Institute of Certified Bookkeepers
Making you Count

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Bookkeepers helping Bookkeepers helping Business

August 2018

Welcome to ICB's August Newsletter.

Web Version

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Additional Information for Members Only

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Important News

How Much Time Your Expertise Saves the Client

Why do we take our car to the mechanic?

A car needs servicing every 10–15,000 kms. It needs to be kept safe and roadworthy…

When there is a noise in the engine we have a few options:

1. we can Google troubleshooting tips for "noise in the engine", read, interpret, try to fix, read again, try again…

    We can invest time and effort endeavouring to learn knowledge and skills that we don't normally have.

    or

2. we can engage with an expert who knows what to listen for, where to look, what to do, and how to fix it.

There are instructions from our mechanic that we should follow to ensure our car keeps running, and we don't cause more trouble than we should: water, petrol, air in the tyres. While we rely on the mechanic to be the expert, and to do the technical specialised things to the car, we have a role in keeping the car moving.

Why a Business Should Engage with a Bookkeeper

The mechanic – who is the expert in working with our car – is also the mechanic who needs expertise to keep their business healthy and compliant. The mechanic could endeavour to spend the extra time recording the sale, applying the right GST, issuing a compliant invoice and keeping the business records as required. Alternatively, they could work with a Business Systems expert ('The Bookkeeper') who helps implement and maintain an automated IT-based business system to conduct the business, record the sale, apply the GST, issue a compliant tax invoice, and maintain all the records in a form that helps all the respective compliance forms to be completed efficiently and effectively.

The mechanic has the choice of spending more time utilising their expertise being a mechanic, and therefore deriving more income using their chosen and preferred skills, or sacrificing that income and spending too much of their time performing tasks in which they aren't skilled.

The plumber knows where to tap.

Our challenge is to make a bookkeeper's expertise perceived or presented as adding value, akin to other trades or knowledge-based professions.

The stories and analogies abound like the mechanic who is called into a major factory to fix the machine in the production facility. The fee negotiated in advance was $10,000. The mechanic attends the factory, performs some preliminary observations and tests, takes out the hammer, taps one pipe and the problem is solved. When the owner complains, the mechanic's simple answer is that while it took only seconds to tap the pipe, it took years of experience and significant knowledge to know which pipe to tap with which hammer.

Similarly, a Bookkeeper has the experience, the knowledge, the product/solution expertise to assess and interpret the business circumstances, to recommend and implement an effective solution and then to manage and utilise the solutions to ensure the effective and compliant record keeping and reporting.

The Bookkeeper knows where to look and how to report

Building Relationships While Emphasising Your Value Contribution

Successful selling involves:

- developing relationships with people
- discovering their needs
- matching your products and services to these needs
- communicating the benefits of buying your products and services.

Skills such as effective communication and product knowledge give you confidence in your ability to sell, which will make your customers more likely to buy your products and services. Most importantly, you need to emphasize value contributions, and not just the cost of your service. How are you helping your client reduce their expenses in terms of compliance time? What is the benefit to them of being able to focus on business and not on their bookkeeping?

References

- ICB – Your Software Grows Old
- ICB – True Bookkeeping

ATO Catches Crooks – Episode 4

Sales Suppression Software

Example 1: Downloading software with sales suppression capabilities

Ron downloads 'Sales Zapper', a software program that is compatible with his existing POS system. It's designed specifically to manipulate sales records and can also erase certain records without leaving a trace.

A reasonable person would consider that one of the program's principal functions is to falsify, manipulate, hide, misrepresent, destroy or prevent the creation of records, and so Sales Zapper falls under the definition of an ESST.

Example 2: A USB device with more than one principal function

Anthea operates a café and realises that storing data from her POS system is using too much space on her computer's hard drive, so she buys a USB device to store the information on instead. The USB device is sold as 'SalesUSB', and when the POS system data is transferred to the USB device, there is a hidden program that deletes every fifth cash sale. SalesUSB has two principal functions – one for storage, and one to delete every fifth sale.

The hidden program is part of SalesUSB, and is an ESST, as a reasonable person would consider that one of its principal functions is to falsify, manipulate, hide, misrepresent, destroy or prevent the creation of the user's records.

Example 3: Non-compliant training mode

Stephen operates a pub and buys a separate module called 'TrainStaff' from his POS developer, which he adds to his POS system. The module contains an additional function to enter, amend or delete genuine business transactions (not just those in training mode) without leaving a trace.

A reasonable person would consider the additional function to manipulate and delete live sales is an ESST as one of its principal functions is to falsify, hide, misrepresent, destroy or prevent the creation of transaction records.placeholder

Best Practice Bookkeeping

Single Touch Payroll – Update 8/18

Superannuation & STP

Single Touch Payroll (STP) reporting includes:

1. the employer providing

    a. the amount of Superannuation that has been accrued, Year to Date, for each employee

    b. each time an employee is paid

    The law allows for at least the Superannuation Guarantee amount to be provided however the STP design allows the employer to provide the total amount of all Super they are obliged to pay

    c. RESC: the amount of Super that would have been provided on a payment summary as Reportable Employer Superannuation Contribution can be provided throughout the year or in the same way as previously which is provided only once per year at the 'Finalisation' process following the end of the year.

2. the Superannuation Funds providing

    a. The amount of Superannuation payment received from each employer for each employee

    b. Each time a payment is received or on a periodic (monthly) basis

The full impact and implementation of this superannuation reporting will not be in place until well into the 2019/20 financial year. However, Employers are required to provide this information with the STP reporting now and Superfunds are beginning to provide their information more regularly now.

What is happening with the super information?

The ATO will begin to display the employer information to the employees on the employee's myGov ATO Online Services site. Exactly how this will be shown is still being discussed.

When the ATO is receiving the 'payments received' information from the Funds regularly and with stability, then this information will also be displayed on myGov. The manner of displaying this information and aligning it with the employer obligation amounts is being discussed.

