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Bookkeepers helping Bookkeepers help Business

June 2013

[Click here for the Web version](#)

News, views and things you need to know

Welcome to the ICB's June 2013 Newsletter. You can read the newsletter online by [clicking here](#).

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

Important Information for you:

- What is a Bookkeeper / BAS Agent allowed to do
- Payment Summary Guide
- Payroll End of Year Guide

Best Practice Bookkeeping

- Superannuation Guarantee - Information Kit
- End of Year Payroll - Information Kit
- Client Pack - End of Year Information
- Motor Vehicles and GST (Including Luxury Cars)

The BAS Agent World

- How to prepare and lodge payment summaries for small companies
- Payment summaries and terminations

Important News for you

Does an Agent have to..... advise the ATO

The most recent [ATO BAS Agent Newsletter for June 2013](#) included:

Report businesses incorrectly treating employees as contractors

It is important you advise us if you know or suspect a business is incorrectly treating an employee as a contractor. We will then take the necessary action.

Businesses that incorrectly treat employees as contractors can often undercut their competitors and obtain an unfair competitive advantage. These businesses illegally lower their labour costs by not meeting all their tax, superannuation and other government obligations for their workers.

For more information on how to report a business, refer to [How to report a business incorrectly treating employees as contractors](#).

We do **NOT** believe an Agent has a positive obligation to "advise" the ATO if their client is incorrectly or might be incorrectly treating employees as contractors.

Also provided to businesses in the ATO SME newsletter

http://www.ato.gov.au/businesses/distributor.aspx?menuid=0&doc=/content/00352821.htm&page=4#P20_3220

Just one of the Member communications about this article:

Hi ICB,

I have recently read this months edition of the BAS Agent and I am quite concerned about the below paragraph. It appears that ATO are telling us we need to report to them any business we suspect is incorrectly treating an employee as a contractor. Can I please have some feedback on this as it is my understanding that we have an obligation to advise our clients if we believe that they are treating an employee as a contractor but it is not our place to make the determination (as I don't believe it is a BAS service). I thought we had covered ourselves as long as we had advised them in writing that the issue may exist and requested they consult with their tax agent in this regard.

This makes me very uncomfortable as I also don't believe we are in the business of dobbing out clients in to the ATO or none of us will have clients.

Please let me know what you think.

Cheers

ICB RESPONSE

The ATO of course would like us to report such things...but we are not obliged to. There is nothing in the TPB Code of Conduct that requires us as a BAS Agent to report to the ATO.

You are absolutely right, that all you need to do is raise the issue, advise the client generally (NOT specifically), provide them with the information, and then follow their direction or that of the Tax Agent. It is a business owner decision and legal responsibility to treat workers correctly as employees or contractors, not your responsibility or legal requirement as a BAS Agent engaged by the business to make this decision. If the ATO conducted an audit of the business, it would be the owner who would be required to provide justification for classifying workers as contractors.

Our main responsibility as a BAS Agent is to our client—you must “act lawfully in the best interests of your client” and you must “act honestly and with integrity”. By advising the client of potential worker classification issues you are complying with your requirements.

But most importantly to your query, the 6th principle of the TPB code of conduct states that we cannot disclose any information to a third party without express permission from the client, or unless there is a legal duty to do so. If there was a legal duty to do so we would receive such direction specifically and in writing from the requesting authority.

So you can be comfortable that you are doing the right thing.

Does an Agent have to adhere to "It is important you advise us if....."?

Under the TASA2009 code of conduct:

(4) You must act lawfully in the best interests of your client.

Could this now be applied to the above comment by the ATO that it is in the best interests of your client to apply the employee contractor rules the way the ATO says and also is it in the best interests of your client to advise the ATO if they don't. "Best interests" could mean that they have to apply the law correctly but the ATO view is not always the ultimately correct view.

(7) You must ensure that a *tax agent service that you provide, or that is provided on your behalf, is provided competently.

