



# Institute of Certified Bookkeepers

## Making you Count

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## Bookkeepers helping Bookkeepers helping Business

June 2018

Welcome to ICB's June 2018 Newsletter.



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## ICB Membership Statistics

## ICB Supporters and Sponsors

# Additional Information for Members Only

In this month's [Members Newsletter](#) you will find the following additional information:

## Important News

- New Charge Rates for Bookkeepers
- Proving Your Identity

## Best Practice Bookkeeping

- Fair Work Ombudsman Resources for Bookkeepers
- GST on Property Transactions – new resource
- Wage Increases – Which Year?
- Reporting to the Client and the Accountant
- STP – Common Errors

## The BAS Agent World

- GovReports STP Solution
- When Can You Claim GST?
- Safe Harbour
- Offshoring – Tell Your Clients

## From the ICB

- June 2018 eBrief for your Clients and Business

## Important News

### The SGC Amnesty is Not Yet Valid

The [previously announced SGC Amnesty](#) is a draft law before parliament.

The proposed Amnesty provides a catch-up amnesty for Businesses to bring their SG up to date

- Tax Deductible
- No Administration Fee
- Must also add the Interest that would have been earned

However,

**it is not law yet, so the Amnesty is not valid yet.**

If you lodge the forms now and the Amnesty does not become law then

- you will not get tax deductibility.
- potentially the \$20 per employee per quarter admin fee will apply (but the ATO has said they will not apply this fee).
- All interest will still apply.

ICB will issue members with a total implementation guide for applying the Amnesty, when it becomes Law.

### Your End of Year Resources

ICB provides a comprehensive set of resources and guidance around your end of year process, including:

- Templates
- Checklists
- Knowledge

broken into thought areas of:

- Processes and Checklists
- Payroll
- Accounts Preparation

and supported by:

- Technical Webinars
- External Resources



### Your Car Grows Old... So Does Your Software

There are many aspects of our existence and environment that tire with age.

We buy some things and rationally cope with the fact that they grow old and will need to be replaced. Think of your motor vehicle. Think of your clothing.

Some things we buy in the full knowledge that we will need to plan to upgrade them within a period of time. Think of your mobile phone or your computer.

Even if we plan for a long term renewal program (i.e., maybe you buy that car with a 15 to 20 year view), we also buy that car knowing full well it requires maintenance.

Sometimes we upgrade our car because we like the new funky features, sometimes we upgrade (or even just replace) because the old one breaks.

We are in an era where software is the same. We are in an era where our business systems are the same. Not only is technology better today, but old technology simply will not work!

For instance, dial-up-internet services: Telstra turned their service off in 2015, and Optus have now turned off theirs. Times change; technology changes. It is more expensive to use and run old technology. If you use a dial-up modem then there is no option but to upgrade.

Our business environment is influenced by technology, and the expectations of other businesses and regulator requirements. The banks want you to interact efficiently. Government prefers digital. Other businesses want your communication quickly.

Is it reasonable to expect that our old software, built to meet the expectations of 10 years ago, will just keep on working? Is it reasonable for us to expect a product we bought a few years ago for a one-off price (i.e. a software package) should be continually modified and upgraded by that company for no further fee?

Unfortunately, there are many factors that mean our computers, our technology, our programs, and our internet services have to be modernised. They have to be upgraded. There are too many hacks and internet scams imposed on old systems where the security has not been updated. Crooks exist!

For better or worse, we conduct our businesses in a regulated world. The regulators seek to regulate in the most efficient manner, and therefore seek information in the most efficient manner. Our laws change to impose requirements on us in order to “enable” a level playing field for all businesses. Today in Australia we typically see that this implies a new way of doing business, and a new way of providing information to the Regulator.

## In Short...

We need to upgrade our approach to do business efficiently and effectively in today’s environment.

We need to upgrade our systems to enable efficient business process, but also efficient compliance with the requirements of being in a regulated environment.

We need to use up-to-date software and systems – This means we need to pay for either upgrades to our software, or for an ongoing maintenance and development program.

Is it a reasonable expectation that business will incur some cost to keep its business software systems up-to-date? We would propose that it is.

...It is then a case of evaluating what you are paying for and why.

Too many subscriptions keep getting paid when you don’t even use the service anymore.

Some software doesn’t develop, but the cost of changing to more efficient software is too high.

Does your car grow old and need money spent on it? Yes.

Does your business system grow old and need money spent on it? Yes.

Do the rules and regulations around us doing business in our world change and require new techniques? Yes.

Does a business need to spend money on its systems, and keeping its systems and compliance knowledge up-to-date? Yes.

## ATO Catches Crooks - Episode 2

### Cash-Only Business Caught Avoiding GST

*One of the owners of a cash-only takeaway chicken shop had been previously audited twice for another chicken shop, involving cash wages and inadequate record keeping.*

*The owners were claiming a large portion of GST-free sales from the sale of cold, uncooked chickens. When we tried purchasing an uncooked chicken, we were told that it was unavailable as the shop is a takeaway.*

*Our audit revealed they had understated their sales by around \$330,000 and were paying cash wages. The owners had to pay back \$103,371 in GST and also \$77,528 in penalties.*

### Reference

- [ATO – Data-matching programs](#)

## Best Practice Bookkeeping

### RCTI for Everyone - a Proposal

#### What is a Recipient Created Tax Invoice?

A recipient created tax invoice (RCTI), is a type of tax invoice which can only be issued in respect to taxable supplies. The difference between an RCTI and a normal tax invoice is that the RCTI is issued by the recipient/customer to the supplier.

