any issues.

You can hope that the new owner will respect the fact that you upheld your professionalism and confidentiality in the situation. You may need to point out to them the code of conduct you are bound by, which includes not only confidentiality but acting in the best interests of your client until the engagement is completed.

On the other hand, the purchaser of the business should be conducting a proper process of due diligence and investigating the business they plan to buy. So, if they don't do this and therefore don't pick up the issues and the seller does not disclose, then the responsibility also rests with them.

The buyer is immediately liable for any FairWork issues related to employees. The buyer can choose to take legal action against the seller if full disclosure was not made. But the buyer cannot assume that FairWork would hold the previous owner liable for any issues once the sale has gone through.

In an ideal world, you would stop working for either party as soon as you knew there was a potential conflict of interest, and do your best to ensure that your engagement by the new owner would still continue.

However, this may not be realistic; because it's a small town, there may not be someone else handy to step in and handle the situation easily; and also it may be substantial income to you that you can't easily disregard.

We would recommend you write to both parties and let them know of the potential conflict of interest, (without disclosing details to the purchaser), and ask them how they would like to handle the situation, suggesting three-way discussions between all parties so all are involved in the management of the transition period.

If the sale goes through without these matters being disclosed to the new owner, then we would recommend that you then report the same issues to the new owner, and at that point you can show the new owner that you had provided information to the previous owner.

Remember, maintain professionalism at all times and do not take on responsibility yourself for matters that legally and rightly belong to the business owner.

References

- ICB - Payroll Resources
- ICB - Awards and FairWork
- ICB - Sale or Purchase of a Business
- ICB - Code of Conduct Confidentiality
- ICB - Code of Conduct Conflict of Interest

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Upcoming Network Meetings

Join a network meeting, not just to share, but to also network and keep informed.

All ICB Network Facilitators volunteer their time to assist ICB in keeping you up to date and informed and without the help of these fantastic people these valuable meetings would not happen.

If you are unable to attend your local meeting due to time restraints or there isn't a meeting in your area, why not join us via webinar on the 2nd week of each month.

Webinars				
Online - 12pm 10th June, 2016	Online - 5pm 20th June, 2016			
ACT				
Canberra - Northside 15th June, 2016	Canberra - Phillip 14th June, 2016			

New South Wales				
Albury 27th May, 2016	Ballina 10th June, 2016	Balmain 20th June, 2016	Bathurst 21st June, 2016	Bellingen TBA
Blue Mountains 27th June, 2016	Brookvale 20th June, 2016	Central Coast TBA	Dubbo 9th June, 2016	Hawkesbury Region 28th June, 2016
Hills Region (Rouse Hill) 1st June, 2016	Hornsby 9th June, 2016	Lower North Shore 20th June, 2016	Moorebank 15th June, 2016	Newcastle 20th June, 2016
Newport 21st June, 2016	Orange 16th June, 2016	Port Macquarie 14th June, 2016	Randwick - Bondi 8th June, 2016	Shoalhaven 20th June, 2016
Southern Highlands 6th June, 2016	Sutherland 15th June, 2016	Wollongong 15th June, 2016		
Queensland				
Atherton Tablelands 6th June, 2016	Brisbane North 14th June, 2016	Brisbane South 21st June, 2016	Bundaberg 21st June, 2016	Burpengary 8th June, 2016
Cairns 17th June, 2016	Dalby 26th May, 2016	Gold Coast - AM 14th June, 2016	Gold Coast - PM 14th June, 2016	Hervey Bay 21st June, 2016
Ipswich 14th June, 2016	Logan 15th June, 2016	Moreton Bay 13th June, 2016	North Sunshine Coast 12th August, 2016	Sth Sunshine Coast 9th June, 2016
Toowoomba 17th June, 2016	Townsville 10th June, 2016			
South Australia				
Adelaide West 17th June, 2016	Mt Barker 14th June, 2016	Para Hills 15th June, 2016	South Adelaide 9th June, 2016	Unley 9th June, 2016
Victoria				
Brunswick 21st June, 2016	Bulleen 14th June, 2016	Burwood 1st June, 2016	Chadstone 6th June, 2016	Craigieburn 12th July, 2016
Docklands 17th June, 2016	Echuca 16th June, 2016	Frankston 9th June, 2016	Geelong 7th June, 2016	Lilydale 24th June, 2016
Macedon Ranges 21st June, 2016	Mordialloc 14th June, 2016	Mt Waverley 7th June, 2016	Narre Warren 7th June, 2016	Point Cook TBA
Sale 9th June, 2016	Warragul 1st June, 2016	Windsor 9th June, 2016	Yarra Valley 10th June, 2016	
Western Australia				
Broome TBA	Bunbury TBA	Busselton 24th June, 2016	Cockburn Central 22nd June, 2016	Joondalup 20th June, 2016
Kalgoorlie 16th June, 2016	Melville 13th July, 2016	Noranda 8th June, 2016	Welshpool 21st June, 2016	
Tasmania			Northern Territory	
Hobart 27th May, 2016	Launceston 27th May, 2016		Darwin 9th June, 2016	