Certainly you should know the law however now that the ATO has stated "it is important you advise" them, does that mean you are incompetent if you don't?

(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. To us this is limited to "ascertaining the clients state of affairs" to "thing(s) You are doing on behalf of a 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 must apply tax laws correctly but limited again to "circumstances...you are providing advice" if the client doesn't ask us has the ATO changed this obligation to a you must??

(11) You must not knowingly obstruct the proper administration of the *taxation laws.

This one worries us in that by NOT "advising" would that be deemed "obstructing the proper administration of the taxation laws"?

(12) You must advise your client of the client's rights and obligations under the *taxation laws that are materially related to the *tax agent services you provide.

We are very comfortable in circumstances where you are advising the client that you MUST advise them of their rights and obligations. But that is "advise" the client, not advise the ATO.

We currently believe (subject to clarification of the authority for this obligation) that the ATO CANNOT expect agents "to advise them...if you know or suspect...."

Watch this space. Yes, another one.

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Payment Summaries, in which financial year?

Which financial year does the final pay run of June 2013 go into?

From the ATO: "*When payments are made electronically, the date for payment is **either the date stipulated in the electronic transaction or, if no date is stipulated, the date on which the payment is intended to be made into that bank account.***"



ATO reference: <http://www.ato.gov.au/content/00150749.htm>

For every payroll run this year on Friday the 28th where the business sends a payment instruction to the bank to pay the employee on the 28th, and the funds leave the business bank account on the 28th, then that is the "date on which the payment is intended to be made" and that is the date to be used for PAYGW, Payment Summary, SGC and Activity statement.

ICB policy recommendation is: that any payroll run, up to and including the 30th of June, where instruction is given to the bank to make payment prior to the 30th June, is to be included in the 2013 payroll year.

We are not aware of any software out there that will cope with a pay run being processed on the 28th but being told to consider it as part of the next financial year. Nor do we believe it is required. It is not practical nor realistic nor required to push the pay run into the following year. If the instruction is given to the bank and it is intended to pay the employee before midnight on the 30th then the expense will be recorded as being in the 2013 financial year.

Related information and award examples from Fairwork

When is pay day?

The day when an employee is required to be paid is according to the terms of their agreement or failing that, the award they are subject to.

People paid **monthly** must be paid two weeks in arrears and two weeks in advance. People paid weekly or fortnightly depends on the award: clerical workers are paid totally in arrears for **weekly or fortnightly**, but cleaners are paid on the Thursday of the pay week.

If you are a registered club then the employee must agree to being paid **electronically**. Other awards require payment within the week of pay but days before the end of the pay week. Some awards state that they **MUST NOT** be paid on a Friday.

So when is pay day? - Depends on the award and the agreement.

When do I pay my clerical employees? (ie bookkeepers)

Wages must be paid weekly or fortnightly according to the actual hours worked by your employees. Wages can also be paid monthly if agreed between you and your employees - however monthly payment must be paid on the basis of 2 weeks for time worked and 2 weeks in advance.

How do I pay my employees?

You can pay your clerical employees by cash, cheque or electronic funds transfer directly into their bank account.

If you pay wages in cash or by cheque and the regular pay day falls on an employee's ordinary day off, they can be paid the day before but must be paid no later than the day after their day off.

A pay slip must be provided to your employees within one working day of payment of wages.

Compare that to the Cleaning award:

When do I pay my Cleaning award employees?

You need to pay your employees weekly or fortnightly and no later than Thursday in each pay week.

How do I pay?

In cash or by electronic funds transferred directly into their bank account. If an employee has to wait to receive their pay in cash, or if you don't transfer their wages into their bank account, you must pay the employee their ordinary hourly rate of pay until their wages are paid to them.

If you're paying your employees cash, any required tax needs to come out of the payment.

Paying staff 'off the books' to avoid tax is against the law. For information about tax, visit the ATO website: <http://www.ato.gov.au/businesses/content.aspx?doc=/content/00272434.htm&pc=001/003/079/008/003&mnu=0&mfp=&st=&cy=>

Also see related ICB resources:

- [ICB Guide to Employer Obligations](#)

BAS Agents and TPAR - not yet!