#### Eligibility of Recipient Created Tax Invoice – Currently

There are currently two types of RCTI determinations:

1. **GSTR 2000/10** – this is a generic determination. Under these conditions a RCTI can be issued without needing to notify the Commissioner.
  - ▶ agricultural products (see the detail)
  - ▶ A taxable supply made to a government related entity such as a government department or authority.
  - ▶ A taxable supply made to a recipient with a GST turnover of \$20million or more.
  - ▶ A taxable supply made to a GST group member or a joint venture operator, if the recipient or a related entity in the group or joint venture has a GT turnover of \$20 million or more.
2. **Industry-specific** determinations made by the Commissioner in response to industry requests. This can be issued with a range of qualifications. (Ring the ATO on 13 28 66 for clarification).
  - ▶ Industries such as:  
Retail Selling agents, Caravan Parks, Road Transport, Recycling, Fishing operations
  - ▶ Refer to the [ICB Resource Page](#) for a complete list

#### The Proposal

Small and medium business with a turnover of less than \$20 million, who are not in one of the 3 broad classes, may only issue RCTIs if they belong to one of the 52 industry specific classes. Under our proposal, small and medium business in any industry will be able to issue RCTIs where certain conditions are met.

It is sometimes easier for the recipient to issue the tax invoice.

There is a lack of awareness of the current requirements and limitations.

Government is considering:

- Greater equity by allowing all businesses to issue RCTI where it is more efficient and effective
- Simpler and consistent system for issuing RCTI

## The Challenges

- Confusion about who has issued what documents – both suppliers and recipients creating tax invoices.
- Is it easier to create fraudulent RCTIs?
- Is it more difficult to verify RCTI in an ATO review?

## The Proposal

- Business with less than \$20m GST turnover
- It is more efficient or effective for the recipient to determine the value of the taxable supply
- Both must be registered for GST
- RCTI must be issued within 28 days
- Possibly restricted to sales of \$20,000 or less – ICB doesn't understand why this limit would exist
- Only available to compliant businesses, i.e., no lodgements outstanding

## The ICB View

Bring it on. We have proposed previously to the Board of Taxation review on impediment to small business, that RCTI should be extended to all businesses where it supports the natural business system.

We support this initiative.

## Reference

- [ICB – Recipient Created Tax Invoice](#)
- [ATO – Let's Talk – New broad class of recipient created tax invoices](#)

## Fair Work Ombudsman Tip-off Portal

### How to Use the Services

Have you observed a workplace practice in contravention with Fair Work? You can leave an anonymous tip-off via the [FWO website](#). In the few years it has been in operation, the Fair Work tip-off service has seen over 20,000 callers tip off the regulator in relation to inappropriate work practices in breach of workplace laws.

Concerned parties of any nationality and background can leave an anonymous message through the [digital portal on the FWO website](#).

You need to select from a list of available issues:

What do you want to tell us about?

Issue\*

Sub-issue\*

Industry of the business\*

Sub-industry\*

By ticking this box I acknowledge that I am submitting this not contact me to discuss the information I have provided.\*

Mandatory field(s) marked with \*

[Choose One]

[Choose One]

Pay

Leave

Ending employment

Other conditions (e.g. breaks)

Unfair dismissal

Tax and superannuation

Bullying and harassment

Workers compensation

Industrial action

Independent Contracting

Select a relevant sub issue, Industry and sub industry. Note that you can only add company details, i.e. the company you are tipping the commission off about, once you have selected the tickbox that confirms your tip-off is anonymous and that there is no way for the FWO to contact you. Once you have done so, the business details form will appear. Here you will need to add all relevant details.

**What do you want to tell us about?**

<b>Issue*</b>	Pay	▼
<b>Sub-issue*</b>	Underpayment of hourly rates	▼
<b>Industry of the business*</b>	Arts and recreational services	▼
<b>Sub-industry*</b>	Alpine resorts (ski lift operators)	▼

By ticking this box I acknowledge that I am submitting this form anonymously and that the Fair Work Ombudsman will not contact me to discuss the information I have provided.\*

**Business details**

[Search](#) | [select ABN](#)

Click 'Search ABN', fill in the name of the business, click on 'Search' and then select the correct search result. The business name and ABN will be added to your profile.

<b>ABN</b>	<input type="text"/>
<b>Trading name*</b>	<input type="text"/>
<b>Address*</b>	<input type="text"/>
<b>Suburb*</b>	<input type="text"/>
<b>State / territory</b>	<input type="text"/>

Remember that the process is not traceable, and that you cannot be reprimanded for a tip-off to the commission. It is recommended that you make such tipoffs discreetly, you are not required to disclose the tipoff to any party.