These meeting are conducted in a relaxed and informal environment to promote discussion amongst those attending the meetings.

No meeting in your area? We are always on the lookout for facilitators to run meetings in their local area so if you are interested please contact Rick Van Dyk at rick@icb.org.au

MYOB

ICB Network Meetings are proudly supported by MYOB

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AUSkey in the Cloud

Cloud Software Authentication and Authorisation (ATO)

A New "AUSkey" Model for 2016 and Beyond

Your software "file" (i.e. the unique set of records or system for the specific business) will now have a "Unique Software ID" that is generated by the software company to identify your file.

Each business must then advise the ATO of that Unique Software ID into Access Manager.

Unique Software ID

When software tries to lodge a form they must send the "Software ID" that relates to the business or the intermediary. 'SoftwareID' is a unique ID that is used to identify each unique subscription or instance of software and is automatically generated by the software.

If an agent is preparing and lodging the form, the software must also send the agent number. The ATO will then verify that the software has been authorised and also that the agent has lodgment rights for the taxpayer.

Declarations

The ATO requires, for most business collaborations, a declaration indicating that the information contained in the submission is true and correct. This declaration may be made by the reporting party or by an intermediary - a party acting on behalf of the reporting party, such as a registered tax agent.

To make a declaration, the intermediary or reporting party must be aware of two things:

1. the statement they are making, and
2. that it becomes a declaration by them 'signing' it.

As a result, in every case that a declaration is required to accompany a transaction, the intermediary or reporting party must have displayed to them:

- a specific statement(s) describing what they are about to declare, and
- an acknowledgment that the declaration is made by signing the statement(s) in a particular way.

The intermediary or reporting party signs by actively confirming what constitutes their 'signature' by using a tick-box, submit button, or similar mechanism. Their signature must be some information sent with the transaction that enables the sender to be uniquely identified within the business.

Online (cloud) service providers sending a message on behalf of another entity (reporting party or an intermediary) must support case 2 and 4.

Case Studies

Case 1: A reporting party or an intermediary who is not a registered agent, is lodging via SBR using an AUSkey assigned to an individual.

Declaration Statement	statement that the reporting party or intermediary who is not a registered agent is declaring shall be: "*I declare that the information transmitted in this* <ATO Product> *is true and correct and that I am authorised to make this declaration".*
Signing the Statement	The text describing the way that they are 'making' the declaration by 'signing' it in a particular way shall include reference to signing with the AUSkey. For example: "*Tick this box to sign this declaration with the AUSkey you used to log in.*"

A statement "Tick this box to sign this declaration" would not be acceptable as it does not state the identity the reporting party or intermediary who is not a registered agent is using to make the declaration. |

Case 2: A reporting party or an intermediary who is not a registered agent, is lodging via SBR using an AUSkey assigned to a device.

| Declaration Statement | The statement that the reporting party or intermediary who is not a registered agent is declaring shall be:

"*I declare that the information transmitted in this* <ATO Product> *is true and correct and that I am authorised to make this declaration.*" |
|---|---|
| Signing the Statement | The text describing the way that they are 'making' the declaration by 'signing' it in a particular way shall include reference to signing with the AUSkey for the device *and* the field giving a unique user identifier.

For example: "*Tick this box to sign this declaration with the AUSkey used by this software and your full name inserted above.*"

A statement "Tick this box to sign this declaration" would not be acceptable as it does not state the identity the reporting party or intermediary who is not a registered agent is using to make the declaration.

The user identifier must allow the AUSkey owner or an external auditor to uniquely identify the individual who made the declaration.

