



## Bookkeepers helping Bookkeepers help Business

**September 2012**

**News, views and things you need to know**

[Click here for the Web version](#)

Welcome to the ICB's September 2012 Newsletter. If you cannot see it properly in this email, you can read the newsletter online by [clicking here](#).

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

#### Important News for You:

- Recruiting a Contractor Bookkeeper
- Recruiting an Employee Bookkeeper
- Basic skills test for bookkeeping knowledge

#### Best Practice Bookkeeping

- Working out tax on commission wages
- MYOB AR Live - One page you need to know

#### CPE

- Webinar for ICB Members from Reckon

## Considerations for a business Engaging a Bookkeeper - A Working Guide

All businesses in Australia need some form of bookkeeping in their business to help comply with ATO for at least income tax as well as other financial reporting obligations, such as superannuation or payroll tax. Some do it by themselves, some engage others.

It is the bookkeepers who do the bulk of the day to day work, while accountants and tax agents are typically involved in big-picture planning and end of year tax obligations. The bookkeeper will generally touch every transaction a business is involved in, while the accountant is looking mainly at reports and accounts rather than the accuracy of individual transactions. The bookkeeper creates and/or maintains the general ledger, which is the basis of the company's management accounts.

Doing the bookkeeping yourself potentially increases the risk of problems and mistakes. Common DIY issues are:

- Incorrect claiming of GST resulting in penalties or needing to amend BAS
- Incorrect or late payment of superannuation resulting in fines and interest
- Ongoing orders/invoices/inventory problems not resolved
- Employee entitlements not taken care of
- Inaccurate management reports resulting in not having a clear and current picture of your business performance
- Late lodgement of BAS resulting in interest charges

You can expect a competent bookkeeper to establish and maintain a chart of accounts, customise templates, complete monthly journals, prepare BAS, and run management reports. You would also expect them to handle the bulk of transactions including accounts payable, accounts receivable, payroll, inventory and reconciliation of relevant accounts.

**WHEN YOU ENGAGE A BOOKKEEPER YOU HAVE TWO OPTIONS**—engage them as an **EMPLOYEE** or as a **CONTRACTOR**. The terms of engagement are quite different for each type of worker.

As an employee, your bookkeeper is entitled to holiday and personal leave and superannuation. You as the employer direct the hours and type of work and you take the responsibility of the work performed.

As a contractor, you pay for the hours worked at the agreed hourly rate or the outcome achieved at the agreed fee. The contract bookkeeper would have a letter of engagement with you setting out their terms and conditions, and would maintain their own professional indemnity insurance. If you engage a contractor and the workload increases, you will have to monitor the hours and use the ATO contractor/employee decision tool to be clear about the status of the worker.

<http://www.ato.gov.au/content/00095062.htm?alias=employeecontractor>

There are several key factors involved in determining the difference between an independent contractor and an employee:

### Contract **OF** Service

Degree of control that can be exercised over the worker – employer directs how, when, where and who is to perform the work—this would be an employee.

## Contract **FOR** Service

The contractor has the freedom to work unsupervised to achieve an end result.

- **CONTROL TEST** – If the employer **CONTROLS** the service provided, i.e., how they do it, when they do it and the hours they work, then they are likely deemed an employee. BUT if the worker has the right to delegate the work, quote the job for an estimation of time to complete job and determine the work to be done then they are an independent contractor.
- **INTEGRATION TEST** – If the contractor shows they have other clients and are presented to the public as a business and produce a profit or loss of business then they are more likely to be an independent contractor and not an integral part of the employer's business.
- **RESULTS TEST** – If the worker is hired to produce a result and complete specific tasks regardless of hours worked, then they are more likely to be an independent contractor.
- **RISK TEST** – If the worker is exposed to the risk of the job, prepared to fix any problems or errors and is exposed to a possible profit or loss on the job then they are more likely to be a contractor.

## EMPLOYEE

Benefits of engaging an employee bookkeeper:

- On site all the time, or as agreed for any accounts or payroll matters requiring attention
- Can work on many projects and varied tasks as required
- Bookkeeper becomes an integral part of the business team
- Greater opportunity to know and understand your business in depth and detail
- Loyalty of the employee to your business
- Liaison between suppliers and business
- Bookkeeper can be the point of contact for staff concerns

An employee bookkeeper will often have other tasks they are expected to perform, which may have nothing to do with bookkeeping. For example, you may require also administration, reception and sales. Take care of the different roles your bookkeeper may be asked to encompass; is the remuneration fair for the different areas of knowledge they are expected to have? What is the priority in your business, bookkeeping and accounts or all the other roles? Be clear about this before you engage a bookkeeper. For example, you may realise that you would be better off hiring an administration person as an employee several days per week, and a contract bookkeeper for half a day per week. But if you require someone to attend to accounts on a daily basis, you would definitely employ a bookkeeper.

## CONTRACTOR

Benefits of engaging an independent bookkeeper include:

- You may reduce overheads by not having fixed commitment to pay PAYG tax, holiday leave, superannuation, workcover and personal leave. A contractor will charge a higher rate to cover their costs in this regard
- A contractor is engaged for their independence and that you will be relying on them differently than you are able to do so for an employee
- A contractor may have a wider and more varied level of expertise
- The contractor would be responsible for their own training and ongoing development
- Closer involved production of management reporting
- By paying hourly or for the outcomes required, you only pay for what you use
- You aren't paying for downtime
- Can provide a different perspective of operations due to wider exposure to various business types
- Not bound by employee regulations

Your bookkeeper is not necessarily your business mentor or general expert in all things related to business! There are many legal obligations a business owner has, which are not connected to the work a bookkeeper does. Do not try to make the bookkeeper responsible for all your own legal business obligations.

## EMPLOYEE AND CONTRACT BOOKKEEPER QUALITIES

Regardless of the basis of engagement, there are some important qualities you will need in a bookkeeper. Remember that you are giving the bookkeeper access to confidential and sensitive information about your business and potentially other personnel. You want to be certain that this person is trustworthy and able to confidently deal with and report on your financial situation.

- Knowledge of relevant legislation
- Knowledge of general accounting principles
- Basic knowledge relevant to your industry
- Speed and accuracy in data entry and typing
- IT general skills, especially pertaining to email, accounting software, basic troubleshooting, portals, and electronic payments
- Consistency
- Reliability
- Trustworthiness
- Honesty—in reporting problems, gaps in knowledge, mistakes made
- Productivity, efficiency
- Resourceful
- Able to research and analyse problems and mysteries in the accounts
- Empathy when dealing with staff and payroll matters
- Strong work ethic

### Steps to Employing a Bookkeeper:



Ask

#### Ask yourselves the question?

- What tasks will the bookkeeper be required to perform?
- How many days/hours a week do we need a bookkeeper?
- Do we need an 'employee' or 'contract' bookkeeper'?
- What can the business afford?
- Do we need someone to do more than just the bookkeeping and be available throughout the work week?



Advertise

#### Advertise for a bookkeeper?

- Use internet advertising, agency or word of mouth ie: Accountant Referral
- Advertise on the ICB website - 'Add a Job Vacancy'
- Seek Resume and referrals from applicants



Review

#### Review Applicants through their resumes looking for knowledge and experience to suit your business

- Phone possible applicants to discuss position
- Invite successful applicants for 1st Interview



**What to ascertain from Applicant from 1st Interview**

- Experience of bookkeeping and software via past working positions
- Knowledge of bookkeeping and industry via questions outlined in ICB kit
- Attitude and personality to work with others
- Aptitude and suitability to this business



**What to ascertain from 2nd Interview**

- Ask applicant to sit 'Bookkeeper Skill Test' in ICB kit
- Ask applicant to use accounting software and perform various tasks
- Discuss role and tasks with Applicant gauging their ability to ask questions, impart knowledge and work with staff



**Successful applicant**

- Discuss rate of pay, availability and travel arrangements
- Discuss required holiday times
- Outline position and training schedule



All feedback welcome -  or direct to [support@icb.org.au](mailto:support@icb.org.au)

ICB provide this "Working Guide for Engaging a bookkeeper" for input and feedback by ICB members. We are hoping network meetings may work with, dissect and improve these documents. Following the feedback received this month, the resource pack will be tightened and reissued on the ICB website.