## Confidentiality

ICB note that as a professional, and certainly as a Registered BAS Agent, you are subject to considering the Confidentiality provisions of the Code of Conduct. We are advised by the TPB that they are unlikely to take action against a BAS Agent who has provided information to a regulator such as Fair Work, about the illegal activities of an employer.

There is proposed "Whistleblower" legislation which will move towards protecting any such disclosures.

There are requirements upon members of some organisations that require the professional to either remove themselves from the engagement with any business that is conducting illegal activities, or to actually inform the appropriate regulator.

## Resources

- [ICB – Ethics – Dob in a Crook](#)
- [ICB – TPB Code of Conduct – Confidentiality](#)
- [TPB – Confidentiality of Client Information](#)

# Your STP Training Program

## Single Touch Payroll



### Introduction

#### Concept

Each and every payrun, the employer **must** use software to submit details of each employees pay at the time they are paid.

Each payday a STP Payroll Report needs to be provided to the ATO. That report provides the YTD values for each employee that was paid and also the employers amounts of Gross Salary & Wages (W1) and Tax withheld (W2).

At the end of the year the employer needs to send a 'Final' flag with the final data to the ATO. No more payment summaries, no more PSAR/empdupe files. These are replaced by the 'Final' Flag.

Please note STP does not change the time when you have to pay employees, nor does it change the time you pay the PAYGW or the SGC. STP is a report to the ATO after you have performed your payroll and paid the employees and provided payslips. The payment of PAYGW remains on the BAS for small and medium withholders and weekly payment for Large withholders. Super is paid quarterly or in accordance with an Industrial Award if that applies to you. You **do not** have to pay the PAYGW nor the SG any earlier.

#### It's law

Legislation received Royal Assent in September 2016.

As at 1 April, 2018 every employer does a head count. All those with 20 or more people as at 1 April 2018, must have a plan to enter STP by 1 July, 2018. That plan maybe using a deferral that has been granted based on the Software being used or if an employer needs their own deferral.

Proposed Law brings all employers into STP reporting from 1 July 2019.

#### Current Important Information

- [1 July 2018, what does this mean for employers?](#)
- [Software Status Report – Who is doing what and when](#)
- [BAS Agents can Connect Clients for STP](#)
- [Employees – information](#)
- [Employee Handout to explain STP \(Employer not in STP yet\)](#)
- [Employer Information Sheet](#)
- [STP – Employer Update May 2018](#)
- [STP & the Smaller Employer \(Micro / Closely Held / Directors / 1–4 employees\)](#)

## Essential ICB Resources

- [Bookkeeping for Single Touch Payroll](#)
- [Authority to Lodge STP template](#)
- [STP Engagement Letter](#)
- [Declarations required - the explanation and the system](#)
- [Deferrals – explanation and how to apply](#)
- [Engagement Letters – the impact of STP](#)
- [Headcount Evidence Worksheet](#)
- [Rules – The ATO STP Business Rules](#)
- [Single Touch Payroll an ICB Guide \(Sept 17\)](#)
- [ICB Definitive Guide to Single Touch Payroll \(January 2017\)](#)
- [Phase 2 – the next Single Touch Payroll and Superannuation Laws](#)
- [The Employer's Obligations](#)
- [Bookkeepers Implementation Guide \(ICB\)](#)
- [GovReports provides a solution for Bookkeepers](#)

## ATO Produced Resources

- [ATO STP Employers Fact Sheet PDF](#)
- [ATO STP Employers Get ready checklist PDF](#)
- [ATO STP for Employees PDF](#)
- [ATO Employers – Understanding STP PDF](#)
- [ATO – Software Solution Providers Communication Pack \(April 2017\)](#)
- [ATO – Software Solution Providers Presentation Briefing \(April 2017\)](#)
- [ATO – Tax Practitioners Communication Pack \(April 2017\)](#)
- [ATO Employer Reporting guidelines – Website](#)

### ATO – Agent Engagement Forum Presentations

- [Introduction](#)
- [Software](#)
- [Practical Guide - the detail](#)
- [Get Ready](#)
- [ATO Actions – What they will do](#)
- [Small / Micro Employers](#)

## Technical Webinars

### STP in Software

- [STP in GovReports \(June 2018\)](#)
- [STP in MYOB \(June 2018\)](#)
- [STP in other software \(coming soon\)](#)

### Explaining STP

- [Getting Ready for STP \(April '18\)](#)
- [ICB Technical Webinar: Latest News and Updates for Simpler BAS & STP](#)
- [ICB Technical Webinar: Latest News and Updates for Simpler BAS & STP – Questions & Answers](#)
- [ICB Technical Webinar: Single Touch Payroll](#)
- [Introduction to Authorisations and Declarations \(as at October 2017\)](#)

## ATO Recorded Webinars

- Why and what is Single Touch Payroll
- Headcount
- Getting Ready (Tax Professionals)
- Getting Ready (Employers)
- Deferrals & Exemptions
- Corrections and Fixes (ICB Comment: more for Developers)

## External Resources

- STP Explanatory Memorandum
- STP Legislation
- ATO – Simpler Reporting with Single Touch Payroll
- Ministers Press Release – 28th December 2014
- Ministers Press Release – 10th June 2015
- ICB Software Status Web Page
- MYOB STP Web Information
- Reckon STP Web Information
- Xero STP Web Information
- Intuit QBO STP Web Information

# The BAS Agent World

## BAS Agents can Connect Clients for STP

### Nominating Client Software for STP With the ATO

The ATO have advised that, to nominate a client's software, you will need to be an authorised contact beforehand.