BAS Services definition change, back before Parliament

Tax Laws Amendment (2013 Measures No 3) Bill 2013 was tabled in Parliament again last week. It should be passed before 30th June all going well.

For full copy of the changes (which includes the Financial Planners being brought into the system over the next 3 years) please [click here](#) for the Explanatory Memorandum and [click here](#) for the Act changes.

20th June 3 PM Update: It has passed through the House of Reps, now for the Senate.

26th June Update: Second reading tabled in the Senate last Monday.... still hope that it may be law before we need to do TPAR.

28th June: It's law, now for the TPB to act.

BAS Agents still cannot advise, ascertain (provide certainty) nor lodge the forms around the TPAR system.

Neither can bookkeepers.

It is a Tax Agent service or the business can do it themselves.

A Bookkeeper or BAS Agent can operate a system that produces the reports and implement the system as advised by the owner or the tax agent.

Members can check out our information and resources to assist businesses with their understanding of the system at our Resources under [Bookkeeping Tools](#).

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Wage rates go up, but when?

The national minimum wage increases by 2.6% from 1st July 2013.



This increase applies to employees who aren't covered by an award or agreement and also applies to juniors, trainees, apprentices, employees with a disability and to piece rates. Most employees are covered by a modern award.

Check Fairwork Award Finder if in doubt:

<http://www.fairwork.gov.au/awards/award-finder/pages/default.aspx>

The new national minimum wage will be \$622.20 per week or \$16.37 per hour.

Fairwork says you can't get two separate pay rates for the one pay period. Therefore, if a wage increase applies to an employee on the 1st of July then it covers the first full pay period after that date.

In other words, if they are being paid for a fortnight that covers one week in June and one week in July, the employer needs to pay at the old rate for the fortnight straddling June and July, and to apply the wage increase from the first full pay period commencing after the 1st of July.

Note that because many allowances are based on a percentage of the base rate, this means some allowances will increase from 1st July also: "Work-related allowances (such as leading-hand and industry allowances) in modern awards are a percentage of the 'standard rate' in the award.

The standard rate is defined in each modern award and is usually the weekly minimum rate of pay for a certain classification. Since the annual wage review increases the standard rate, this will also flow through to any work-related allowances”.

You can register for updates from Fairwork regarding how the changes apply to a particular award:
<http://www.fairwork.gov.au/resources/email-updates/pages/default.aspx>

This timing is **different from the timing of the Super Guarantee increase**. See this article for more detail:
[SGC Changes \(ICB May 2013 Members Newsletter\)](#)

The minimum wage increase applies on or AFTER 1st July 2013.

The SGC increase applies AFTER the last pay run of June 2013. For example, if your employees are paid monthly on the 15th of each month, the SGC increase will apply from the 16th of June because the next pay run will be in July. However, for the same employee the wage increase will not apply until the 16th of July when the next pay period commences.

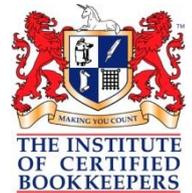
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Best Practice Bookkeeping

Etax Local Members - Exclusive ICB connect to Tax Accountant



Become an Etax Local Member



Do you need an Income Tax Accountant for your client?

Do you need to engage an independent Tax / BAS Agent?

Do you need supervision and guidance before you become a BAS Agent?



ICB have entered into an arrangement with Etax Local Accountants to provide these services

Etax are ready to make you a fast-tracked Member of Etax Local today

ETAX LOCAL – THE KEY TO TAXATION SERVICES FOR YOUR CLIENTS

Do you wish you could arrange tax returns for your clients?

As an ICB Member, you are eligible for fast-tracked registration as a Member of Etax Local. As an Etax Local Member you can act as a service coordinator for a wide range of tax and accounting services; this way, clients don't need to visit your indirect competitors for the services they need. Working with Etax Local, you can offer your clients all the business services they need in one valuable, convenient relationship – YOUR relationship with the client.