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## Best Practice Bookkeeping

### Who owns the datafile?

Lets try to put this in black and white and definitive and set the basic line of how you should operate.

The accounting and business records of a client at all times remains the property of the client.

Even when the bookkeeper has been doing all the work on the bookkeepers own computer at the bookkeepers own office. The datafile is the property of the client.

All books and records must be returned to the client. Even if your bill isn't paid, the business records must be returned. The parts of the datafile that have been paid for must be returned to the client.

A bookkeeper may retain copies of appropriate records, proof of work, backup of work performed and in fact the bookkeeper is within their rights to retain a copy of data that the bookkeeper has prepared.

If you have been using your licence in a “desktop” style datafile and you lose the client then the licence should be removed from that file and the datafile provided to the client.

If you have been using a browser based package then the client must be provided the administrator rights and be provided access to their file at all times. If you lose the client you must ensure the access to the business records in the “cloud” are provided to the client in a reasonable time frame in order for them to continue the contract with the provider.

We believe it is totally inappropriate for a bookkeeper to cause/allow data loss to a client in those circumstances where the client relationship has broken down.

With desktop style programs a full backup of the data must be made available.

With cloud based programs a full copy of the data within a cloud based program must be provided. This isn't so easy as it is all based on a subscription being paid to the program supplier. If there is a chance of the supplier removing the access to the data then reports of all work done and all data and everything that backs up the end product of accounts and reports must be available. PDF reports to disks of full general ledgers, journals etc.

(We understand the different companies have different policies about retention of that data (watch for future information))

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## **Charging late fees to your clients - or your client charging them to their clients**

You are allowed to charge late fees and/or interest on your unpaid bills, IF

1. it is in the Terms and Conditions that the customer has already signed prior to you providing the product or service, and
2. certainly it was known and agreed before any credit was extended to the client, and
3. so long as the charge is within what would be deemed “fair and reasonable” if it were brought in front of a magistrate

This area is covered by Common contract law but if you want to be absolutely certain of the legality of your letter of engagement you would need to get independent legal advice.

As an alternative to charging late fees, some people increase the charges on the original invoice but offer a discount if paid within certain terms. Of course you have the option to discontinue supply of goods or services until previous accounts are settled.

The Statutory Interest rate for loans as set by the ATO is currently 7.4%. Many service providers will charge interest on unpaid accounts at 2-3%, some will use the current ATO statutory rate, and others will charge up to 10%, as well as a late fee.

[See also Debt Collection information here](#)

Peter Zambi of [eCollect](#) has this to say:

*"An SME can charge what he likes – until a magistrate gets hold of it!"*

*There is no minimum or maximum interest charge or late/administration fee imposed. An SME may charge for a late payment of invoice for goods/and or services rendered and completed. Many of my clients charge a daily cash rate of interest at 2%-3% or higher, but being no more than 10.5%. To be on the safe side 10.5% maximum would be considered Fair & Reasonable. SMEs may also want to charge an administration fee or late payment charge for accounts outstanding over 90 days, for example.*

*Again there is nothing to regulate this, however if an account is unpaid and the SME decides to take legal action to retrieve his money, the Magistrate may dispute this charge, even if it has been signed and agreed upon. The only requirement is that these interest charges and fees are clearly stipulated in Terms & Conditions signed by the customer before services and goods are delivered."*

Fair & Reasonable comes into play.

#### **Example. #1**

\$150 outstanding invoice 10.5% at 90 days = \$3.88 or 0.043 cents per day. \$150 outstanding invoice plus 10% late/administration fees = \$15

Total of invoice now outstanding = \$168.88.

Looks Fair & Reasonable.

#### **Example #2**

\$150 outstanding invoice 10.5% at 90 days = \$3.88 or 0.043 cents per day.

\$150 outstanding invoice plus \$25 late fee.

Total of invoice now outstanding = \$178.88

Looks Fair & Reasonable.

#### **Example #3**

\$150 outstanding invoice 10.5% at 90 days = \$3.88 or 0.043 cents per day.

\$150 outstanding invoice plus \$50 late fee.

Total of invoice now outstanding = \$203.88

May be considered Fair & Reasonable.

#### **Example #4**

\$150 outstanding invoice 10.5% at 90 days = \$3.88 or 0.043 cents per day.

\$150 outstanding invoice plus \$200 late fee.

Total of invoice now outstanding = \$353.88

Not so Fair & Reasonable!

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## **PAYG Withholding can be NIL**

### **PAYG Withholding can be Nil from MULTIPLE EMPLOYERS**

Vary the withholding when you are the second employer

#### **Tax-free threshold**

If an employee receives income from more than one source and are certain that they will earn less than \$18,200 in total income for the financial year, they can now claim the tax-free threshold from all their employers and other withholding payers.

To claim the tax-free threshold the employee will need to complete a Withholding declaration and provide it to the employer or other payer. [Click here for ATO details](#)

#### **When they have income from two payers**

This ATO publication provides information about how tax is withheld if an employee is paid by two or more payers at the same time. For example:

*They work four days a week for one employer and one day a week for another employer, or they receive a taxable pension and also have a regular part time job, or they receive a taxable Australian Government allowance or payment and also have a regular part time job.*



## Withholding tax tables

In most cases, where an employee has income from one payer, the amounts withheld will be sufficient to cover the tax payable on all payments at the end of the financial year.

When a person has more than one job or payer, the total tax withheld from all sources may result in too much tax being withheld (that is, over-withholding) or insufficient tax being withheld (that is, under-withholding).

<http://www.ato.gov.au/individuals/content.aspx?doc=/content/23070.htm>

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## BAS Agent Information

### BAS Agent Portal Upgrade

Enhancements in this upgrade include giving you access to:

1. view and print your clients' activity statement accounts
2. update some client details, including adding activity statement tax roles
3. online reports
4. online forms
5. an expanded list of 'Mail' topics and subjects

### New menu options available for the BAS Agent

#### 1. View and print your client's activity statement account

#### Your clients

ABN

Select the client view

Client accounts	▼
Client accounts	
Client reports	
Client dealings	
Client details	
Client preferences	
Activity statement	
Payment options	
Authorisation summary	

To use this search function information refer to the [Privacy](#)

#### Key updates

### Integrated Client Account – Its finally here for a BAS Agent!!!

Client Reports – Multiple reports available depending on the clients tax activity

- Add client
- Authorisation summary
- Client accounts**
- Client details
- Client dealings
- Client preferences
- Client reports
- Activity statement
- Payment options
- Mail
- Online forms
- Online tools and calculators
- Access manager

## Itemised account - by Tax Office processed date

To sort the list, select the column heading you want to sort by.  
 To view different dates, enter new details and select the 'Go' button.  
 To see all display options, select the 'More display options' button.

