



## Bookkeepers Who Aren't BAS Agents

Data Entry is not a BAS Agent service, unless...

Not even BAS Agents are allowed to provide Income Tax advice or certainty!

“Data Entry” is not a BAS Agent Service unless it is about “BAS Provisions” and

“ascertaining liabilities, obligations or entitlements...”

“advising an entity about...” or

“representing an entity...”

“that is provided in circumstances where the entity can reasonably be expected to rely on the service...”

“BAS Provisions” are GST, WET, Luxury Car tax, fuels tax, FBT (collection and recovery), PAYG Withholding (payroll), PAYG Instalments (payment) and Super Guarantee.

We apply these above legislative requirements to be applied in a practical sense: “Data Entry” is following a system, it is following a process, it is not determining how the law applies, it is not providing certainty that law has been applied correctly. Data Entry is relying on someone else's expertise or direction.

It becomes a BAS Agent Service when the duties start interpreting how the law should apply to a transaction, when the person providing the service is being relied on to get it right, when the person is providing advice to the business about how the law applies.

What about:

### 1. *Data entry for non-GST registered entities?*

As there is no interpretation required for GST purposes or the other BAS Provisions, but entries would affect client for income tax purposes therefore the entries are still affecting the outcome of a client's liability to the ATO, what is the case?

**ICB Answer:** From a BAS Agent point of view, the consideration of the tax consequence is always out of scope. Neither a BAS Agent nor a non-registered Bookkeeper can be relied on for the tax consequence. You are not allowed to provide the advice about how income tax laws apply, nor be relied on for saying the tax law has been applied correctly to the transactions or bookkeeping. A Tax Agent (or the business themselves) must apply the tax law to the reports provided by the Bookkeeper.

### 2. *But the accounts have to be right for Income Tax?*

The role of the Bookkeeper in preparing a “correct” set of accounts is to professionally, correctly apply the accounting procedures to the transactions to prepare the reports. The bookkeeper would follow any direction from the tax adviser (registered Tax Agent or the Business (there's a scary thought in some cases) in relation to processing transactions in a way that they require for them to then be able to ascertain the correct Income Tax treatment.

It is up to the person responsible for Tax to review the output of the bookkeeper for ascertaining their tax consequence.

If the tax advisor wants the transactions processed in a certain way to enable them to ascertain the tax position then that tax advisor should advise and the bookkeeper follows that system. The bookkeeper doesn't become a tax advisor nor are they relied on for the tax advice, they are being relied on to process according to the system advised. That is what you are engaged to do.

A bookkeeper and registered BAS Agent should ask questions about any tax consequence, if they think something should be highlighted or considered for a different treatment.



3. *I am still confused as the TPB talk about the data entry as the following is considered a BAS service; “coding transactions, tax invoices and transferring data onto a computer program for clients through processes that require the interpretation or application of a BAS provision.”*

The BAS Agent Service line is crossed when the “interpretation” or “application” in a manner that it is reasonable to be relied and so on.

4. *I think my confusion resides in the words “data entry” and “coding” which ultimately have the same meaning.*

The difference is interpretation or applying the laws.

- › A bookkeeper codes according to a system prescribed to them.
- › A person who prescribes the system has to be a registered Agent
- › A person who certifies that the system has been applied properly has to be an Agent
- › A person who follow the system and provides the output to someone else to “certify” does **not** have to be an Agent

5. *Automation and relying on reports*

“I think what I also take from your replies is that a bookkeeper is able to use automated transactions (previously set up by an agent), but the information entered or reports produced should not be relied upon.”

In order for the reports to be relied on they would need to be “certified” by an agent or the business owner themselves. Once a system is established then it is anomaly and discrepancy checking that is required.