The display of this information on myGov ATO Online, will change and be implemented over the next 12 to 18 months.

What is the ATO going to do with it?

The ATO will be performing analytics and also exception reporting techniques on the employer super information received. ICB is in the discussions about what information is being reviewed, how it is being reviewed and what actions the ATO will take based on the information.

The ATO will look for employers who are not accruing super at all or properly. They will look for employers who are accruing but not paying. The ATO is well aware of the complexities of super calculations and are working with us to develop appropriate follow up strategies.

How does Super Reporting through STP interact with the SG amnesty?

Remember that the SG Amnesty is not yet law. It is government policy, however, to ensure that employers are paying their SG and as such we believe the compliance actions of the ATO will be enhanced when they begin receiving the Super information through STP.

Employers meeting their SG obligations is one of the outcomes of STP.

The revised law allows the ATO to pro-actively contact employees and employers to ensure SG compliance.

As such the successful, or otherwise, implementation of the proposed and announced SG Amnesty is irrelevant to the compliance actions of the ATO and STP.

STP Reports – Don't Go Back

Most Frequently Asked Question for Single Touch Payroll

I have missed a report - how do I go back?

or

The report contained an error - how do I resubmit?

or

I have missed July and only just started - how do I submit the July reports?

The Answer is the Same

Single Touch Payroll has been designed so that you don't submit past reports back to the ATO.

The employer's payroll system is the source of truth.

If there is a past error fix it in your payroll system.

Then on the *next* payrun, you submit your STP report and your software will send the new set of corrected **Year to Date** amounts for the employees that are being paid.

So…

- You don't go back and lodge a missed report.
- You don't go back and resubmit a report that errored.
- You don't go back and submit reports for all the pays in July because you have just started.

Natural Business System

Single Touch Payroll has been designed as far as possible to leverage off your normal (previous) payroll system. Fix your system and do the next payroll.

Exceptions

If you have paid someone in the past that won't get paid again, the future payevents wont normally send their details. You would need to send an "Update" event to the ATO for that employee, if your software has that feature. Alternatively, they will be caught in your "Finalisation" process. This is the STP version of Payment Summaries. You "Finalise" which tells the ATO the persons data is final for that payroll year and the data can be used for their tax return. Subject to your software you can finalise an employee during the year.

Common Errors in STP

The ATO is seeing the following issues;

- Please complete Payroll Contacts properly – The ATO may be in contact to discuss any anomoly or things they think they are seeing, who should they contact – please complete the payroll contact name and details.

- The ATO report that they have been receiving multiple reports of the same payevent from some employers when there was no need to resubmit the same data.

- Check that you or your software is **not** sending a different payevent for each separate employee, i.e., if there are 10 employees in the payrun then all 10 should be sent in the one payevent STP report to the ATO.

- Make sure that your software is sending the data you think it is sending – check the reports from your software.

- Don't report for contractors and non-individuals.

- It appears that some are 'finalising' employees before they mean to. You can turn off the 'Finalise' in the next message or send an update event to turn the finalise flag off, if your software has that feature.

These errors may be caused by the way the software has been set up or the software itself.

Resources

- ICB – What to do when the ATO says there is a problem
- ICB – Single Touch Payroll
- ICB – STP Resources

Dob in a Crook – the ATO Hotline

Report Tax Evasion – from the ATO

Help us ensure everyone pays their fair share of tax.

Unreported cash sales can give a business an unfair advantage. You might see someone:

- not ringing up a sale on their till or keeping their till drawer open
- paying cash wages
- having two sets of books.

If you think a person or a business is not playing fair, you can confidentially report suspected tax evasion to the Tax Evasion Reporting Centre online anytime or by calling **1800 060 062**. If you are a tax practitioner use Fast Key Code 3 4.

Reference

- ATO – The fight against tax crime – What you can do

The BAS Agent World

TPB Audits CPE of BAS Agents

The Tax Practitioners Board has announced a new program of compliance audits, concentrating on CPE behaviour and record keeping of Agents.

Ian Taylor advises

> *In 2018–19 we will undertake reviews of practitioners continuing professional education (CPE) records to ensure compliance with our CPE policy and their renewal requirement. These reviews will provide insights into how tax practitioners are maintaining their knowledge and skills relevant to the services they provide that help us develop targeted guidance and support.*

In consultation with the TPB, we have been advised that the TPB will first be looking at those Agents who are not members of Professional Associations. In due course they will review the CPE records of all agents.

ICB Members have access to the ICB CPE Register. This register automatically records all ICB network meetings, webinars, conferences and workshops attended. Members are able to add additional CPE events to the register, including uploading certificates of attendance or completion.

The TPB requires BAS Agents to undertake 45 hours of CPE per 3 years. ICB requires Members to undertake 15 hours of CPE per year.

There are ongoing discussions about the need for all professionals to renew their expertise through CPE related activities or re-accreditation of the knowledge and skills in the areas in which they practice.

ICB provides its members with the Annual Skill Review – an assessment to reassure you that you are up to date with the current developments in the areas of your world. Additionally, ICB offers specialty skill assessments in Payroll, Terminations, TPAR, HR Intermediary and Payment Summaries.

The TPB has indicated acceptance of CPE records maintained and proven through systems such as the ICB Register and acknowledges the educational role of the Knowledge and Assessments available through professional associations.

- ICB Accredited Skills
- ICB Professional Development Resources
- Find an ICB Accredited Bookkeeper
- TPB Guidance on CPE for BAS Agents

TPB Promotes BAS Agents

The TPB advises in their latest newsletter:

Promoting Registered Agents

"Tax time 2018 has commenced and our digital advertising has been encouraging small businesses seeking a tax or BAS agent to look for the Registered tax practitioner symbol and check if they are registered through the public register.

"Digital advertising through Google, Bing, Yellow Pages, TrueLocal, LinkedIn and Gumtree resulted in more than 1.1 million advertisements appearing when small businesses were searching for a tax or BAS agent, and have so far generated more than 4,300 visits to the TPB Register.