Opening balance	\$211.01
Closing balance	\$2,183.26 CR
Estimated general interest charge	\$0.00
<b>Total payable if paid on</b> 11 September 2012 <input type="button" value="Go"/>	<b>\$0.00</b>

### Transactions processed by the Tax Office during the period:

From 16 March 2012 To 11 September 2012

Process date	Effective date	Transaction description	Debit amount	Credit amount	Balance
16 Mar 2012		Opening balance			\$211.01
16 Mar 2012		Self assessed amount(s) for the period ended 31 Jan 12	\$0.00		
	21 Feb 2012	- pay as you go tax withheld	\$5,872.00		\$6,083.01
16 Mar 2012		Self assessed amount(s) for the period ended 31 Dec 11	\$0.00		
	28 Feb 2012	- goods and services tax	\$11,921.00		\$18,004.01
	28 Feb 2012	- pay as you go tax withheld	\$5,872.00		\$23,876.01
	28 Feb 2012	- pay as you go income tax instalment	\$7,351.00		\$31,227.01
20 Mar 2012	19 Mar 2012	Payment received		\$5,872.00	\$25,355.01
20 Mar 2012	19 Mar 2012	Payment received		\$5,872.00	\$19,483.01
20 Mar 2012	19 Mar 2012	Payment received		\$25,144.00	\$5,660.99 CR
23 Mar 2012		Self assessed amount(s) for the period ended 29 Feb 12	\$0.00		

### 3. Client Reports - Multiple reports available depending on the clients tax activity

- Your clients**
- Information
- Directory
- Add client
- Authorisation summary
- Client accounts
- Client details
- Client dealings
- Client preferences
- Client reports**
- Activity statement
- Payment options
- Mail
- Online forms
- Online tools and calculators
- Access manager

#### Your clients - reports

To view a different client's report, enter their ABN and click the Search button.

The information contained in these reports is updated periodically and may not be current to today's date. Check the 'Data Refreshed' date to see when each report was last updated. To view live and up-to-date account information for this client, click [here](#).

ABN

To use this search function, you must enter an ABN. For more information refer to the [Privacy statement](#).

Found 11 reports matching your criteria.

Select a report to view information for your client.


Report name	Data refreshed	Help
<a href="#">Client account running balance report</a>	07 Sep 2012	<a href="#">?</a>
<a href="#">PAYG Instalments report 2009</a>	07 Sep 2012	<a href="#">?</a>
<a href="#">PAYG Instalments report 2010</a>	07 Sep 2012	<a href="#">?</a>
<a href="#">PAYG Instalments report 2011</a>	07 Sep 2012	<a href="#">?</a>
<a href="#">PAYG Instalments report 2012</a>	07 Sep 2012	<a href="#">?</a>
<a href="#">Year to date interest summary report 2009/2010</a>	07 Sep 2012	<a href="#">?</a>
<a href="#">Year to date interest summary report 2010/2011</a>	07 Sep 2012	<a href="#">?</a>
<a href="#">Year to date interest summary report 2011/2012</a>	07 Sep 2012	<a href="#">?</a>
<a href="#">Year to date revenue product summary report 2009/2010</a>	07 Sep 2012	<a href="#">?</a>
<a href="#">Year to date revenue product summary report 2010/2011</a>	07 Sep 2012	<a href="#">?</a>
<a href="#">Year to date revenue product summary report 2011/2012</a>	07 Sep 2012	<a href="#">?</a>





## 4. Online Forms

ATO BAS Agent Portal OnLine Forms are a group of online forms that a BAS Agent can fill in and submit to:

### Online forms

Select the form you require.

For specific information about a form, use the  icon beside each form.

Form name	Help
<a href="#">Portal feedback form</a>	
<a href="#">Private ruling application and objections</a>	
<a href="#">Request for replacement cheque form</a>	
<a href="#">Tax practitioner services referral form</a>	

[View submitted forms](#)

- Portal Feedback Form** – A form for you to give feedback on the performance of the BAS Agent Portal.
- Private Ruling Application and Objection** - online form facility for submitting private ruling applications, objects and further information requests for previously lodged private ruling applications or objects. There are 4 steps to complete an application with links to the ATO website for information.  
  
Step One – Determine Required Contacts (either private ruling or objection)  
Step Two – Research your issues and prepare your application  
Step Three – Submit a private ruling application or an objection via the portal  
Step Four – Monitor your Inbox for feedback
- Request for replacement cheque form – Online form request for a new payment/cheque for lost or destroyed cheque
- Tax Practitioner Services Referral Form – Additional ‘escalation’ channel to gain a response from the ATO about a certain client issue.

## 5. Mail Topics

Did you know you have a mail environment through the BAS Portal to communicate to the ATO on all matters for the client? See below mail topics available:

1) select subject 2) choose client 3) enter message details 4) check and send 5) receipt and confirmation

### New message - select subject

Browse subjects by topic	
<a href="#">Activity statements</a> Payments, due date extensions, lodgment, general interest charge, more ...	<a href="#">PAYG instalments</a> Instalment rate enquiries, cycle change enquiries, more ...
<a href="#">Debt and lodgment</a> Arrangements, remissions, balance enquiries, more ...	<a href="#">General questions/problems/help</a> Appointment of public officer, review of decisions, more ...
<a href="#">Registrations</a> Registration matters not covered by online processes, non-residents, consolidations, grouping and branching, more ...	<a href="#">Statement requests/account details</a> Credit balance, debit balance, penalty or interest calculations, more ...
<a href="#">GST</a> Deferral of GST, assistance in completing activity statements, grouping, branching or consolidation enquiries, more ...	<a href="#">Refunds/remissions</a> Overpaid amounts, interest calculations, refunds, returned refunds, more ...

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## What if a client is dodgy?

It is black and white and you don't have to lose the client – but you might want to!

Your client or their accountant says to claim something that is clearly not a business deduction and there should be NO GST claim allowed. **What can you do without losing the client?** You cannot make a statement you know is false

- therefore you cannot lodge a BAS that you know is wrong
- you cannot prepare a BAS that you know is wrong
- you can prepare reports that you know is right and put the other items to suspense or tell the client you have prepared the reports without the claim in them.

You cannot lodge a BAS unless the client authorises you to lodge it.

Therefore:

Prepare the reports (Draft a BAS that is correct according to you)

Leave them with the client

Come back next month and prepare correct reports for next month.

If the client falsifies a statement – that doesn't mean you did. But you must be able to prove you provided the correct reports with the correct claims.



[Tell us about your dodgy client here.....](#)

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## Code of Conduct and PAYGW

### The Code of Conduct applies whether the client relies on you or NOT!

Where is that line?

PAYGW on the BAS or for that matter when the client says do it anyway.

The BAS Agent is signing off on the BAS including PAYGW fields W1 & W2. Does this imply the BAS Agent has reviewed all contractors in case they really should have PAYG withheld?

The scenario we asked in July and proposed an answer in August was as follows: A new client has engaged the same 4 contractors for several years. On investigation, you discover that the same contractors have worked full-time for this business for this period. You discuss with the business owner that the contractors should be engaged as employees. The business owner informs the contractors who all threaten to walk out if they are made employees. The owner does not want to lose them so she does nothing and decides to leave the contractors as contractors. What should you do?

Our August response argued along the lines of inform the client but it is their decision.....**BUT MAYBE THERE IS MORE**

*An Agents response: With the scenario painted it would appear that the four workers are employees (“You discuss with the business owner that the contractors should be engaged as employees”). So if I am so convinced that they are employees then I would not be able to complete the Business Activity Statement as I would be knowingly completing an incorrect Business Activity Statement as I would be omitting amounts from W1 and W2.*

## *What is your response?*

So we delved a little deeper into the Code of Conduct and how it might apply.....

1. you were engaged to produce payroll for those advised as employees.
2. you are engaged to produce the BAS accurately
3. you lodge the BAS therefore you are making a statement

Sn 30-10 TASA 2009 includes;

(9) You must take reasonable care in ascertaining a client's state of affairs, to the extent that ascertaining the state of those affairs is relevant to a statement you are making or a thing you are doing on behalf of the client.