The identifier used can be specified by the AUSkey owner providing it allows identification as mentioned above. Examples of suitable identifiers include a user login, a full name, or an email address. |

Case 3: An intermediary who is a registered agent is lodging via SBR using an AUSkey assigned to an individual.

| Declaration Statement | The statement that an intermediary who is a registered agent is declaring shall be:

"*I declare that: I have prepared this* <ATO Product> *and its related schedule(s) in accordance with the information supplied by the entity;*

I have received a declaration made by the entity that the information provided to me for the preparation of this return is true and correct; and

I am authorised by the entity to give information in this return to the Commissioner." |
|---|---|
| Signing the Statement | The text describing the way that they are 'making' the declaration by 'signing' it in a particular way shall include reference to signing with the AUSkey.

For example: "*Tick this box to sign this declaration with the AUSkey you used to log in."*

A statement "Tick this box to sign this declaration" would not be acceptable as it does not state the identity an intermediary who is a registered agent is using to make the declaration. |

Case 4: An intermediary who is a registered agent is lodging via SBR using an AUSkey assigned to a device.	
Declaration Statement	The statement that an intermediary who is a registered agent is declaring shall be: "*I declare that: I have prepared this <ATO Product> and its related schedule(s) in accordance with the information supplied by the entity;* *I have received a declaration made by the entity that the information provided to me for the preparation of this return is true and correct; and* *I am authorised by the entity to give information in this return to the Commissioner.*"
Signing the Statement	The text describing the way that they are 'making' the declaration by 'signing' it in a particular way shall include reference to signing with the AUSkey for the device *and* the field giving a unique user identifier. For example: "*Tick this box to sign this declaration with the AUSkey used by this software and your full name inserted above.*" A statement "Tick this box to sign this declaration" would not be acceptable as it does not state the identity an intermediary who is a registered agent is using to make the declaration. The user identifier must allow the AUSkey owner or an external auditor to uniquely identify the individual who made the declaration. The identifier used can be specified by the AUSkey owner providing it allows identification as mentioned above. Examples of suitable identifiers include a user login, a full name, or an email address.

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This Month From the ICB

May 2016 eBrief Newsletter for Your Business

The May 2016 Bookkeeping eBrief is now available for you to download.

- May 2016 Bookkeeping eBrief Newsletter for Your Business

Back copies are available here.

"The best bookkeepers using the best resources".

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Receiving Money and Controlling Debtors

Taking Control of a Debtors List that is out of Control

Develop a strategy / design a program that each bookkeeper can take into any business and improve the collection processes.

Things to Consider
- Invoice management
- Statement management
- Receipt gateways
- Mobile device credit card
- Direct debit arrangement
- Enforcement strategies
  - (Creditor)Watch
  - eCollect

Checklist
- Review debtors list / write off / apply credits / management sign off
- Recommend changes to implement - engagement letter
- Order mobile device system
- Implement 'how to pay gateways'
- Implement email / electronic invoices and statements
- Engage (Creditor)Watch
- Review your invoices – add (Creditor)Watch logo and payment options
- Review your statements – add (Creditor)Watch logo and payment options
- Do a statement run
- Employ instant pay technologies – mobile or how to pay
- Alter invoices with new information
- Alter statements with new information
- Letter to clients to inform them
- Phone calls to chase? Or allocate to eCollect (you may find out issues unknown to the business)
- Review progress with management
- Hand appropriate debtors over to eCollect

Implementation Concepts
- Electronic provision of invoices
- Sometimes from your mobile
- Efficient business process is an invoicing feature / app that allows you to invoice immediately – and hopefully get paid immediately

Facilitate
- Direct debit by giving banking details
- Credit card when due by giving BPAY or other gateway information
- Immediate payment by mobile device

Getting the Payment on Account
- Add (Creditor)Watch either as ongoing or as a clean-up process
- Subscribe for a month ($30) - 2 months' free trial
- Place their logo on invoices or a statement run
- Send the statements with an explanation letter about the (Creditor)Watch system
- Use (Creditor)Watch letters to chase and then eCollect
- Simple system to list recalcitrant that you have gone beyond waiting

A Solution For

1. Cleaning up debt problems
2. Managing debt problems
3. Putting future arrangements in place
4. Obtaining a credit report on a potential customer (or supplier) before engaging with them

Strategies

Strategy 1 – Cleaning up Debt Problems

A new or existing client (or yourself) has a growing debtors list or you simply want to improve the speed of cash-flow receipts.

Engaging the (Creditor)Watch Solution

- Send out the next statements with the (Creditor)Watch logo
- Add an explanation that the business has embarked on (Creditor)Watch service and what it means (template information)
- Add the (Creditor)Watch logo to invoices and possibly your website?
- Set your follow up system
- Debt collection templates
- Register a defaulting customer

Why?