"Throughout tax time we will continue to raise consumer awareness of checking that their tax or BAS agent is registered. You can help by ensuring you use the Registered tax practitioner symbol to show that you meet the standards required to be registered as a tax practitioner and report to the TPB any issues where you think another is providing services for a fee whilst unregistered."

TPB Reports Outcomes From July Consultative Forum

TPB reports outcomes from July Consultative Forum

   Consultative Forum communique – 10 July 2018

Continued Professional Education

Continuing Professional Education

ICB Events and Webinars	Classroom	Online
ICB 2018 Payroll HR Workshops Multi-locations, Multi-dates ICB 2019 Conference Multi-Locations, Multi-Dates ICB Technical Webinar *Medical Industry - Operations* Online, 30th August, 2018 ICB Technical Webinar *Medical Industry - Billing* Online, 13th September, 2018 ICB Technical Webinar *Medical Industry - Payroll* Online, 2nd October, 2018 ICB Technical Webinar *Novated Lease* Online, 25th October, 2018 ***Note:*** *Webinars are recorded and available for members to listen to in your own time in the* *ICB Webinar Library*	ATO Open Forums for Practitioners Multi-locations, Multi-dates	Receipt Bank Webinar *Increase Capacity And Productivity In Your Firm* Webinar, 14th September, 2018 Introducing the Reckon Loans Partner Program Webinar, 18th September , 2018 Reckon Accounts Hosted Webinars Webinars, Multi-dates

ICB March 2019 Conference Dates Announced

Dates have been announced for ICB's 2019 March Conference

Early bookings available now!

Receipt Bank Webinar – Increase capacity and productivity in your firm

Growing your practice requires capacity and an increase in your productivity. The best way to boost these is by removing manual processes to speed up your operation. One method is by moving to digital processing which can triple your processing capacity and increase worker productivity by 50%, and reduce storage costs by as much as 80% (Gardner, Inc).

Join us for our next webinar with Receipt Bank that can show you how to build this method into your practice.

ICB Network Meetings

Upcoming Network Meetings

Webinars				
Online 10th September, 2018	Online 14th September, 2018			

ACT				
Canberra - Northside 12th September, 2018	Canberra - Phillip 11th September, 2018			

NSW				
Albury 7th September, 2018	Ballina 12th October, 2018	Balmain 10th September, 2018	Bathurst 18th September, 2018	Bellingen 18th September, 2018
Blue Mountains TBC, 2018	Brookvale 8th October, 2018	Central Coast 19th September, 2018	Dubbo 24th September, 2018	Hawkesbury Region 25th September, 2018
Hills Districts 19th September, 2018	Hornsby 13th September, 2018	Lower North Shore TBC, 2018	Moorebank 5th September, 2018	Newcastle 22nd October, 2018
Newport 16th October, 2018	Orange 14th September, 2018	Port Macquarie 18th September, 2018	Randwick - Bondi 12th September, 2018	Southern Highlands 10th September, 2018
Shoalhaven 15th October, 2018	Sutherland 19th September, 2018	Tweed Coast 12th September, 2018	Wagga Wagga 28th September, 2018	Wollongong 23rd October, 2018

NT				
Darwin 10th September, 2018				

Queensland				
Atherton Tablelands 12th September, 2018	Brisbane Central 20th September, 2018	Brisbane North 11th September, 2018	Brisbane South 18th September, 2018	Bundaberg 16th October, 2018
Burpengary 19th September, 2018	Cairns 14th September, 2018	Dalby 30th August, 2018	Gold Coast - AM 11th September, 2018	Gold Coast - PM 11th September, 2018
Hervey Bay 16th October, 2018	Ipswich 11th September, 2018	Logan 19th September, 2018	Moreton Bay 10th September, 2018	North Sunshine Coast 14th September, 2018
Port Douglas 14th September, 2018	South Sunshine Coast 13th September, 2018	Toowoomba 14th September, 2018	Townsville 14th September, 2018	

South Australia				
Adelaide West 21st September, 2018	Mt Barker TBC, 2018	Para Hills 19th September, 2018	South Adelaide 6th September, 2018	Unley 20th September, 2018

Tasmania				
Hobart 31st August, 2018	Launceston 20th September, 2018			

Victoria				
Brunswick 18th September, 2018	Bulleen 11th September, 2018	Burwood 5th September, 2018	Chadstone 3rd September, 2018	Cobram 4th September, 2018
Docklands 19th October, 2018	Echuca 31st August, 2018	Frankston 13th September, 2018	Geelong 18th September, 2018	Greenvale 11th September, 2018
Macedon Ranges 16th October, 2018	Mitcham TBC 2018	Mordialloc 18th September, 2018	Mornington 28th September, 2018	Mt Waverley 4th September, 2018
Narre Warren 18th September, 2018	Sale 14th September, 2018	Warragul 17th September, 2018	Wyndham 14th September, 2018	Yarra Valley 14th September, 2018

Western Australia				
Balcatta 21st September, 2018	Broome 24th August, 2018	Bunbury 9th October, 2018	Busselton 31st August, 2018	Cockburn Central 12th September, 2018
Geraldton 31st August, 2018	Joondalup 20th September, 2018	Kalgoorlie TBC, 2018	Mandurah 30th August, 2018	Melville 12th September, 2018
Midland 12th September, 2018	Northam 27th August, 2018	Welshpool 18th September, 2018		

August 2018 Question of the Month: Exemptions for one-off EFT payments

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

Are there any workarounds or exemptions to paying one-off EFT payments for $1,000 per person who helped in an event in the advertising industry – perhaps gift payments?

Let us know your thoughts here

July 2018 Answer of the Month: Control of accounting files

Last Month we Asked You:

A client's accountant is seeking administrator rights to the accounting file to setup their staff as users. Should this be allowed? Considering the cyber issues today who has the control?