Etax Local is an established tax agent and accounting firm backed by over 35 years serving small and medium sized businesses Australia-wide. Etax Local is a Tax Practitioners Board and ATO compliant company that uses an industry leading online processing system for tax returns.

Give your clients more

Click the 'register' button to start your fast-track registration and get access to complete taxation services for your clients.

Register Now

Through the revolutionary Etax Practice Manager (EPM) system which allows fast electronic lodgement of all jobs to the ATO, Etax Local provides a range of tax and accounting services with a focus on value and the highest levels of customer service.

How is a job handled? You simply add a client record and new job on the online EPM system, then collect the relevant information and upload it to EPM. Etax Local takes care of the rest – it really is that easy.



Why join this rapidly growing national network?

- Offer tax services to individual and SME clients
- Simple fee share structure
- No buy in costs
- No formal training
- No further qualifications required
- Fast online registration

Etax Local
invitation to
ICB Members

Learn more about how you can start offering tax services to clients in as little as 24 hours:

[Visit Etax Local to find out more](#)

OR

[Register as an Etax Local Member now](#)

After you register online, you will be asked to add details to your profile in the Etax Local system (including personal details for proof of identity and security purposes, to satisfy identity and security requirements of the TPB and ATO).

When your profile is complete, you can sign a standard agreement online and about one day later you'll be connected to the powerful online tax processing system, ready to start tax jobs for your clients.



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Software - end of year routines and requirements

MYOB

Premier

Partners and Clients of MYOB will receive the 2013/2014 Compliance Update. (Mailed this week)

Including:

PAYG tax table changes Superannuation Rate change Payment Summary changes (CDEP & ETP), Building & Construction Industry Reportable Taxable Payments The following MYOB programs have been updated for the 2013/2014 year and are AVAILABLE NOW for download via my.MYOB:

- AccountRight Plus, Premier & Enterprise 19.9 (Update & Full Version)
- AccountRight Standard & Plus v2013.2 (Full Version)
- AccountEdge Pro v12.5 & Partner / Network Editions (Update & Full Version)
- MYOB PowerPay v8.10

MYOB have created a dedicated End of Financial Year website: a step by step guide to the year-end processes - myob.com.au/eofy

MYOB EOFY Checklist:

<http://myob.com.au/business/customer-service-support/end-of-financial-year-support/step-by-step-eofy-guide-for-your-software-1257830915890>

Desktop and AR Live programs require download and upgrade the application as well as relevant datafiles. To do July pay runs you may need to rollover the PAYROLL year (make sure you do payment summaries etc AND take a backup)

MYOB Live Accounts - no upgrades (Browser based all done for you). No need to rollover the payroll year

Be careful – pay run are automatically set to be paid on the following day - so for 30 June change the date "PAY ON"



No upgrades (Browser based all done for you)

No payroll - strong connection to Web Payroll (not considered or commented on yet)



Reckon

Payroll Premier 2013/14 is now available for Reckon Professional Partners to download.

When to upgrade: Where the pay date is 30 June 2013 or earlier, all employee pays need to be processed using Payroll Premier 2012/13 - do not install at clients until these are complete. All employee pays dated 1 July 2013 or later must be processed using Payroll Premier 2013/14.

Download your copy now

Payroll Premier 2013/14 is available now for download from the Professional Partner Members website. Clients with current Payroll Premier Advantage and Annual Licences can expect to receive their copies of Payroll Premier 2013/14 early next week.



No upgrades (Browser based all done for you)

End of year payment summary Preparation in Xero - <http://help.xero.com/au/#PayrollPaymentSummaries>

NOTE: PAYSLEIPS

The ATO has expressly stated on its website that there are no changes to payslips required by them as from 1 July 2013.

The touted requirement to report the date you promise to pay the super contribution has NOT been implemented.