(10) You must take reasonable care to ensure that \*taxation laws are applied correctly to the circumstances in relation to which you are providing advice to a client. You were not engaged to conduct a review of whether people are contractors or employees. however you must take reasonable care in ascertaining a clients state of affairs, to the extent that ascertaining the state of those affairs is relevant to a statement you are making"

So you become aware of people paid by the business. Your quick look says they are employees you raise it with the client

Is a quick look "taking reasonable care"? probably not

You would need to advise the client of their obligations.

You would have an obligation to ask questions.

You cannot just turn a blind eye.

You cannot lodge the BAS if you believe the W figures are understated.

Oh dear: .....what is reasonable care?

- a. So if you raise the issue with the client: the client provides a view or an argument that says they aren't employees - have you taken reasonable care - probably.
- b. If their argument is simply to ignore the matter: then you can't make the statement - ie you can't prepare or lodge the BAS with what you believe is understated W fields
- c. If the client provides advice by another agent that says they aren't then - you have taken reasonable care

### **So what could you do?**

You should report on the employees that have been advised as employees and advise the W figures that apply to those employees. Advise the client that they should be added to their other obligations.

### **Report on what you have been advised to report on.**

If you believe that is not the full and accurate position of the business then you should not make a statement that is incomplete, so don't draft a BAS with incomplete numbers.

*BUT LETS BE REAL.... The next chapter: I guess I took the view from the information provided that the 4 "contractors" ARE employees.*

*Taking that view that they are employees I would advise the client that they must be treated as employees.*

*If the client disagreed we would terminate our services. New client so no real loss.*

*If the client's tax agent advised me (IN WRITING) that he had considered the issue and considered them to be contractors, I would accept that decision (with some reluctance).*

*We advise clients that should we believe something is illegal or "not correct" we will not be a party to the actions and will terminate our services.*

*We are fortunate to be able to pick and choose our clients.*

*Newer bookkeepers may not be in such a position.*

ICB: we agree that you can not be a part to lodging a statement or making a statement that you believe is wrong. So you can provide reports and do work that does not include the “making a statement” to the commissioner.

So in this circumstance maybe run the payroll, provide reports on the W figures that you have calculated and note that you believe there are other payments that should be included. Provide the reports on the rest of the BAS but don't lodge it.

*Where is the line drawn that the client is relying on the information provided? Couldn't it be argued that if I do the payroll and “provide the reports on the w figures that you have calculated” that the client is relying on my information notwithstanding that I have also advised that other payments should be included?..... It isn't black or white is it?*

Looking further at the code

### 30-5 Application of the Code of Professional Conduct

The \*Code of Professional Conduct applies to you if you are a \*registered tax agent or BAS agent.

Note it does not say only in relation to BAS Services - it relates to you as a Registered BAS Agent in everything you do.

then:

**(9) You must take reasonable care in ascertaining a client's state of affairs, to the extent that ascertaining the state of those affairs is relevant to a statement you are making** or a thing you are doing on behalf of the client.

The definition of BAS Services and whether you are being relied on doesn't come into the application of the Code. The definition causes you to be registered. The code then applies once you are.

So if we then break this down into its parts and read it with (5) applying then we read this requirement to apply when:

- a. a statement you are making
- or
- b. a thing you are doing on behalf of the client

and it applies when you are a BAS Agent (clause 5). Everything you are doing once you are registered as a BAS Agent.

### **So it can be black and white!**

1. You are engaged to provide a degree of services
2. You comply with the code by advising the client of their obligations
3. You do the work you can do
4. You provide the report that you are happy to provide with the comments you wish to add
5. You do not supply a completed BAS based on information you believe is wrong
6. You certainly don't lodge one

*The reality: In most cases we are actually completing the BAS for the client and that is where the issue about completing a BAS while knowing (or believing) it to be incorrect comes into effect.*

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**Paragraph 5 - Information requirements**

**1. Adjustment Note other than a recipient created adjustment note**

An adjustment note, other than a recipient created adjustment note referred to in subclause

2. must contain the following information, or enough information in the adjustment note to enable the following to be clearly ascertained:

- a. that the document is intended as an adjustment note and the effect<sup>1</sup> of the adjustment;
- b. the identity<sup>2</sup> of the supplier or the supplier's agent;
- c. the identity or ABN of the recipient, the recipient's agent, or another member of the recipient's GST group,<sup>3</sup> if the adjustment note:
  - i. relates to a tax invoice showing the total price for the supply or supplies is at least \$1,000 (or such higher amount as the regulations specify); or
  - ii. arises out of an adjustment event where a supply that was not taxable becomes taxable and the price of the supply is at least \$1,000;
- d. the issue date of the adjustment note;
- e. a brief explanation of the reason for the adjustment;
- f. the amount of the adjustment to the GST payable;<sup>4</sup>
- g. the difference between the price of the supply before the adjustment event and the price of the supply after the adjustment event. If the supply is not a wholly taxable supply, the price of the supply is referable to that part of the supply that is affected by the adjustment event and that is, or becomes, taxable.

**3. Recipient created adjustment note**

A recipient created adjustment note must contain the following information, or enough information in the recipient created adjustment note to enable the following to be clearly ascertained: Statement as an alternative to the requirement in paragraph 5(1)(f) or 5(2)(f), as applicable

- a. that the document is intended as a recipient created adjustment note and the effect<sup>5</sup> of the adjustment;
  - b. the identity and ABN of the supplier or the supplier's agent;
  - c. the identity of the recipient or the recipient's agent;
  - d. the issue date of the adjustment note;
  - e. a brief explanation of the reason for the adjustment;
  - f. the amount of the adjustment to the GST payable;<sup>7</sup>
  - g. the difference between the price of the supply before the adjustment event and the price of the supply after the adjustment event. If the supply is not a wholly taxable supply, the price of the supply is referable to that part of the supply that is affected by the adjustment event and that is, or becomes, taxable.
4. If the amount of the GST payable is 1/11th of the price, a statement can be included as an alternative to the requirement at paragraph 5(1)(f) or 5(2)(f). The statement must make it clear that the difference in the price of the supply includes GST.

Note: all other requirements in subclause 5(1) or 5(2), as applicable, must be satisfied.

**5. Concessional treatment**

A document issued by an entity to another entity may be treated by the other entity as an adjustment note for the purposes of the GST Act if:

- a. it would comply with the requirements for an adjustment note but for the fact that it does not contain certain information; and
- b. all of that information can be clearly ascertained from other documents given by the entity to the other entity.

For further information on RCTI's (Recipient Created Tax Invoices), [click here](#)

The ATO also provide a guide on "[How to set out tax invoices and invoices](#)"

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## Continued Professional Education (CPE)



### TAPS First Class Payroll - Workplace Review 2012

This year's [Workplace Review](#) is set to be another huge success. We've put together a great educational line-up with a strong emphasis on recent changes to legislation.

As always the conference is full of outstanding educational content with 15 sessions including:

- NEW ETP taxation rules
- NEW SuperStream payslip requirements
- NEW Taxation rules for bonuses and backpays
- NEW LAFHA rules
- Excel for Payroll
- Best practice
- Special considerations for high income earners

Conference sessions are an excellent way to learn from the experience and knowledge of our speakers, but networking and interactive sessions also complement formal learning.

At the "Payroll Expo" you can learn about the latest payroll technology and tools to implement best practices, operational efficiencies and cost savings.