ICB's Response:

Considering the cyber issues today, the business owner should be the ultimate controller of access to the business datafile. If the accountant is providing training and consulting to the software, then administrative rights is sensible, however if the accountant is only asking for administrator to setup his own users, then the business owner should be informed of who is accessing the datafile and/or create or setup one user for the accounting firm.

Other Things Happening in the World

MYOB – New Payments Platform

Source: https://www.myob.com/au/blog/new-payment-platform/

What you need to know about the New Payments Platform

Sick of the three day waiting periods on getting payments or having to give your BSB and account number to your customers? This is about to change.

The New Payments Platform (NPP) is on track to be available from February and will allow customers to send and receive payments in real-time using mobile numbers, email addresses or ABNs.

The current system of delayed transfers between banks has been in place for a very long time, and designed specifically to handle payments within business hours.

But as the definition of 'business hours' continues to lengthen, so does the need of businesses.

From next month, participating banks will be able to accept payments near real time, 24 hours a day, 7 days a week – and people can link their mobile phone numbers or email addresses to their accounts.

Imagine being able to pay somebody in real time using just their email address: that's the dream, and now it's (almost) here.

What does this mean for me?

Like all new tech, it takes a while to be adopted and moulded through continual use.

The NPP is a framework which allows the near real-time settlement of transactions and the linkage of details like mobile phone numbers and email addresses to accounts – how this framework is used will change over time as people get a chance to 'look under the hood'.

What we'll start to see is more and more features, known as overlays, developed by certified NPP overlay providers.

Some of the potential overlays could be simpler invoice payments, faster payroll payments, superannuation and straight through BAS payments.

That is where business will really start to get the benefit, but it is likely that businesses will see very little change in the initial phases of the rollout.

The NPP is a separate platform to the current system, and the current payments infrastructure will still be active.

The NPP is an opt-in system, so you'll need to talk to your bank if you want to access the new platform.

Here are a few things to think about if you want to give life on the NPP a go:

Both payer and payee need to be NPP-enabled

To accept NPP payments, you'll need to work with your bank to check whether you're eligible to be connected to the new platform.

Even then, if you want to pay somebody on the NPP, you'll need to check that they're on the NPP too.

Payments will be in near real time

Instead of transfers being processed in batches every few hours, payments will now be processed immediately.

Once a NPP payment is sent the receiving bank will respond with a clearing notification, which lets the payer know that the payment has been received by the payee's bank.

The receiving bank will automatically raise a settlement request to move the funds to payees account – but the actual settlement may have some delay.

The good news is that this will be typically be less than a minute.

Your statements may now include emojis…

The other cool thing the NPP does is to allow more data to be sent through with the payment.

The 'payment message' will now be extended from 16 characters to 280 characters (including special characters and emojis!).

Depending on the bank, statements, transaction history and bank feeds may start to include this richer data, helping with reconciliation and understanding transaction history.

MYOB is currently working with the banks to manage any impact that enriched data will have on bank feeds.

Setting up a PayID

The NPP has the ability to link your mobile number, email address, ABN and other identifiers to your account number.

This means all you'll have to do is hand over one of those identifiers, and the payment will make its way to your account number.

Pretty simple, right?

Well, there is one complication you need to take note of.

You can only use your mobile number or unique identifier (whatever that is) for one PayID account.

For example, if you have registered your mobile as a PayID on your Commonwealth account and open a ANZ account – you cannot also register your mobile as a PayID on that second account.

You would need to deregister from Commonwealth first.

While this may seem inconvenient, the benefit is that it is very little disruption to your customers – no more having to provide them with updated BSB and Account details if you change banks.

It is possible to have multiple PayID's pointing to one account which allows payments to your mobile and email to go to the same place, so your customers have options when choosing to pay you.

What to do next

Curious? Start by talking to your bank.

You can find a list of participating institutions here.

You can also find out more about the platform here, and even follow NPAA on LinkedIn for more updates.

Uber Workers are Not Employees

Lessons from Fair Work on Employees Versus Contractors

Uber drivers are not employees, rather they are contractors. This was confirmed in a recent trial. The plaintiff Mr Kaseris claimed that he subject to unfair dismissal as he was dismissed after he had his Uber account deactivated by Uber after being subject to low customer service ratings. The representatives of Uber's Australian arm Raiser Pacific ('Uber'), claimed that Mr Kaseris was not subject to unfair dismissal laws, as he was an independent contractor and not an employee. Employee status is a requirement under the Fair Work Act 2009 (Cth) for unfair dismissal. The decision is important for clients that provide a platform and marketplace for independent service providers, such as Deliveroo. The decision also provides a useful outline on how the FWC will decide whether a genuine independent contractor relationship exists.

- The Driver was subject to a Services Agreement.
- The Driver had control over the manner, location and time of work.
- There was no exclusive relationship between the driver and Uber.
- The Driver was tasked with establishing business assets and expenses.
- The Driver was not permitted to display the Uber logo or branding.
- The Driver was responsible for their individual tax affairs.

So this now conveys that while, under foreign laws many within the gig economy may be considered employees, within Australia they are largely seen to be contractors.

References

- ICB – Contractor or Employee
- FWC – Case notes: Mr Michail Kaseris v Rasier Pacific V.O.F

Fair Work Case – Degani Bakery & Café Compliance

The Fair Work Ombudsman recently released the findings of its Degani Bakery and Café compliance activity that found non-compliance at 15 outlets, including underpayment and record keeping breaches.

The FWO's activity involved auditing 14 Degani outlets in Melbourne and 2 in Rockhampton after receiving a high number of requests for assistance, and found just one outlet to be compliant with workplace laws.

The audits resulted in the FWO recovering a total of $44,165 for 86 underpaid workers and issuing:

- 10 formal cautions;
- 8 compliance notices; and
- 5 infringement notices (on-the-spot fines).

Fair Work Ombudsman Sandra Parker said under or non-payment of penalty rates was the most common issue identified by inspectors, as well as underpayment of base rates of pay.