#### Process

- Add yourself as their BAS or Tax agent under your Portal: client details – Contact Details  
or
- Call the ATO on 1300 852 232 and select #1
- Let them know you are an authorised contact and nominate their software.

You should state that you would like to **'Notify the ATO of a hosted SBR software service'**.

You should be able to then provide the information to them on behalf of your client.

It is possible that you may have to request they take the details of the notification and that they will need to escalate the request to the STP Project Team.

You may need your personal TFN or other identification to do this, but it saves getting business owners frustrated with the ATO.

#### When is This Needed?

Some software has a direct connection between the client's accounting file (i.e. MYOB AccountRight, MYOB Essentials, Xero, Intuit QBO, Reckon) and the ATO Access Manager system to allow the lodgement of STP reports. To enable this connection the ATO must be advised of the Unique Software ID (USID). Refer ICB resources.

## How?

A business can make this connection through the ATO Business Portal and the Access Manager Screen. Alternatively, either the business or their agent can phone the ATO.

The ATO advise that to complete your one-off notification, you can either:

- As the business: log in to Access Manager using your Administrator [AUSKey](#) or [myGov](#) credentials if you are the eligible associate or authorised staff of the business, and follow the steps to [notify us](#)
- phone **1300 852 232**, prepared with the following information:
  - ▶ proof of record ownership (e.g. personal TFN, date of birth, address, recent ATO-generated notice)
  - ▶ your Australian business number (ABN), or if you are a registered tax agent you can use your registered agent number (RAN)
  - ▶ the name or ABN of your software provider
  - ▶ your unique software ID (provided by your software provider).

## The ATO Sometimes Gets This Wrong

Previously, BAS Agents were being told that you cannot make this connection on behalf of clients. The ATO have adjusted their processes as of Friday 22nd June. Legally, BAS Agents are permitted to act on behalf of clients for this purpose. The ATO have acknowledged this. If you meet resistance, request the ATO team member to refer to the STP scripting or their supervisor. Escalate your request to the STP Project Team. If this does not fix the problem, please note the date, time and reference number for the call, and advise us at ICB – [matthew@icb.org.au](mailto:matthew@icb.org.au)

## ATO Visiting Cash Businesses - Protecting the Honest

### Why the ATO is Targeting 'Cash Only' Businesses

The ATO are visiting businesses across Australia as part of their ongoing focus on the cash and hidden economy. In particular, the ATO are focusing on businesses advertising 'cash only' or dealing mainly in cash.

The ATO will work with business and industry associations, along with local authorities like chambers of commerce and councils, to improve the use of non-cash methods, and to identify potential businesses that would benefit from such assistance. While not all cash-based businesses are engaging in unlawful behaviour, the use of cash-only approaches can present problems.

There are a number of reasons why the ATO is targeting cashless businesses:

- Consumers are going cashless and expect to have a choice.
- Fewer mistakes – so less contact from us.
- Quicker reconciling at the end of the day – less time in queue at the bank.
- Less chance of being presented counterfeit notes.
- Reducing the risk of theft or break-ins.

Additionally, the ATO wants to ensure that services meet community expectations, and that vendors are not underreporting profit and overstating expenses to avoid taxation obligations.

Recent reviews and audits resulted in some very interesting findings, and some very substantial penalties in a number of industries.

### Construction

The ATO identified a company in the building and construction industry that hadn't reported over \$970,000 in cash sales over a two year period. The omitted income had been transferred into nine personal bank accounts as employee payments, including the company director. The nine employees also didn't report this income in their personal income tax returns. This resulted in over \$90,000 GST payable by the company with failure to withhold penalties of over \$200,000 on the wages provided to its employees. The total shortfall of income tax payable by the individuals was \$277,000 with penalties of over \$175,000.

## Restaurant and Café industry

When visiting one business, the ATO team noticed the Australian business number (ABN) quoted on cash register sales receipts varied. When the team asked about this, the owner made voluntary disclosures about over-claimed expenses.

During the audit, the ATO also found further unreported income and more over-claimed expenses. This led to adjustments of more than \$1.1 million. Penalties imposed on the tax shortfall were reduced by just over \$12,000 because of the disclosures. GST, income tax and penalties payable exceeded \$211,000.

It is clear that the ATO is committed to catching the unscrupulous vendors that are underreporting their income and gaining unfair advantage.

## Impact for Bookkeepers and your Businesses

*The discussion needs to happen.*

Use this information article to raise the business owner's awareness and consider their operations, where applicable.