[Full agenda available here](#)

[Book your place here](#)

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## ICB Network Meetings



**What would you do??**

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

You take on a new client and discover that he has been underpaying his employees for the last 3 years. He has been tracking the actual payments as well as the payments owing, in a spreadsheet. You believe him when he says his honest intention is to pay all employees, (current and past), the amounts owing to them. What are your obligations in this scenario? Should you have taken on the client?

What do you think? Discuss at your network meeting, let us know your thoughts, post comments and questions on the forum.



[Let us know your responses and thoughts here](#)



**Last month we asked you:**

You have a client who is interested in purchasing a race car as he is the director of an auto recycling business. He wants to use this vehicle for advertising his business. The cost of the vehicle including all the signage would be around \$40,000 and there would be ongoing travel and running costs. Can you claim for its use in races, display at the business premises, running costs, etc?

**Our response:**

You would definitely need to check with the tax agent for the business as it involves taxation matters for the business and the individual—outside the scope of the Bas Agent/bookkeeper. There may be a percentage of personal use which would have to be accounted for at the end of the year, so the business owner will need to keep some sort of records for the usage of business and personal, including when it is used at promotional events and so on. But expenses such as signage should be claimable, as would running costs, repairs, cost of entering events, etc.

If the vehicle was largely for business use and only a small proportion of personal use then generally it would be fine for the business to pay for everything and the accountant would do adjustments at the end of the financial year to account for the personal percentage used. Still, you should check with the accountant regarding how s/he wants it entered into your accounting system. The accountant may deem it 100% business expense. They would generally also require copies of all paperwork for acquiring an asset.

If the car wins at races/comptetions, you would also need to declare the income.

[See the ICB Bookkeepers Guide to Assets.](#)

This vehicle is less than the luxury car threshold so Luxury Car Tax is not applicable here.

**See these links for more info:**

- <http://www.ato.gov.au/businesses/content.aspx?menuid=0&doc=/content/18276.htm&page=3&H3>
- <http://www.ato.gov.au/content/00307676.htm>

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**Upcoming Network Meetings**

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

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

Webinars		
Online October 8th, 2012 - 5pm	Online October 12th, 2012 - 12pm	
Queensland		
Gold Coast (am & pm sessions) October 9th, 2012	Brisbane North October 9th, 2012	Brisbane South October 15th, 2012
South Sunshine Coast October 11th, 2012	North Sunshine Coast October 4th, 2012	Moreton Bay October 8th, 2012
Bundaberg October 2nd, 2012	Hervey Bay November 12th, 2012	Cairns October 26th, 2012

Toowoomba October 19th, 2012	Townsville October 12th, 2012	Logan October 17th, 2012
<b>New South Wales</b>		
Sydney - Balmain October 15th, 2012	Sydney - Bankstown TBA	Sydney - Randwick October 16th, 2012
Sydney - Brookvale October 8th, 2012	Sydney - Hornsby October 11th, 2012	Sydney - Newport October 12th, 2012
Sydney - Sutherland October 24th, 2012	Ballina October 5th, 2012	Blue Mountains October 22, 2012
Central Coast October 10th, 2012	Newcastle October 30, 2012	Shoalhaven October 22nd, 2012
Orange November 15th, 2012	Bellingen TBA	
<b>ACT</b>		
Canberra - Phillip October 9th, 2012		
<b>Victoria</b>		
Burwood October 3rd, 2012	Mordialloc October 9th, 2012	Docklands October 12th, 2012
Lilydale October 12th, 2012	Geelong October 8th, 2012	Sale October 11th, 2012
<b>Western Australia</b>		
Balcatta October 11th, 2012	Bunbury TBA	Melville October 3rd, 2012
Joondalup October 15th, 2012	Midland October 10th, 2012	
<b>South Australia</b>		
Unley October 16th, 2012	Henley Beach October 19th, 2012	Para Hills October 10th, 2012
South Adelaide October 11th, 2012		
<b>Tasmania</b>		<b>Northern Territory</b>
Hobart October 10th, 2012	Launceston November 28th, 2012	Darwin TBA

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

### No meeting in your area?

We are always on the lookout for facilitators to run meetings in their local area so if you are interested please contact Rick Van Dyk at [rick@icb.org.au](mailto:rick@icb.org.au)



ICB Network Meetings are proudly supported by MYOB

### Claim for payment in the Building Industry

#### Security of Payment: securing the future for building contractors & sub-contractors

The Victorian building and construction industry is made up largely of small businesses that contract and sub-contract to larger builders.

Cash flow and on-time payments are vital for all businesses, but for small operators, particularly those with ongoing employee and materials costs, a hold-up in payments can cause financial stress.

What is not widely known is that contractors and sub-contractors in the building industry have an Act of Parliament specifically to help them get paid for work done under construction contracts.

The Building and Construction Industry Security of Payment Act 2002 is intended to protect contractors and sub-contractors by creating a statutory right to progress payments under construction contracts if they don't already exist in the contract.

According to the Building Commission, which oversees the Act, it bans 'pay if paid' and 'pay when paid' clauses in contracts and creates a fast, low-cost adjudication process that allows an expedited enforcement process through the courts.

In addition to contractors and sub-contractors, the Act covers suppliers of materials under construction contracts, architects, engineers and others providing building advice, plus contracts to supply related goods and services.

Domestic building contracts with a home owner are not covered, although contracts with the home owner's building contractor or sub-contractor are.

The good news is that it is simple to initiate the process. The first step is to send the client a payment claim, which is essentially an invoice under the contract. This must:

- Be made within three months of the last date of work;
- Identify the work done or the goods or services supplied;
- Identify the amount claimed; and
- Clearly state that the claim is made under the Act by saying: 'This payment claim is made under the Building and Construction Industry Payment Act 2002' - this simple statement notifies the respondent that the Security of Payment scheme has been triggered and its timeframes now apply.

If your business receives a payment claim, you become the 'respondent' and you should respond by paying in full on-time, or by providing a payment schedule within 10 working days. A payment schedule must show the amount you intend to pay and the reasons for any difference from the payment claim amount.

If the 'respondent' does not pay or provide a payment schedule, the person making the claim, the 'claimant', can apply for adjudication to enforce payment in court. Adjudication, through an authorised adjudicator, is a swift, fair and low cost process where the decision can be enforced in a court without affecting either parties' rights under the contract or other legal remedies.

If your contracting or sub-contracting business has encountered problems with payment for work done under a contract, or your business has received a payment claim, or you wish to find an adjudicator, visit the Security of Payment section of the Building Commission website, at <http://www.buildingcommission.com.au/www/html/1379-introduction.asp?intSiteD=1>

## Steps to obtaining prompt payment using Security of Payment

The Building Commission advises that:

- A claim is made by the person who has carried out the work under the contract (the claimant) issuing an invoice itemising the work and indicating that the claim is made under the Security of Payment Act.
- The person on whom the claim is made (the respondent) then either pays the claim in full or provides a payment schedule.
- A payment schedule must be in writing and give reasons for any amount the respondent says it should not have to pay.
- If a dispute remains, the claimant can apply for adjudication over the disputed amounts.
- Adjudication is by a qualified adjudicator appointed by an Authorised Nominating Authority.
- If the respondent ignores the claim or adjudication order, the claimant can obtain a court order.