> *"We uncovered issues with record-keeping at several Degani outlets that hindered our ability to determine exactly how much back-pay the employees were owed. Unfortunately, Degani's failure to meet basic workplace requirements is common throughout the hospitality industry.*
>
> *"One in ten disputes resolved by FWO in 2016–17 involved a restaurant, café or takeaway food outlet, and nearly one third of the most serious cases that we take to court involve this sector.*
>
> *"Recent law changes mean franchisors can now be held liable for workplace breaches by businesses in their networks. This report reinforces the need for industry-wide cultural change and hospitality leaders should work with the FWO to support compliance,"*

In February, the FWO commenced court action against a Degani outlet in Greensborough for allegedly using false records to conceal more than $12,000 in underpayments to workers. The matter remains before the court with a hearing scheduled for 1 October 2018.

In November, the FWO entered into an Enforceable Undertaking with the operators of a Degani outlet in Mornington, south of Melbourne, who underpaid workers almost $10,000.

The report is available at www.fairwork.gov.au.

From the ICB

ICB Joins the Small Business Hub

The Small Business Hub is a space that allows interstate business operators better access to the government and public sector.

The Hub provides small businesses, family enterprises and industry associations representing small business with:

- desks to work from during visits
- a space to hold meetings
- easy access to Parliament House and federal government departments
- a place to host events.

ICB Joins the ATO Small Business Technical Working Group

📄 ATO Small Business Technical Working Group

Member Benefit of the Month – ICB Member Badge

Build your professional and personal brand. You may have seen them on ICB Staff during the March conference or you may have seen your Network Facilitator wearing theirs
– now you can have your very own.

What's New this Month from ICB

New and updated resources for August 2018

- Car Allowances and Reimbursements
- TPAR for Government Entities
- Bookkeeping for Taxable Payments Annual Report (TPAR)
- Daily Travel Allowance 2018–2019
- Taxing Back Payments, Commissions and Bonuses

Other news for August 2018

- ATO STP link clients to Agent
- ATO STP Bulk SID Notification
- SBSCH - Correct the errors
- ATO: Extension of the TPRS
- ATO Info Sheet - Top Ten Tax Qs
- ATO Welcome to STP Letter
- Members views on Black Economy
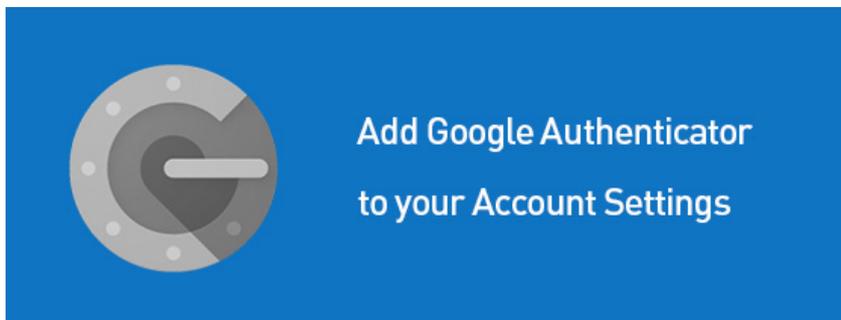
Click here to view the latest news for the month.

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

GovReports Google Authenticator

At GovReports we are listening to our users and the recent most popular request is to have additional option for 2 Factor Authentication including Google Authenticator which many of you would already be using and familiar from other software applications.

So our development team has been to work on urgent request to implement Google Authenticator and with over the last weekend SMS service hiccups, there is no better time for us to announce the release of Google Authenticator as an additional security option which is now live for you to apply when using GovReports application to store and process financial / regulatory information online.

Similar to a token device use in banking, Google Authenticator is an application that uses the Time-based One-time Password Algorithm (TOTP) and HMAC-based One-time Password Algorithm (HOTP) to authenticate users without the physical token device.

To apply Google Authenticator on your GovReports account, you will need to install Google Authenticator app on your smart phone and set up prior to use. If you already have Google Authenticator on your phone from other software applications, then scan the QR code to use for GovReports.

To add and activate Google Authenticator as part of your GovReports login process, you will need to change your security settings and to do that, please login to your GovReports account as you normally would with previous Security set up.

From your dashboard, go to
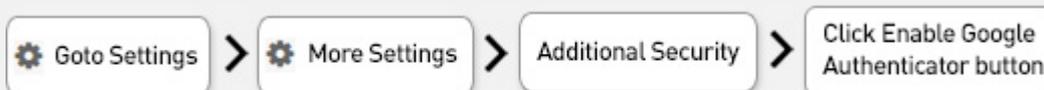
At this point, GovReports will display the unique barcode for your account as well as the manual code.

Two Factor Authentication

Google Authenticator

Get Started

1. Install the Google Authenticator App on your phone
2. Open the app, tap the begin setup
3. Choose to Scan barcode, then scan code below

or enter your key manually (Time-based): J5BWGSCLMZUVSSTNLFLEUTSNGVEECTLBHFTT2PI

Authentication Code

Setup

If you haven't used Google Authenticator yet, go to Apps store on your phone, select and download Google Authenticator.

Open the Google Authenticator app and begin the set up process Choose to Scan barcode option and scan barcode generated from GovReports earlier. This step is required by users who used Google Authenticator with other software.

Then enter the code issued by Google Authenticator manually and complete your set up.

Once this is done, your next GovReports login will have 3 security code options to choose from including email, SMS text message and or Google Authenticator code.

Let us know should you have any queries and happy GovReporting.

GovReports Team: support@govreports.com.au

MYOB – Two Factor Authentication

The following is a brief summary of MYOB's implementation of two factor authentication.

Adding **two-factor authentication** (2FA) to your account improves your security by making it harder for other people to access your data.

2FA is to be mandatory for all MYOB software users, to comply with new industry standards.

If you haven't set up two-factor authentication (2FA) but you're being asked for a code when you sign in, it means you've been automatically registered for email 2FA. If you don't want to use email for 2FA, you can switch to a mobile app instead through the Security Centre.