## Continued Professional Education

### Continuing Professional Education

ICB Events and Webinars	Classroom	Online
<p><a href="#">ICB Technical Webinar - How To - STP in Intuit</a> Webinar, 11th July, 12:30 - 2:00pm AEST</p> <p><a href="#">ICB Technical Webinar - End of Year Entitlements and Payroll Tax</a> Webinar, 12th July, 12:30 - 2:00pm</p> <p><a href="#">ICB Technical Webinar - End of Year Financials</a> Webinar, 17th July, 12:30 - 2:00pm</p> <p><a href="#">ICB Technical Webinar – End of Year Review of Taxable Payments Annual Report (TPAR) 2018</a> Webinar, 7th August, 12:30 - 2:00pm AEST</p> <p><b>Note:</b> <i>Webinars are recorded and available for members to listen to in your own time in the <a href="#">ICB Webinar Library</a></i></p> 	<p><a href="#">ATO Open Forums for Practitioners</a> Various, August to December</p> 	<p><a href="#">ATO End of Year Tax Obligations Webinar, Multiple Dates</a></p> <p><a href="#">QuickBooks Online Advanced Certification</a> QuickBooks Courses, Multiple Dates</p> <p><a href="#">Reckon Live Webinars (&amp; Library)</a> Webinars &amp; Recorded for Online, Continual</p> 

# ICB Network Meetings

## Upcoming Network Meetings

<b>Webinars</b>				
Online 9th July, 2018	Online 13th July, 2018			
<b>ACT</b>				
Canberra - Northside 18th July, 2018	Canberra - Phillip 10th July, 2018			
<b>NSW</b>				
Albury 6th July, 2018	Ballina 10th August, 2018	Balmain 13th August, 2018	Bathurst August, 2018	Bellingen 17th July, 2018
Blue Mountains TBC	Brookvale 13th August, 2018	Central Coast 25th July, 2018	Dubbo 24th September, 2018	Hawkesbury Region 31st July, 2018
Hills Districts 18th August, 2018	Hornsby 12th July, 2018	Lower North Shore 16th July, 2018	Moorebank 4th July, 2018	Newcastle TBC
Newport 14th August, 2018	Orange 6th July, 2018	Port Macquarie 14th August, 2018	Randwick - Bondi 18th July, 2018	Southern Highlands 9th July, 2018
Shoalhaven 13th August, 2018	Sutherland 18th July, 2018	Tweed Coast 8th August, 2018	Wagga 20th July, 2018	Wollongong 7th August, 2018
<b>NT</b>				
Darwin 9th July, 2018				
<b>Queensland</b>				
Atherton Tablelands 8th August, 2018	Brisbane Central 19th July, 2018	Brisbane North 10th July, 2018	Brisbane South 17th July, 2018	Bundaberg 21st August, 2018
Burpengary 18th July, 2018	Cairns 3rd August, 2018	Dalby 26th July, 2018	Gold Coast - AM 10th July, 2018	Gold Coast - PM 10th July, 2018
Hervey Bay 21st August, 2018	Ipswich 17th July, 2018	Logan 18th July, 2018	Moreton Bay 9th July, 2018	North Sunshine Coast 13th July, 2018
Port Douglas 13th July, 2018	South Sunshine Coast 12th July, 2018	Toowoomba 13th July, 2018	Townsville 13th July, 2018	
<b>South Australia</b>				
Adelaide West 20th July, 2018	Mt Barker 17th July, 2018	Para Hills 18th July, 2018	South Adelaide 9th August, 2018	Unley 19th July, 2018
<b>Tasmania</b>				
Hobart 31st August, 2018	Launceston 11th July, 2018			
<b>Victoria</b>				
Brunswick 21st August, 2018	Bulleen 14th August, 2018	Burwood 4th July, 2018	Chadstone 9th July, 2018	Cobram 2nd August, 2018
Docklands 10th August, 2018	Echuca 27th July, 2018	Frankston 12th July, 2018	Geelong 17th July, 2018	Greenvale 8th August, 2018
Macedon Ranges 7th August, 2018	Mitcham 12th July, 2018	Mordialloc 17th July, 2018	Mornington 27th July, 2018	Mt Waverley 7th August, 2018
Narre Warren 17th July, 2018	Sale 10th August, 2018	Warragul 16th July, 2018	Wyndham 13th July, 2018	Yarra Valley 13th July, 2018
<b>Western Australia</b>				
Balcatta 12th July, 2018	Broome TBC	Bunbury 14th August, 2018	Busselton 27th July, 2018	Cockburn Central 18th July, 2018
Geraldton TBC	Joondalup 19th July, 2018	Kalgoorlie TBC	Mandurah 26th July, 2018	Melville 11th July, 2018
Midland 11th July, 2018	Northam 30th July, 2018	Welshpool 17th July, 2018		

## June 2018 Question of the Month: Wage reporting without an ABN

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

How do you report wages when an entity does not have an ABN and is not a business?

For example, how does that system work for a disability organization, or mum and dad employing a nanny?



Let us know your thoughts here

## May 2018 Answer of the Month: Part days pay for apprentice

### Last Month we Asked You:

Query regarding an apprentice who was employed as a full-time apprentice electrician – it was a quiet day work-wise and he was told to finish work early one day. The employer didn't pay him a full day's pay. What is the correct situation?