**Security of Payment in the Building and Construction Industry is slightly different in each state, refer below:**

### Making a Claim for Payment

**VIC:** <http://www.buildingcommission.com.au/www/html/1379-introduction.asp>

**NSW:** <http://www.nswprocurement.com.au/Government-Procurement-Frameworks/Construction/Security-of-Payment.aspx>

**QLD:** <http://www.bcipa.qld.gov.au/Pages/Home.aspx>

**NT:** <http://www.nt.gov.au/justice/policycoord/construction/index.shtml>

**WA:** <http://www.buildingcommission.wa.gov.au/dispute-resolution/payment-disputes>

**SA:** <http://www.ocba.sa.gov.au/licensing/buildingworkers/securitypayment.html>

**TAS:** <http://www.wst.tas.gov.au/industries/building/securityofpayment/faq-makingclaim>

**ACT:** <http://www.actpla.act.gov.au/>

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## Direct Debit Procedures

### What is Direct Debit?

Direct Debit is fast becoming one of the most reliable and trusted ways for businesses to get paid on time, every time. Direct debit can offer businesses a 97% success rate with collecting outstanding invoices, its no wonder businesses are quickly moving towards direct debit as the only form of payment.

Direct debit enables customers to authorise a business to draw regular or variable amounts from their bank account or credit card at any frequency whether it is quarterly, monthly, fortnightly, even once off by simply completing a one-page direct debit request form.

This allows businesses to manage their own cash flow as they are in control of when payments are made and grow their client base by breaking down larger fees into smaller variable monthly payments.

Direct Debit is the easiest solution for everybody; Consumers do not have the hassle of making lengthy phone calls and entering credit card details, or collecting and delivering cash.

Business owners are saved the hassle of reconciling accounts and matching payments, all with the added security of never having to store credit card details or handle large sums of money. Businesses utilising direct debit are no longer waiting for customers to pay bills or left to follow up outstanding invoices. Direct Debit makes running a business easier for everyone.

Established in 1998, Ezidebit offered the first specialised automated Direct Debit and Credit Card transactions service in Australia and is recognised as the industry leader, processing in excess of a million transactions per month on behalf of more than 8,000 businesses from multiple industries including childcare, health & fitness, property management, charities and finance.

For more information on how Direct Debit works, call Ezidebit today on 1300 763 256.

## Small Business Support Line

[Business.gov.au](http://Business.gov.au) – business support line - I didn't know it existed!!

The Support Line consists of experts with a small business background, providing advice on a range of business topics including:

- business planning
- cash flow management
- registrations and licences
- personal stress and hardship

You can call the Small Business Support Line from Monday to Friday, 8:00am to 8:00pm (Australian Eastern Standard Time). The Support Line is closed on Australian National Public Holidays.

The Support Line also caters to small business owners who are visually impaired or require an interpreter through the Translating and Interpreting Services (TIS National). It also provides access to callers who have a hearing or speech impairment through the National Relay Service.

To contact the Small Business Support Line call 1800 777 275, use our Live Chat service, or email [sbsl@innovation.gov.au](mailto:sbsl@innovation.gov.au).

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## From the ICB

This month...



## ICB Benefits

powered by rewardgateway

With the school holiday upon us, what better way to entertain the children than great, old fashioned bowling?



Enjoy a world-class bowling experience with glow-in-the-dark lanes, state-of-the-art sound systems, dropdown video screens, laser lighting, fully licensed bars, the latest arcade games and pool tables.

[Click here to receive 10% off all AMF gift cards, purchase online and use instore.](#)

ICBenefits is quick, it is easy and it is **FREE** for all ICB Members to register.

**Start saving today**..... just go to [www.icbenefits.com.au](http://www.icbenefits.com.au) (or click on the image to the left) and use your ICB member number to register.

If you have any questions at all regarding the program, in the first instance contact the rewards program provider on 1300 900 186 or on the [www.icbenefits.com.au](http://www.icbenefits.com.au) website.

Otherwise please contact ICB at [admin@icb.org.au](mailto:admin@icb.org.au) or 1300 85 61 81

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## Introducing..... Amanda Linton FICB



ICB Director, long-term MYOB partner and former Telstra Business Woman of the Year finalist, Amanda Linton of Freedom Accounting Support has just been announced as the 2012 MYOB Partner of the Year.

The coveted accolade recognises a partner's outstanding achievements and work as an educator, supporter and advisor of MYOB clients.

We asked Amanda to take some time out of her busy day and answer some questions for us regarding her work as a bookkeeper.

1. **What is your favourite part of your job? (As a bookkeeper)**

I love helping people. Whether it be taking a client from a chaos to calm or being able to take away some of the day to day accounts and administration headaches of running their business, so they can have creditable information and can concentrate on growing their business. I get an amazing sense of satisfaction in helping others achieve their goals.

2. **What is the toughest feedback you have received & how did you learn from it?**

Negative feedback is never nice to deal with, particularly if a client decides to make it a personal attack, rather than addressing the facts. Over the years I've had my fair share of negative feedback, but the most difficult to deal with is when it's given about one of my staff. I get very protective, particularly when I know the client has been unclear with their expectations or instructions, or just plain difficult to deal with.

Don't get me wrong, if my bookkeeper has done the wrong thing I'll do everything in my power to rectify the situation, at no cost to the client, but all too often disputes erupt when the client's expectations do not meet our understanding of our role. Keeping the communication lines open to continually be discussing with a client what we believe our boundaries are, has been the key lesson I've learned. Neither clients nor I like surprises, so I make a point of making our engagements clear so that we all (the client, myself and our bookkeeper) are all operating on the same page.

3. **What/Who inspires you?**

I am constantly inspired by people who, in the face of seemingly overwhelming adversity, manage to not only survive it, but grow from it. People who have achieved amazing results by refusing to accept the status quo, refusing to give up and constantly refusing to give up for what they believe in.

4. **If you weren't a bookkeeper, what would you be doing?**

I would still be working in an administration or accounts based role, preferably with a not for profit, children's charity. I genuinely love what I do, and as such, if I were still in employed based roles. I really can't see myself doing anything else.

5. **What is one thing you would like Accountants to know?**

That by us working together as a team of trusted advisors for the client everyone wins. The Accountant gets to work with credible information to be able to provide the higher level business and taxation advice, the client gets a team of people to work with them to assist in building their business, and as a good bookkeeper we get the opportunity to be part of that successful, trusted team and the opportunity to develop a referral relationship network.

6. **Where do you see yourself in 5 years time?**

As a full time manager of a great bookkeeping company with the ability to spend time continuing and expanding on my work at industry level with ICB.

7. **What is the hardest thing about being a bookkeeper?**

Convincing clients and accountants that have been burned in the past by 'bad bookkeepers', that I know what I'm doing, and that I'm good at what I do. As such, I have made alliances with a defined number of Accountants and work with them on an ongoing basis. They have come to trust me, my team and our work. This helps to break down our largest barrier in communications between accountants, us and our clients.

8. **What makes a good client?**

A business owner that is committed to growing their business. Someone who appreciates the value of what a good team around them, including their bookkeeper, can provide to them. Someone who is looking for that genuine partnership to help work with them to achieve their goals.

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## How to validate which Certificate IV Provider?

We constantly get asked which RTO should people use to study their Certificate IV? Here is our list of questions to ask when assessing the RTO. What do you think? What would you add?

Speak to the head of the department or senior lecturer/assessor.

1. What do you offer in the way of student support and resources?
2. Do your trainers/assessors currently work in the industry?
3. How do they keep their knowledge current?
4. How in depth are your assessments?
5. What software do you use for assessments?
6. Can I do the assessments on Mac or PC?
7. Do you cover online accounting options?
8. Do you cover BAS Agent requirements?
9. Do you have a work placement program to help qualified students get experience?
10. What do you think the job prospects are in the financial services industry currently?
11. Whose training manuals do you use? Are they provided in the fees or are they additional cost?
12. What are the different levels of qualification you offer?
13. How will I get feedback on my assessments?

For distance learning:

1. Can I speak to a trainer in person or is it all done through email?
2. What is the average time taken to complete the course?
3. What is the maximum time I can take?
4. Are there extensions or penalties if I don't finish in time?