What is it?

2FA is a secure sign-in process that combines something you know (your password) with something you have (your phone or tablet, or your email account).

*2FA adds a second line of defence to keep your data secure.*

How does it work?

After you sign in using your MYOB email and password, you'll be asked for an authentication code.

- **If you've set up email 2FA** an email with a code will be sent to your inbox automatically, and you can copy the code in.
- **If you've set up app 2FA** you'll open your app and copy in the code.

These unique authentication codes are generated just for you when you sign in, so you never have to worry about losing or forgetting them.

Xero – Two-Step Authentication

xero

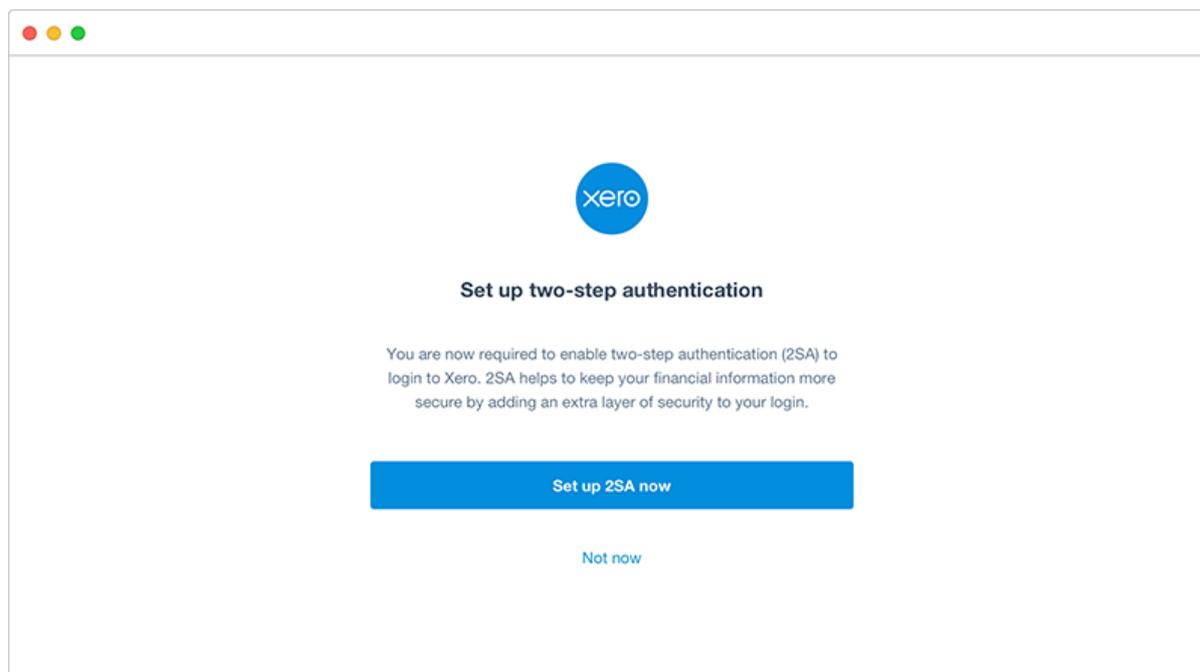It's time to set up two-step authentication
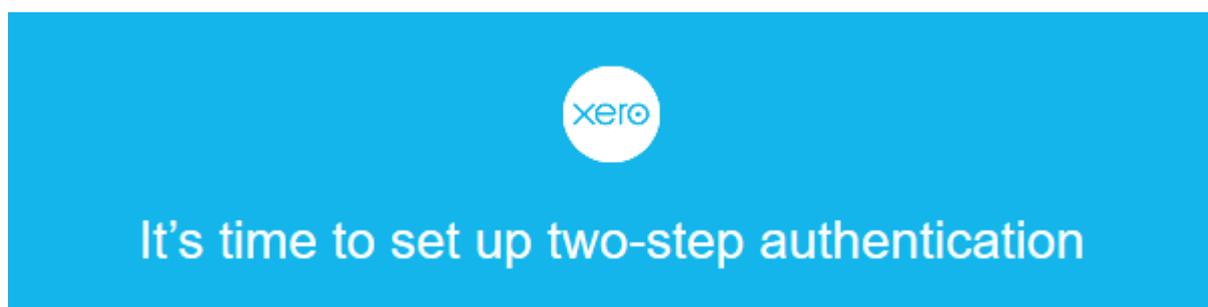
As a subscriber or Payroll Administrator in Xero with access to sensitive data and employee information, we recommend you prepare for two-step authentication (2SA) on your Xero login.

2SA creates an extra layer of security by requiring you to enter a code that's been generated by the authentication app on your smartphone when you log on. You will need to enter the code at least once every 30 days.

This simple but important step will soon be compulsory as we continue our commitment to security and support tighter requirements and recommendations from the Australian Tax Office.

Set up 2SA now

From today, you'll be prompted to activate 2SA whenever you log into Xero – until set up is complete. Simply press the 'Set up 2SA now' button and we will walk you through the steps to strengthen your security.

For more assistance, these resources are also available:

- Xero Central: Set up or disable two-step authentication
- Xero Central: Log in using two-step authentication
- Our two-step authentication video guide

2SA will be compulsory on your login by 11 September, so make the change today as we work together to keep security top of mind.

Reckon – Two Factor Authentication

Two-factor authentication (also known as **2FA**) is a type (subset) of multi-factor authentication. It is a method of confirming users' claimed identities by using a combination of *two* different factors:

1. something they know,
2. something they have, or
3. something they are.

Reckon supports 2 Factor authentication, with users being able to employ either of the popular authenticator apps Authy or Google Authenticator.

To use Authy with Reckon simply download the Authy app, and generate a scannable 2FA QR Code from the service you are setting up 2FA for; so for Reckon it's as easy as generating the scannable code, and then using the Authy app to finish the configuration. You only need to complete this step once.