Therefore nothing to do!

SUPERANNUATION GUARANTEE

Refer to separate article on [changing this rate in the software](#).

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Changing the SGC rate in software



MYOB LIVE ACCOUNTS

Live accounts have automatically provided a SGC rate for the next payroll year and will apply that unless you override the SGC requirement.

MYOB PREMIER 19 etc and AccountRight 2012 etc

Following your closure of the 2013 year payroll and rolling over the payroll year go into the Superannuation Payroll Category for Superannuation Guarantee and alter the rate to 9.25% so that it will apply to all pays paid after 30th June.



Reckon

Reckon have advised the following about SGC change:

Their Tax Time update for Reckon Accounts: all default super payroll items of type Super Guarantee Act(SA) will automatically be updated in new and existing company files. Likewise, all employee records where this super payroll item has been applied at 9% will automatically be updated to the new rate of 9.25%.

Calculations for the Reportable Employer Super Contributions (RESC) are also affected by this change as the lower threshold has now been increased to the new rate. Hence, the Reckon Accounts 2013 Tax Update will address the updates of all RESC algorithms as well.

Payroll Premier 2013/14

Now available for Reckon Professional Partners to download, contains 2013/14 compliance updates including:

Superannuation Guarantee rate has been increased from 9% to 9.25%, and a wizard has been added to assist clients to update affected employees' super rates.

Tax Tables - HELP and SFSS thresholds.



Extracted from recent Xero Blog: "Moving employees to the new statutory rate has been automatically taken care of for you so you don't have to do anything."

See the Xero recent support notes on the upgrade where they have created a Statutory Superannuation field that will take care of the proposed changes to the rate in future years automatically. It will automatically change employees set up "normally". We suggest that you do check the employees have changed to the appropriate rate and type of Super.

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SGC Calculation differs when paying late

Failure to make superannuation payment by due date requires the business to lodge a [Superannuation Guarantee Charge Statement \(NAT9599\)](#). The statement asks you to detail the shortfall of unpaid superannuation by employee plus interest plus an administration fee. Note that the original calculation of superannuation is based on Ordinary Time Earnings.

When the SGC Statement is completed, the superannuation must be re-calculated based on all salary and wages. This may include earnings such as termination payments and overtime.

Remember as of 24th June 2013, the Tax Agent for the business will need to ascertain that the calculations are correct.

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Paid Parental Leave Update

From Department of Human Services (DHS):



From 1 July 2013, the rate of Parental Leave Pay will increase from \$606.50 to \$622.10 per week before tax. The daily rate will increase from \$121.30 to \$124.42 per day. DHS will automatically calculate and adjust Paid Parental Leave funding amounts.

If DHS have already given you funds before the daily rate increases, they will pay you the difference in the rate in your next instalment. You should continue to pay your employee at the old rate until you receive the additional funds from us. When you do get the additional funds, provide them to your employee as a back payment.

[Paid Parental Leave for Dads](#)
[How to do PPL](#) (an ICB resource)

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BAS Agent Information

BAS Agents need to KNOW the Code of Conduct

TPB Code of Professional Conduct knowledge requirements

If you are a current BAS Agent, it is expected that you have knowledge of the Code of Conduct through firstly reading the entire document on the TPB website, (as this is a requirement of registration), and also through ongoing Professional Development activities.

If you are not currently registered but intend to apply for new BAS Agent registration, then from 1st July 2013, it will be a requirement for your qualification to include a component on knowledge of the Professional Code of Conduct—but at this stage it is not required to be a separate unit, simply that it is covered as part of the qualification, or embedded within units relevant to GST and BAS principles. The training organisation should be able to verify that this information is covered in the course.

In our newsletters we often include a section on Applying the Code of Professional Conduct—reading this would be considered to fulfil this requirement of knowledge, as would attending our network meetings which often discuss Code of Conduct issues. Also if you read our BAS Agent Guide Volume 2 you will cover this.