### ICB's Response:

A full-time apprentice works a 38 hour week (including paid TAFE training). Therefore, if the employer chooses to give an employee the afternoon off, the employee is still required to be paid for the 38 hour week.

## Other Things Happening in the World

### Fair Work Advises on Record Keeping

#### Proper Record Keeping is the 'Bedrock of Compliance'

Fair work has long acknowledged that record keeping can be quite involved and tedious, but it has been acknowledged by the courts that record-keeping is the *"bedrock of compliance with the Fair Work Act and the minimum standards under a modern Award"*, because without it, it is very difficult to be sure workers have been paid correctly.

Doing the right thing when it comes to records protects employers, as well as employees. Making and keeping proper records ensures that everyone can check that the pay a worker receives corresponds with the hours worked, and that the right pay rate has been paid.

It is accepted that an employer must make, and keep for 7 years, employee records that specify:

1. the rate of remuneration paid to the employee.
2. the gross and net amounts paid to the employee.
3. any deductions made from the gross amount paid to the employee.
4. if an employee is a casual or irregular part time employee who is guaranteed a rate of pay set by reference to a period of time worked, the hours worked by the employee (such as a time sheet).
5. if the employee is entitled to be paid an incentive-based payment, bonus, loading, penalty rate, another monetary allowance or separately identifiable entitlement, the details of the payment.

Find out what records you need to keep, learn about pay slip obligations and ensure employees receive correct wages and entitlements in the Fair Work online course titled, *'Pay slips and record-keeping'*.

You can access the course from their free online learning centre at [www.fairwork.gov.au/learning](http://www.fairwork.gov.au/learning). You can find information about pay slips and record-keeping, including downloadable templates on the website at [www.fairwork.gov.au/recordkeeping](http://www.fairwork.gov.au/recordkeeping).

## From the ICB

### What's New this Month from ICB

New and updated resources for June 2018

- [Employment Termination Payments](#)
- [Payment Summary Guide](#)
- [Taxing Back Payments, Commissions and Bonuses](#)

Other news for June 2018

- [Which Software ID do I connect](#)
- [ATO Tax Time Cyber Security Webinar](#)
- [ATO Phone call standards](#)

[Click here to view the latest news for the month.](#)

[ICB Q&A Space](#) – You can check out all the latest threads here.

Feel free to ask your questions regarding any issue you may be having or if you require clarification, we are here to help.

The [Latest Updates](#) lists all the topics in order of replies.



## From Strategic Partners

### Year End with QuickBooks Online

#### Preparing for Year End with QuickBooks Online: recording available

Did you miss our Preparing for Year End webinar earlier this month? We've got you covered with a recording of our session.

During the one-hour webinar, we covered both financial year and payroll processes, as well as our best tips to covering off all mandatory end of year processes in QuickBooks Online.

[View the webinar today!](#)



### QuickBooks STP Checklist

#### QuickBooks' Ultimate Single Touch Payroll Checklist

QuickBooks Online is ready for Single Touch Payroll, but are your clients? With the Single Touch Payroll deadline on the horizon it's time to check in with your clients to discuss their needs. From 1 July, 2018 businesses with 20 or more employees need to adopt a Single Touch Payroll enabled solution.

To keep you compliant, we've put together a check-list to ensure you're on top of your requirements, and can advise your clients on how to move forward. And, of course, all your clients currently on QuickBooks Online are automatically compliant with the new legislation thanks to the QuickBooks integrated payroll solution.

[Download the check-list here](#)



### ATO Provides Assistance to the NFP Sector

Catch up on all the classics on atoTV

- Starting your not-for-profit
- NFP and government employers and FBT: what happens when you provide entertainment (Webinar recording)
- Gifts and fundraising (Webinar recording)
- Registration and endorsement of your not-for-profit

Phone us on **1300 130 248** if you have any questions, or email us any feedback at [notforprofit@ato.gov.au](mailto:notforprofit@ato.gov.au).

### Who Can Act for a Client?

It is important to ensure that a client's/business's address and contact details with the ATO are correct. This prevents correspondence from the ATO sitting on the wrong desk and not getting action. It also ensures that the right people have authority to discuss matters with the ATO.

#### Who Can Act for a Client?

The ATO can only work with the people who are 'authorised' to act on behalf of a taxpayer/entity.

*"Only primary contacts (including public officers), authorised contacts, registered tax agents, registered BAS agents, temporarily appointed tax professionals and specialist tax advisers can contact us (the ATO) on behalf of an entity"*

#### Who do the ATO Write to?

Correspondence to taxpayers with a registered agent will be prioritised for direction to:

- their myGov Inbox where applicable.
- the preferred postal address for service of notice.
- the correspondence channel as set by preference arrangements in our systems.

Emails and SMS text messages will be sent to the email address or mobile phone number in our records.

#### Managing Client Mail

The ATO Interaction Management (IM) system allows you to tell the ATO where you want your clients' activity statements and related mail sent – either to you on behalf of your clients, or directly to the client.