To use Google, the process is the same; with Reckon simply download the Google Authenticator app, and generate a 2FA QR Code from the service you are setting up 2FA for; so for Reckon its as easy as generating the scannable code, and then using the Google authenticator app to finish the initial setup. This only needs to be done once.

- Google Authenticator for Android devices
- Google Authenticator for Apple devices

Reckon also supports 2FA even without a smartphone – click here to learn more.

Intuit – Two Factor Authentication

Intuit uses **multi-factor authentication** across all of their products, to protect your account and ensure only you have access to your data. As part of this verification, when you sign-in or when you make a change to your account information (such as email, password, user ID) you may be required to use a one-time confirmation code to complete the login process.

The following are answers to frequently asked questions about multi-factor authentication.

Why do I have to verify my account when signing in?

You can be assured that protecting your data and privacy is our #1 priority. You entrust us to protect sensitive data and we take that seriously. Our customers' privacy and security is job one. Multi-factor authentication is a common security practice for financial services and sensitive web accessible products. In order to keep your account secure, this feature cannot be disabled.

We always recommend that customers take precautions to protect their identity. It is important that users not only create strong passwords, but more important is not using the same password for all your accounts.

Security is a shared responsibility. Even with multi-factor authentication in place, users can help fight fraud by trying to make sure to:

- Do **not** use the same password for your Intuit products that you use for any other online product.
- Use unique information-not basic information that can easily be found online.
- When you receive email notifications, do **not** click on suspicious links. Instead, cut and paste the URL link directly into your browser.

What options do I have to verify my account?

- Phone – You can choose to receive your code via text message (Recommended Option)
- Email – You can choose to receive your code via email.

The ICB team notes that Intuit supports Authy and Google Authenticator in addition to standard email and SMS

From the ATO

Tax Professionals Priority Issue Consultation

ICB Participates in the Tax Professional Services Reference Group which has been established to report direct to the Commissioner on a range of improvements to the ATO interactions with Professionals and their clients

Key Messages from the Professional Services Reference Group Meeting

Visibility Project Update

Infographic

Work has been progressing on the development of the debt process infographic. The next steps are to incorporate final feedback from all Professional Services Reference Group (PSRG) members, finalise and publish the document.

The intent of the infographic is to:

1. demystify the debt process to support agent conversations with their clients about debt
2. articulate the ATO's use of behavioural analytics in the debt treatment process
3. provide insight into how a client's risk is perceived by the ATO, i.e., what types of client behaviours might be aligned to the risk level / escalation points in the debt process
4. provide clarity around what actions the client or agent can take to get back on track/prevent escalation (what support is available, the importance of communicating client circumstances, channels and other reference material)
5. be practical for users to pass on from agent to client.

Communication Activities

The following debt communication activities have occurred as a result of the February 2018 Debt Experience workshop.

Outcomes achieved via ATO channels:

■ April 2018: Tax professionals conversations (ATO Webcast) – Addressing irritants through the Professional Services Reference Group.

▸ On 18 April 2018 a webcast was held focussing on irritants for agents and demystifying our debt collection process. Two tax professionals participated on the panel and Deputy Commissioner Robert Ravanello featured for the first time.

■ June 2018: Tax professionals conversations livestream – continuing the discussion on ATO Community

■ June 2018: Launch of Pilot @ATOTaxProfExec Twitter channel

Outcomes achieved via third party channels:

The ATO has been working together with agents of the PRSG to provide content, advance awareness of key issues, and facilitate new relationships so that they can address issues and concerns they see within their networks, via their channels, and help champion the work of the ATO - but in their voice.

April 2018: Podcast interview between Deputy Commissioner Robert Ravanello and the *'From The Trenches'* team David Boyar and Paul Meissner.

https://www.fromthetrenches.com.au/podcast/2018/4/23/54-atos-debt-process

Future planned opportunities via ATO channels:

October 2018 (to tie in with Mental Health week): ATO podcast – Tax inVoice

- Addressing mental health issues – how the ATO can help agents to help their clients, particularly when it comes to mental health and debt

Correspondence Project Update

SMS Overview

The group was provided with an overview of:

- how mobile phone numbers are selected to receive SMS reminders, demonstrating the data matching process the ATO uses to ensure the SMS is delivered to the right person
- why clients, who appear to have similar circumstances, receive different SMS's
- why the names of a taxpayer cannot be included in some SMS correspondence.

Plans for communicating this approach are being discussed in the project team.

Review of Debt Letters

The Correspondence Project team is reviewing current debt correspondence to ensure it is clear, concise, simple, consistent and trustworthy.

The project team collated the top five correspondence items that caused most irritation to agents, and are working with the teams responsible for these items to feedback and influence change.

The project team has been exposed to early drafts of debt correspondence items currently under review, and following initial feedback PSRG agents will be involved in future user testing.

Consistency Project Update

Payment Plan Animation

An animation is being created on Payment Plans. A first draft of the animation with voice over is expected by mid-July that will be shared for comment.

Hardship Fact Sheet

A draft factsheet on hardship provisions has been created to assist ATO staff when speaking and dealing with taxpayers and their agents.

Key changes identified are:

- lower value hardship can now be done over the phone
- ato.gov.au has been updated to provide clearer guidelines around hardship. As a result there has been an overall decrease in the amount of hardship request failures.

Agent Panel Discussions

The ATO has started preparations for 18 panel discussions at being held for ATO staff at various ATO sites starting in September 2018.

Each panel will consist of a tax agent, a BAS agent and a volunteer speaker from Beyond Blue to help raise awareness for Mental Health issues. One of the sessions will have a specific debt focus and plans to be shared through the ATO's debt business areas.