For classroom learning:

1. How much contact time?
2. Minimum time required to attend?

What would you be asking?



Provide input on our ICB Q & A Space

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## Client Newsletter - eBrief - September 2012

Welcome to the ICB September 2012 Bookkeeping eBRIEF, YOUR newsletter for YOUR business.

Bookkeeping eBRIEF is a business newsletter - Bookkeeping eBRIEF is provided to your business on a monthly basis.



Click the button to subscribe now and each month you will receive the Bookkeeping eBRIEF directly to your inbox

You can download the September newsletter for your business here:

- [September 2012 Bookkeeping eBRIEF](#)

[Back copies are available here](#)

Templated client information newsletters are not a new concept but are certainly a new concept in bookkeeper space.

*"The best bookkeepers using the best resources".*

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### What's new this month

#### New Resources

- The BAS Agent - Edition 29 - [PDF](#)
- Travel and Meals Allowance 2012 - 2013 (ATO) - [Link](#)
- ATO Video - GST tips - [Link](#)
- ATO Video - How to keep your records for GST - [Link](#)
- ATO Video - Stay in control of your business - [Link](#)



## News Items

- [Bookkeepers credited for building success of SBR](#)
- [Issues affecting the portals](#)
- [BAS Agent Portal upgrade](#)
- [OK be slow to check it out - but the RBA is there](#)
- [Quick check it out - BAS Agent Portal has the RBA](#)
- [Congratualtions to GovReports & the Treasury SBR](#)
- [Access to ATO Portals to change](#)
- [Transitional BAS Agents ends 28 Feb 2013](#)

## Forum News

During September we saw queries regarding [Charge rates for non BAS Agents](#) and [Trust Accounts](#) which generated some great interest. Keep asking your questions on things you are not sure of. Remember there is no such thing as a stupid question.

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](#)

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## Products and Solutions



### Xero Bank Feeds

Xero recognises how important bank feeds are to business owners. Xero is happy to announce that Commonwealth Bank has introduced a progressive Xero bank feed application process for their business customers.

Now CBA Netbank customers can apply for Xero feeds from directly within NetBank.

- Log into online banking, and visit the Manage Your Accounts section.
- Under Accounts, click 'Set up a transaction feed to Xero'.
- Enter the Xero organisation name that you'd like to share feeds with, and choose the accounts you'd like feeds for.
- Acknowledge that you agree to the terms and conditions, and submit the application.

Your feeds will be created for you automatically, and because there are no paper forms to sign, scan and send, your feeds should be up and running within a few short days.

If you're a NetBank customer who hasn't yet set up their feeds with Xero – now is the time!

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### The future with the ATO, what they think we need?

The ATO continue to deliver documents that outline their vision of the future.

These two documents deal with what the ATO think they need to do in interacting with Tax Professionals (includes BAS Agents and possibly to a lesser extent the supporting work other Bookkeepers do).

Have a read of their view of the future for business and for you.

Provide feedback through our renamed [ICB Bookkeepers Q & A Space](#) (previously the forum).

For further reference/details, download the documents below and have a look:

- [Betterways \(ATO document\) - Finding better ways to make it as easy as possible for you to participate in your tax and super systems](#)
- [Tax Practitioner Plan: 2011 - 2015](#)

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### What the ATO says about the BAS Agent Portal changes

#### What we have seen in the BAS Portal changes

[Click here for the ICB summary](#) of what has changed and been added to the BAS Agent Portal – screen shots and a heads up on what you now can get.

#### What the ATO said about BAS Portal Changes

ATO statements about what they changed and what BAS Agents now have on the portal

Accessible at:

<http://ato.gov.au/content/00332051.htm>

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### If the ATO come to audit you - what is expected?

**FROM THE ATO** - <http://www.ato.gov.au/content/00331682.htm>

#### Small and medium audit program

Our small and medium audit (SMA) program is a short and focused audit process for small-to-medium enterprises. The audits focus on the examination of accounting records and supporting documentation to verify items in a tax return.

We recognise that it is important for our auditors to engage early and directly with you and your agents. This will happen at your business premises to allow our auditors to gain a better understanding of your business and the environment in which you operate.

## What we need you to do

We may ask you to give us a walk-through of your business and also to make the following facilities available to us so that we can work on-site:

- a workspace, including a table and chairs
- access to a photocopier

## The audit process

Our first contact will be by phone to arrange an initial interview time. We will send written confirmation of the agreed interview details and a list of the records that we need for the interview.

Prior to our meeting, you will have an opportunity to review your records to identify any errors or omissions. Any penalties that apply may be reduced by 80% if you notify us of these errors or omissions with enough information for us to work out the shortfall amount.

At the end of the audit, our auditors will discuss their findings with you and your agents in a face-to-face meeting. You will have an opportunity to present your understanding of the facts and the issues and we will consider that response when making our final decision.

We will send an audit finalisation letter within seven days of reaching our final decision. The letter will include a questionnaire seeking your feedback on how we conducted the audit and any suggestions you have for improving the process.

## More information

For more on what you can expect if you are selected for an audit, refer to [Taxpayers' charter - if you're subject to review or audit](#).

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## BAS Agent meeting, key messages from August

### Key messages for association members.

Key messages from the meeting held 30 August 2012

Tips for BASAAG members	<ol style="list-style-type: none"><li>1. Tax scams can be reported by calling 13 72 86 FKC 34 (for registered agents) or 1800 060 062 (for clients).</li><li>2. An upgrade to the Australian Business Register (ABR) is scheduled for 26 November 2012 and will result in a simplified start up service for businesses. Clients:<ul style="list-style-type: none"><li>○ will be able to register for a business name, AUSkey and various tax roles (eg, GST and PAYG withholding) at the same time as their Australian business number (ABN) application</li><li>○ will only have to complete their details online once as their information will be pre-filled from one registration to the next</li><li>○ who elect not to apply for additional registrations at same time as ABN, will need to do so directly with each agency. Similarly, if they already have an ABN, they will need to apply for these additional registrations directly with each agency.</li></ul></li><li>3. The <a href="#">BAS agent services guide</a> is effective from July 2012. Feedback is welcome via email <a href="mailto:Taxagentservicesguide@ato.gov.au">Taxagentservicesguide@ato.gov.au</a></li></ol>
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Agenda item	Topic	Key messages
1	Previous Minutes and Key Messages	The ATO will continue to provide key messages to members after each BASAAG forum for inclusion in regular BAS Agent publications.