For example:

- your client's business activity statements (BAS) to you, but their instalment activity statements (IAS) to the client.
- your clients' pay as you go (PAYG) instalment rate letters to the client except for Joe Citizen's letter which is to be sent to you.
- all educational mail for goods and services tax (GST), PAYG, fringe benefits tax (FBT), luxury car tax (LCT) and wine equalisation tax (WET) to the client.

Detailed explanation: [ATO – Managing client mail](#)

## Primary Contact

A *'Primary Contact'* has ultimate control.

Entity type	Primary contact
<b>Individuals</b>	Only that individual
<b>Company or incorporated association</b>	Public officer. Directors can only access information, and must be listed as authorised contacts.
<b>Unincorporated association or body of persons (for example, sporting club, social club or trade union)</b>	Office holder The office holder for an unincorporated association or body of persons is a member of the committee of management. For example, someone who occupies the position of: <ul style="list-style-type: none"> <li>■ president</li> <li>■ vice president</li> <li>■ treasurer</li> <li>■ secretary.</li> </ul>
	Public officer A public officer must be appointed if the unincorporated association or body of persons is carrying on a business.
<b>School (unless operating as a company)</b>	Principal
<b>Partnership</b>	Named partners only
<b>Trust</b>	Trustee for the trust If the trustee is a company, it is the public officer. If the trustee company isn't registered with us, and therefore doesn't have a public officer, it is the director of the trustee company as listed with the Australian Security and Investments Commission (ASIC).
<b>Superannuation entity</b>	Trustee for the entity If the trustee is a company, it is the public officer.
<b>Deceased estate</b>	Executor, executrix or administrator of the deceased estate.
<b>Government agency or entity (except schools)</b>	Chief executive officer

## Authorised Contact

The authorised contact must be:

- recorded as an authorised contact for the entity
- able to satisfy POI requirements.

Examples of authorised contacts include:

- directors
- registered tax agents
- registered BAS agents
- power of attorneys (PAT)
- legal practitioners (includes barristers and solicitors)
- insolvency practitioners (includes liquidators, company administrators or trustees in bankruptcy)
- debt management firms
- financial counsellors
- guardians
- family members or friends

## Registered Tax Agents

Registered tax agents have authority to access all roles on their clients' accounts. They can also add, remove and update the list of authorised contacts if they have been given authority to act on behalf of the entity in this capacity.

The registered tax agent is:

- recorded on the account for the entity.
- able to satisfy POI requirements.

If the registered tax agent is **not** recorded on an account, they must both:

- pass proof of identity for registered agents
- be able to provide a declaration they have a current signed authority to act on behalf of the taxpayer.

## Registered BAS Agents

A BAS agent's authority to act for the taxpayer is much more restricted than a registered tax agent's authority, and is limited to dealings with us in relation to a BAS provision.

Registered BAS agents can also add, remove and update the list of authorised contacts, if they have been given authority to act on behalf of the entity in this capacity.

## Who Gets the Mail?

Where a taxpayer is represented by a registered agent, the postal address for service is often the registered agent's address. This means that all correspondence sent to the client's address for service goes to the registered agent. However, there are some instances where the ATO will communicate directly with the taxpayer.

If you represent clients that have a myGov account linked to the ATO, they will receive some communications electronically in their myGov Inbox. These communications will be available for you to view in the Client Communication List (CCL) in the Tax or BAS agent portal.

ATO correspondence to taxpayers with a registered agent will be prioritised for direction to:

- their myGov Inbox where applicable.
- the preferred postal address for service of notice.
- the correspondence channel as set by preference arrangements in our systems.

If the address listed is the taxpayer's address, and not the registered agent's address, then postal correspondence will be sent directly to the taxpayer.

Emails and SMS text messages will be sent to the email address or mobile phone number in our records.

*The ATO will advise registered agents when writing directly to their clients*

When correspondence is issued directly to clients of registered agents, the registered agent must be informed at least one week before the communication is sent, unless the correspondence will be available in the CCL. The registered agent will need to be informed of:

- the title of the communication
- its purpose
- the names or types of taxpayers who are receiving the communication
- whether there will be any action required of either the taxpayer or the registered agent
- any timeframes or due dates involved.

# Your Claims for Tax 2018

The ATO have published a series of guidance documents around legitimate claims on your income tax return



The complete [ATO Tax Time Toolkit](#) is available on their website:

- Car expenses
- Clothing and laundry
- Travel expenses
- Occupation-based information:
  - ▶ Cleaner
  - ▶ Construction worker
  - ▶ Defence force
  - ▶ Doctor or medical professional
  - ▶ Hospitality worker
  - ▶ IT professional
  - ▶ Flight attendant
  - ▶ Miner
  - ▶ Nurse, midwife or carer
  - ▶ Office worker
  - ▶ Police officer
  - ▶ Public servant
  - ▶ Real estate professional
  - ▶ Retail
  - ▶ Sales and marketing
  - ▶ Teacher
  - ▶ Tradie
  - ▶ Truck driver
- Employees working from home
- Gifts and donations
- Self-education expenses

## Take Care with Car Claims – the ATO is Watching

Each year around, 870,000 people claimed the maximum amount under the cents-per-kilometre. The ATO will be scrutinising these claims very closely this year. This is because of perceived issues with many claims. The ATO is concerned that individuals are making these claims without substantiation. Bookkeepers and clients should take care with such claims; the ATO is implementing technology to identify variations between individuals who are similar from an income and job perspective, to identify potential overclaims.