Digital Identity program

ATO Director Claire Miller provided the group with a summary of the Digital Identity program. Key points included:

- myGovID is a new way to prove who you are. With myGovID you can establish your identity and use your myGovID credential to access government services online.
- Relationship Authorisation Manager (RAM) is a way to manage authorisations across government services.
- Together, myGovID and RAM will replace AUSkey by March 2020.
- A private release of myGovID commences on 14 July 2018 with business clients. Tax agents will be invited to be part of a broader release around mid-September, pending the outcomes of the private Beta.

ATO Reports on Tax Agent Compliance

The ATO reports on tax agent compliance while preparing tax returns

What does our(ATO) compliance activities tell about agents who prepare returns for individuals?

- First, there is a group of agents who get it right. These are the agents who go by the book – they ask the right questions of their clients, help their clients understand what can be claimed in their particular circumstances, and do not allow their clients to claim deductions which are invalid, unjustified or unsubstantiated. These agents are exemplars of the tax profession.
- Next, there is a group of agents – by far the largest – who make avoidable errors. At times, these agents claim deductions that:
  - have an insufficient connection to income;
  - cannot be substantiated;
  - relate to claims for private expenses;
  - are calculated on the basis of an incorrect apportionment of costs between private and work use;
  - use exceptions to substantiation rules as a 'standard' deduction, regardless of whether the client has actually spent the money.

  ATO enquiries show there are a number of factors that contribute to this misreporting. These include a lack of care taken to prepare the return, time pressures, outdated knowledge and pressure to accommodate their clients' inflated or unrealistic expectations of a refund.

- Finally, there is a relatively small proportion of agents who deliberately overstate claims for deductions to gain an unfair advantage and by doing so, seek to increase their market share. These are the agents the ATO considers higher-risk. This minority display unacceptable behaviours such as:
  - intentional and sustained misreporting;
  - taking positions contrary to established law;
  - exaggerating deduction claims;
  - falsifying deduction claims; and
  - in some instances, committing fraud against the Commonwealth or their clients.

While perhaps unexpected, the findings from the release of the tax gap estimate for individuals not-in-business need to be addressed. If not, misreporting – whether it be avoidable or deliberate – will continue to undermine the integrity of the tax system and the tax profession, particularly for those who are doing the right thing.

Quality assurance

Following the release of the individuals not-in-business tax gap estimate, the ATO has been made aware of some questions being asked by professional associations and tax practitioners about the methodology and the reliability of the sample size used to estimate the gap.

This document draws together relevant information from our web content to provide answers to questions related to the methodology we used to estimate the gap, the design of our random enquiry program (REP), and our confidence in the tax gap estimate figure.

- An independent expert panel had input to and endorsed the ATO's methodology, including the reliability of the ATO's gap estimate.
- The independent expert panel consists of:
  - Professor Neil Warren (Professor of Taxation at the University of New South Wales)
  - Mr Richard Highfield (Adjunct Professor with the School of Taxation and Business at the University of New South Wales and former advisor to the Organisation for Economic Co-operation and Development)
  - Mr Saul Eslake (independent economist and Vice Chancellor's fellow at the University of Tasmania).
- A former Deputy President of the Administrative Appeals Tribunal, Stephen Frost, conducted an independent review of a sample of completed random enquiries. The results of the review were presented to the ATO and independent expert panel and confirmed the thoroughness and technical accuracy of the completed audits.
- The reliability of the gap estimate for individuals not-in-business has been assessed by the panel as medium with reference to a reliability assessment framework that is based on guidance provided by the International Monetary Fund approach to gap estimation.

Tax gap methodology

- The methodology adopted for developing the gap estimate for 'individuals not-in-business' is consistent with that of tax bodies in other advanced economies.
- The individuals not-in-business tax gap estimate has been calculated using a range of evidence sources, including operational data and the results of our REP, which is applied to the broader population. For example, the ATO drew on operational data for specific compliance risk areas such as failure by employers to withhold, non lodgment of tax returns and non-payment of debts. This was then combined with findings from the REP.
- The conduct of a stratified REP combined with operational data is considered best practice methodology for preparing income tax gap estimates given the size and make-up of the population. The program followed a specially designed audit preparation and execution methodology that was reviewed and accepted as sufficiently robust by the independent expert panel.
- The REP sample was stratified based on income, and the proportion of agent-prepared returns was representative of the total individuals not-in-business population. The independent expert panel endorsed the sample size (858) as being sufficient to provide an adequate representation of the population and to produce statistically reliable results, especially given the largely homogeneous nature of the individuals not-in-business population.

■ It should be noted that all published tax gaps are estimates and generally fall within a range. For more information, refer to our web content. While not yet completed, the results of the REP for individuals not-in-business taxpayers for the 2016 financial year are generally in line with those of the previous two years, giving the independent expert panel further confidence that the tax gap estimate is statistically reliable.

If you require further detail or wish to provide feedback, contact us at taxgap@ato.gov.au

More information is available here: Individuals not in business income tax gap methodology

ATO Scam Report for June 2018

The ATO were instrumental in removing 27 Scam based websites.

Scams causing false payment direct to a bank account were the main issue during June, with Bitcoin still featuring over iTunes and gift cards.

Emails generated 34%, text messages 5% and phone calls/messages 61%

Scams should be reported to the ATO hotline 1800 008 540 or to www.scamwatch.gov.au

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 1 September 2018 – 10.00pm AEST	Sunday 2 September 2018 – 10.00am AEST
Saturday 22 September 2018 – 2.00am AEST	Monday 24 September 2018 – 7.00am 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
Friday 9 November 2018 – 11.30pm AEDT	Monday 12 November 2018 – 7.00am 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 28 September 2018 – 9.00pm AEST	Monday 1 October 2018 – 7.00am AEST
Saturday 8 December 2018 – 2.30am AEDT	Monday 10 December 2018 – 7.00am AEDT

For more details regarding BAS Agent portal maintenance, click here.

ICB Membership Statistics

5,718 Members at 31 July 2018

4,002 Members maintain Fellow, Member, Associate, Affiliate and Educator Membership.
ICB also has 14 Accredited Training Provider Members and 1,702 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

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.

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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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