<p>3</p> <p>Tax Practitioner Action Plan Update – Supporting BAS Agents</p>		<p><b>The Tax Practitioner Action Plan</b></p> <p>The Tax Practitioner Action Plan was launched in February 2012. In developing the plan, the ATO has consulted with the tax profession at a variety of forums as well as conducting out-of-session discussions with the professional associations.</p> <p>The ATO will continue to engage with the tax profession and link future conversations back to the Tax Practitioner Action plan so there will be many opportunities to track its success and effectiveness.</p> <p><b>Professional to Professional Service</b></p> <p>The <b>professional-to-professional (P2P)</b> service is now available to all tax practitioners. This service can also be used by BAS Agents.</p> <p><b>Illness concession - <a href="#">Lodgement obligation, due dates and deferrals: PSLA 2011/15</a></b></p> <p>BASAAG members are advised that in exceptional or unforeseen circumstances, the Commissioner will generally consider it fair and reasonable to grant a deferral where the inability to lodge by the due date is reasonably attributed to exceptional or unforeseen circumstances, such as:</p> <ul style="list-style-type: none"> <li>• natural disasters (flood, fire, drought, cyclones, earthquake and similar events) or other disasters or events that may have, or have had, a significant impact on an entity, region or particular industry or grouping of entities</li> <li>• the serious illness or death of the individual or their representative</li> <li>• impeded access to records (for example, records seized during a police search or retained as evidence in a court matter)</li> <li>• the advanced age or the youth of an individual, the serious illness or death of a family member or a problem due to language difficulties.</li> </ul> <p>If a member believes they have an exceptional circumstance, a Request for additional time to lodge form must be lodged via the BAS Agent Portal.</p>
<p>6</p>	<p>Increasing electronic interactions</p> <ul style="list-style-type: none"> <li>• BAS Agent Portal now and in the future</li> <li>• Stopping paper activity statements for electronic lodgers and other segments</li> </ul>	<p>Members have appreciated the opportunity to be consulted on the range of electronic initiatives that will be put in place between 2012 and 2015. The BAS portal upgrade is scheduled for early September 2012. The main features of this release will include:</p> <ul style="list-style-type: none"> <li>• Providing access to the integrated client account running account balance</li> <li>• Providing the ability to update details related to the Client Activity Centre (CAC) role online</li> <li>• Providing access to online reports related to activity statements</li> <li>• Providing an enhanced range of secure messages topics and subjects.</li> </ul>

	<ul style="list-style-type: none"> <li>Increasing electronic payments to the ATO</li> </ul>	<p>The ATO is committed to improve the way it interacts electronically with Tax Practitioners and BAS agents.</p> <p>Working in partnership with tax practitioners will allow us to progress the following opportunities:</p> <ul style="list-style-type: none"> <li>development of promotional information showing the benefits of tax practitioner business practices based on fully electronic transactions and interactions.</li> <li>helping tax practitioners to move their clients, especially in the micro and small business segments, away from cheque payments to the ATO's preferred payment methods of BPAY and/or credit card.</li> <li>assessing the impact of not sending paper activity statements to portal, Electronic Lodgement Service (ELS) and Standard Business Reporting (SBR) users, and feed this intelligence into the end solution and communication campaign.</li> <li>understanding business practices that support receipt and lodgement of electronic activity statements and use this to develop a best practice model.</li> </ul>
7	<p>GST Governance and Risk Management Guide for Small to Medium Enterprises (SME)</p>	<p>The <a href="#"><u>GST Governance and Risk Management Guide for Small-to-Medium Enterprises</u></a> is now available on the ATO website. These are part of a range of support and enforcement approaches which seeks to improve the level of compliance by small-to-medium enterprises.</p> <p>The guides seeks to offer an interactive checklist which contains a series of questions and answers, to help small-to-medium enterprises (SME) self assess the effectiveness of their GST governance, risk management, internal assurance processes and procedures against a list of best practice actions. Topic modules include:</p> <ul style="list-style-type: none"> <li>Governance (processes / risk management)</li> <li>Processing (documentation / reconciliation)</li> <li>Resources and Capabilities (segregation of duties / continuity of business), and</li> <li>Assurance (testing / review).</li> </ul> <p>Both checklists will help:</p> <ul style="list-style-type: none"> <li>identify GST governance, risk management and assurance processes</li> <li>determine whether processes follow best practice</li> <li>help taxpayers to meet GST compliance obligations</li> <li>identify additional measures that can be taken to reduce the risk of GST compliance failures.</li> </ul>
8	<p>Retention for verification: Activity statement refunds</p>	<p>The ATO has an opportunity to find the right balance regarding the Multiflex decision and the granting of Royal Assent on 27 June 2012.</p>

		<p>The Commissioner has the discretion to retain an amount in either of the following situations:</p> <ul style="list-style-type: none"> <li>• If it is reasonable to require verification of information that relates to a refund;</li> <li>• The entity has requested that the refund be retained for verification.</li> </ul> <p>The Commissioner must inform the entity of the decision to retain a refund and this can be done in a number of ways including telephone, electronic mail or post.</p> <p>The ATO is transitioning to a new end-to-end process for refund management including:</p> <ul style="list-style-type: none"> <li>• Striking a balance in decisions about whether or not it is reasonable to retain refunds for verification purposes</li> <li>• Introducing a new suite of risk treatment strategies</li> <li>• Implementing processes which will allow us to better manage case numbers.</li> <li>• Improved case identification which means less impact on taxpayers</li> </ul> <p><b>Frequently asked questions (FAQs)</b> have been developed to assist understanding of the new legislation and our processes and will be available on our website in the near future.</p>
9	Indirect Tax Property Risks in the Micro and Small and Medium Enterprise markets	<p>The key compliance risk is that taxpayers are incorrectly reporting the development, sale, transfer and acquisition of real property on their Business Activity Statements. This can lead to:</p> <ul style="list-style-type: none"> <li>• a reduction in community confidence</li> <li>• a reduction in voluntary compliance, and</li> <li>• loss of revenue.</li> </ul> <p>The ATO aims to optimise voluntary compliance and community confidence in the GST administration of property through encouraging and supporting the property industry to comply with their obligations of registration, lodgment, correct reporting and payment, while protecting and championing those who do the right thing.</p> <p>Over the last 3 years the ATO has expanded its focus on data matching and information exchange leading to improved revenue results. This includes dealing with State Revenue Offices in relation to property information.</p> <p>Up to 6 April 2012, the ATO has completed over 2100 audits and review cases raising over \$160m GST.</p>
10	Tax Practitioner Board Update	<ul style="list-style-type: none"> <li>• There are 14,538 BAS Agents registered at 30 August 2012.</li> <li>• We have 250 standard applications and 111 transitional applications on hand.</li> <li>• A new on-line complaint form has been implemented.</li> <li>• There are 15 cases that breach the code of professional conduct.</li> </ul>

- New online application form for BAS Agents is now available. It combines both standard and transitional options. If an applicant does not meet the standard criteria then they will be treated as transitional.

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## ICB Links

- [Apply for ICB Membership here](#)
- [Renew your ICB Membership here](#)
- [BAS Agent updates and information](#)
- [Other Newsletters](#)
  - [The BAS Agent](#)
  - [Workforce Education News](#)
  - [The Association of Payroll Specialists \(TAPS\)](#)
  - [Calxa](#)

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## ICB Membership Statistics

# 3,445

1,978 Members maintain Fellow, Member, Associate, Affiliate and Educator membership, ICB also has 1,349 Student Members and 89 Subscriber Members.

During September we have admitted 31 new Members, upgraded 27 Students to Member and admitted 94 Students. We have also renewed 120 Members and 21 Student / Subscribers.

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## ICB Supporters and Sponsors

**Insurance Made Easy** providers of Professional Indemnity Insurance for bookkeepers and BAS Agents

**MYOB** has sponsored the ICB Network meetings as a direct support of the need for members of the ICB and other bookkeepers to get together for development and networking. MYOB has engaged ICB to provide the assessment knowledge and expertise behind the MYOB Approved Bookkeeper program

**Xero** proudly supporting ICB as a major sponsor to assist ICB in providing bookkeepers to their business and clients

**Reckon** joined ICB as a major sponsor to assist in providing Bookkeepers with solutions and benefits for their business and clients.

**ICB Global** continues to support ICB Australia through the provision of web resources, database infrastructure, bookkeeping resources, information and IT support.



Please note that, in between newsletter issues, articles may be published straight to the *Latest News* section of the website. Please check the headlines which can be found in the top right of the website homepage, to ensure you stay up-to-date.

The Institute of Certified Bookkeepers complies with the Spam Act 2003 and we have a documented [Spam Policy](#) on our website. You can unsubscribe from ICB newsletters and updates [here](#).

*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)

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**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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