*“It’s legitimate to claim for 5,000 kilometres if you did actually do them as part of earning your income. However, we are concerned that some taxpayers mistakenly believe that this is a “standard” deduction they are entitled to, without needing to provide any evidence of having travelled that distance, or even having undertaken any travel at all,” Ms Anderson, Assistant Commissioner at the ATO recently stated.*

*“It’s true that claims of up to 5,000 kilometres using the cents per km method don’t require a log book. However, you still need to have done the kilometres as part of your job and be able to show how you calculated your claim, for example by keeping a diary of places you have had to drive to for work, and how often. The cents per kilometre method is there to simplify record-keeping, not to provide a free ride.”*

Ms Anderson said that the ATO’s ability to identify claims that are unusual has improved due to enhancements in technology and data analytics.

*“We compare taxpayers to others in similar occupations earning similar incomes. Our models are especially useful in identifying people claiming things like home to work travel or trips not required as part of your job.”*

*“Unless you have a work-related need to travel while performing your job, you won’t be able to claim a deduction. For example, travelling from home to work is not deductible for most people. There are a few exceptions, like if people travel from site to site or are required to transport bulky tools or equipment and their employer does not provide them with secure storage at work. However, simply travelling from home to work is not enough to qualify, no matter how far you live from your workplace.”*

The ATO is advising taxpayers that they may request proof that you were required to undertake the travel for work.

*“A good way to check that your travel claim relates to your work is to ask yourself – did your employer require you to do that travel as part of your duties, or did your employer require you to transport bulky tools or equipment to and from work?”*

*“The ATO is also warning taxpayers to not double-dip. You can’t claim expenses you didn’t pay for, including when your employer provided the vehicle or reimbursed your expenses, including under a salary sacrifice arrangement or novated lease,” Ms Anderson said.*

Ms Anderson said there are three golden rules for taxpayers to remember to get it right.

*“One – you have to have spent the money yourself and can’t have been reimbursed, two – the claim must be directly related to earning your income, and three – you need a record to prove it.”*

Workers who are entitled to claim a deduction must keep accurate records. The ATO has to disallow lots of claims, because the taxpayer didn’t keep the right records. But the myDeductions tool in the ATO app can help make keeping records easier. The app is particularly useful for people who use their car for work, as it helps them track trips using GPS, point-to-point, or the odometer method. At tax time this data can be sent directly to a tax agent or uploaded into myTax.

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## STP ATO Employer Guide Released

The ATO has released their Single Touch Payroll Guide for employers.

The web-based content is also delivered as a PDF.

ICB will develop a practical STP implementation guide for employers that develops this material.

### References

- [ATO – STP Employer Reporting Guidelines](#)
- [Previous ATO Employer Guide provided to software companies](#)

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## BASAAG April Meeting Minutes Available

ICB represents the ICB members at the ATO BAS Agents Association Group. The minutes of the 20 April 2018 meeting have been made available.

[Download the minutes here](#)

## ATO 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.

### Planned System Maintenance

Start Time	End Time
Saturday 4 August 2018 – 10.00pm AEST	Sunday 5 August 2018 – 10.00am AEST
Saturday 1 September 2018 – 10.00pm AEST	Sunday 2 September 2018 – 10.00am AEST
Saturday 6 October 2018 – 10.00pm AEST	Sunday 7 October 2018 – 10.00am AEDT
Saturday 3 November 2018 – 9.00pm AEDT	Sunday 4 November 2018 – 9.00am AEDT
Saturday 1 December 2018 – 9.00pm AEDT	Sunday 2 December 2018 – 9.00am AEDT

### Additional Maintenance: Quarterly Major Systems Release

Start Time	End Time
Friday 21 September 2018 – 9.00pm AEST	Monday 24 September 2018 – 7.00am AEST
Friday 7 December 2018 – 9.00pm AEDT	Monday 10 December 2018 – 7.00am AEDT

For more details regarding BAS Agent portal maintenance, [click here](#).

## ICB Membership Statistics

**5,717 Members** at 31 May 2018

3,997 Members maintain Fellow, Member, Associate, Affiliate and Educator Membership. ICB also has 14 Accredited Training Provider Members and 1,706 Student Members.

## ICB Supporters and Sponsors



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ICB's Newsletter contains news articles, links and regular sections that we feel will be of interest. If there is anything that you would like to see, whether a regular feature or a one-off, please let us know. Email your ideas to [admin@icb.org.au](mailto:admin@icb.org.au)

**The** monthly Newsletter for members of the Institute of Certified Bookkeepers.

A selection of those articles listed are accessible by ICB Members **only** – ICB Members, you will need to be logged onto the ICB website to view all the articles in full.

The newsletter of ICB is designed as information and resources for Bookkeepers with clients and also bookkeepers in employment.

The content of the newsletter maybe relevant in part or in whole to other publications or other purposes.

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Kind regards,  
ICB Newsletter Team

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