Customers now know there is a bigger picture consequence of not paying you or the business. Possibly a source of information to that business manager who has begun to worry about a client or two. Confidence that the client base seems to be ok.

Impact

This service can be turned on for a month, use it, clean up, use logos, use follow up letters and then once back in order, it can be turned off.

So, a service that might cost the business $30/month and the business does not have to commit to a long term subscription.

The bookkeeper does the work, does the implementation and executes the program, charging additional fee for all the time. Sets a process in place.

Refer to ICB information on debt collection programs.

- Invoices should be clear about payment terms
- Invoices should have payment gateway information to enable instant and online payments (see ezidebit below)
- Statements should have payment information on them

Strategy 2 – Managing the Debt Problem

- Leveraging off the initial clean-up work above
- Using the template letters to bring clients into line
- Then use eCollect to take the next steps

Strategy 3 – Better Payment Arrangements

- Should have a strategy of getting auto payment arrangements on invoices or on statements already (maybe part of Strategy 1)
- Use ezidebit
- Use phone payment terminals etc. which integrates with software

Strategy 4 – Credit Assessments and Monitoring

- Will suit some (larger) clients

(Creditor)Watch

Pricing depends on how many customers are being monitored within their (Creditor)Watch account:

- 1 - 40 customers: $29/month
- 41 - 150 customers: $39/month
- 151 - 300 customers: $59/month
- 300+ customers: custom pricing

(Creditor)Watch Credit Reports Collate Information from a Number of Sources

- Australian Securities and Investments Commission (ASIC)
- Australian Business Register (ABR and ABN Lookup)
- Insolvency notices from the Insolvency Notices Register administered by ASIC
- Judgments from courts around Australia
- Payment defaults from our 30,000+ customers
- Mercantile footprints lodged by mercantile agents (debt collectors) on behalf of their clients

Further Resources

- (Creditor)Watch
    - Are your Credit Terms Enforceable
    - Steps to Assist with your Credit Policies and Debt Collection

- eCollect
- ezidebit

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Xero Updates - Assurance Dashboard and Activity Statement

Assurance Dashboard

The Xero Assurance Dashboard allows you to monitor your client's use of Xero to identify errors or anomalies. It shows details of user activity, bank accounts, contacts, and invoices and bills.

Exceptions can be reported and controls displayed on the assurance dashboard. Who has accessed files or changed transactions can be highlighted. So it becomes easy to check, assess, and have confidence that the information in the accounts is robust and secure.

For the full blog report, click here.

Activity Statement Reporting for W1 and W2

If you're using payroll in Xero, and your reporting frequency for GST and PAYGW are the same, running the activity statement will automatically populate your W1 and W2 amounts.

All tax lines in payroll in Xero are automatically included at W2.

Employee payroll opening balances and ETPs (employment termination payment) aren't included in the activity statement calculation. If the W1 needs to include these, manually enter a new amount into the field.

If the reporting frequencies are different, update the W1 and W2 fields manually on the activity statement. If salary sacrifice is involved, W1 will not pre-fill, this must be entered manually. Members have reported incorrect amounts being reported where HELP debts are involved, so it seems there are teething issues with this functionality, make sure you verify the amounts reported at W1 and W2.

Resources

- Xero Help – Complete the Business Activity Statement (BAS)
- Xero Help – Select the Pay Items Reportable at W1 on Your Activity Statements

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From the ATO

Dob in a Tax Cheat - Proposed Mandatory Disclosure Rules

Proposed Mandatory Disclosure of Tax Information

This is currently a discussion paper seeking community input about possible implementation, it is not yet law.

Impact for Bookkeepers

None. The proposed requirements are only in relation to Aggressive Tax Schemes.

Implication for Bookkeepers

We find it of interest that the government moves towards more mandatory disclosure of information.

They discuss:

- Standard forms for submission of information, (we agree).
- Limited circumstances requiring disclosure, (interesting but significant).
- Financial penalties for agents if they **don't** disclose when required.
- There is a fair bit of logic in the full proposal.

Why is it Interesting?

The ATO are not saying that an agent needs to 'dob' in their clients or others that appear to be dodgy. This does not remove your obligations under the TASA code of conduct. However, that Code of Conduct does not require you to 'dob' someone in but it does say you cannot be a party to any tax fraud etc.

Extracts

The government's initial view is that any Australian Mandatory Disclosure Rules should apply primarily to tax advisers who are involved in the design, distribution and management of aggressive tax arrangements. However, in limited circumstances, where the relevant tax adviser is offshore, the ATO may require disclosures to be made by the taxpayers. Legislation would provide a clear definition of targeted tax advisers for the purposes of the Mandatory Disclosure Rules.

Legislation should make it clear that Mandatory Disclosure Rules would only be triggered in relation to aggressive tax arrangements with specifically described features. This will ensure the disclosure rules can be limited to particular arrangements implemented by a specific targeted cohort, rather than imposing more general disclosure requirements on all taxpayers. There should also be a standard form provided by the ATO in relation to information that is required to be disclosed.

The Government's initial view is that lateness or non-compliance with the disclosure obligation will be subject to monetary tax penalties for the tax adviser, (or the taxpayer, depending on who the disclosure requirement is imposed upon). Additional consultation will be required on the suitability of using existing penalty amounts.

References

- [Australian Government Treasury – OECD Proposals for Mandatory Disclosure of Tax Information](#)

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ATO Mental Health Working Group

ICB Contributes to ATO Approach on Mental Health Issues for Small Business Owners

Amanda Linton (ICB Director) represented members at the recent ATO working group convened to consider how the ATO can work with small businesses, industry associations and organisations to provide a better service when a small business owner is experiencing mental health issues while running their business.

The February workshop has resulted in a number of outcomes the ATO will be investigating to improve their service.

Australian Government
Australian Taxation Office

How can we improve the experience for small business owners when they face mental health issues while running their business?

The Mental Health Working Group is an initiative from the ATO Small Business Liaison Group.

The Working Group membership was brought together through conversations with COSBOA and small business. A workshop was held in Sydney on 18 February 2016 to hear stories from small business owners and consider what could be practically done to improve the experience of small business owners who are running a business and dealing with mental health issues.

Key Messages from the workshop:
- Every conversations needs to have a position reflection
- Language is important – need to keep it real
- Where possible strategies should include whole of government including Fair Work and Mental Health Alliance and need to cover all communication channels
- Link in with the Mental Health Working Group for Insolvency Practitioners

Outcomes from the workshop on 18 February

Web content:
- Develop web content specifically for small business owners who have mental health issues. Where possible make sure it links to practical advice on what we can do to help and who they can contact.
- Youtube video of someone who has had mental health issues and what the ATO can do to assist.
- Language needs to be 'real' and speak directly to the issues.
- Need to work with small business owners to get the language right.

Next Steps
- Convene a small working party to develop content which is searchable and which uses 'real' language.

Telephony/web chat
- Develop a call back functionality for small business owners who are feeling overwhelmed.
- The staff manning this should be skilled in dealing with mental health issues.

Next Steps
- Investigate what is already available in relation to skilling material.
- Look at one central access point/number which will triage as needed.
- Establish a 'call back' option for callers – if not already available.

Face to face
- Set up a team of people who can provide face to face assistance for small business owners who are having difficulty with their tax obligations.

Next Steps
- Investigate what we are doing in the ATO now and what needs to change including skilling.

Lodgment and payment
- A pattern of non lodgment or non payment needs to recognise that mental health may play a part.
- Letters to small business owners who have not lodged or paid on time, need to include wording similar to: 'if you are struggling call xxx'

Next Steps
- Current lodgment and payment programs are being re-assessed. Feedback needs to be provided to ensure the design considers this as part of the process.

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BAS Agents Advisory Group May 2016

ICB attended the BASAAG meeting earlier in May to discuss the BAS agent portal, Client Communication List, ATO's simpler BAS, and GST time limits for BAS amendments. See here for the full report.

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Upcoming Portal Maintenance

See this link for scheduled times for the full guide to system maintenance and issues.

The portals will be unavailable at the following times for scheduled system maintenance.

Scheduled Start Time	Scheduled End Time
Saturday 11th June 8.00pm AEST	Sunday 12th June 8.00am AEST
Saturday 2nd July 8.00pm AEST	Sunday 3rd July 8.00am AEST
Saturday 6th August 8.00pm AEST	Sunday 7th August 8.00am AEST

For more details regarding portal maintenance, click here.

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ICB Membership Statistics as at 30th April, 2016

6,226

3,494 Members maintain Fellow, Member, Associate, Affiliate and Educator membership.

ICB also has 20 Accredited Training Provider Members and 2,712 Student Members.

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ICB Supporters and Sponsors

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