The TPB requirement is approximately 3 hours or half a day. If you read all our information on this topic as above, you will certainly log 3 or more hours.

It would only be required that you undertake separate study on the Code of Conduct if you have not had anything to do with the TASA 2009 or the Professional Code of Conduct; ie if you are applying for registration after 1st July, 2013 and if your qualification has not covered it already. This would be unusual. So far we are not aware of anyone offering a stand-alone course on this topic that is worth doing.

The ICB are working towards an assessment on the Code of Conduct which will be included in future editions of our BAS Agent Guide. This would fulfil the requirements of the TPB Code of Conduct knowledge as well as count towards Continued Professional Development hours.

[Click here for more detail on the TPB Code of Conduct](#)

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Varying the PAYG Instalment

Can BAS Agents vary T7 PAYG Instalment rate?

The ATO BAS Agent webinar speaker says – YES BAS Agent can amend T7 PAYG Income Tax Instalment.....

At the Perth TPB sessions they said 'NO'

The ICB view:

It is an interesting one

We believe the BAS Agent can certainly fill in a variation on the BAS.

It is calculating what the varied rate should be that is arguably the income tax agents role. To make a decision on the variation of the rate is to understand how income tax law applies to the client and therefore the understanding and application of income tax law.

Therefore the alteration of the likely tax bill for a business is applying the tax law and OUTSIDE the scope of work a BAS Agent can do.

YES ICB believe that if you are varying the rate; the Tax Agent or the business owner can direct a BAS Agent to vary the rate on the BAS, but the BAS Agent should NOT advise that the rate should be varied nor what the rate should be.

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Continued Professional Education

This month from the ICB Continued Professional Education webpage

Upcoming events

[ICB Network Meetings](#)

Nationally, Monthly

[Mentor program for bookkeepers](#)

Business mentoring for bookkeepers
10% discount for ICB Members

[Consumer and Contracts Training, from the ACCC](#)

Online

[Excel – Getting a grip on Pivot Tables](#)

Presented by a Microsoft Office expert

[Taxable Payments Reporting](#)

ATO Webinars

Various dates and times

4th June, 2013 - 22nd July, 2013

[Business.gov.au](#)

Face to face events and online webinars

Various topics to assist your business

[EzyLearn - Online Microsoft Excel courses](#)

Beginner to Advanced courses available

[BAS Agent Skill Set](#)

Holmesglen, Moorabbin, Vic

Over 3 days - 2nd August, 9th August and 16th August 2013

[Applied Education - Payroll Updates](#)

Perth via classroom

[Applied Education - Salary Packaging Updates](#)

Perth via classroom

[Applied Education - Xero Accounting and Payroll](#)

Perth via classroom

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ICB Network Meetings



Question for you to discuss this month??

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

You have a client that has had a high turnover of casual staff during the year, with many not continuing in employment. At payment summary time, you find that the employer has not kept records of the staff and he is unable to contact the staff now.

What do you do?

Let us know your thoughts and solutions by posting comments on the Q & A Space.



[Let us know your queries you would like addressed here](#)

Last month we asked you:

Your client has received an invoice dated 7th February 2013 for goods supplied in October 2010.

Are you obliged to pay this invoice given that the goods were supplied 2 ½ years ago and the supplier has only just realised they did not bill you for the goods? Should they have dated the invoice for when the goods were provided?

How would you treat this situation?

ICB's Response:

If the invoice is for a really significant amount so it would seriously affect your P&L, then you would consider getting it reissued with the correct date and do the relevant adjustments for BAS and tax return — but you would have to decide if this was worth the trouble, and it's unlikely it would be or it would have been picked up before now. If it is not going to affect the P&L very much, then you would simply enter the invoice at the recently issued date and process it in the current BAS. You would make a note against the entry to show that it is originally from xx/10/10.

The other part of the question being should they pay it?

If you received the goods/services and you have no reason to dispute the charges then you are obliged to pay. It is up to the business owner if s/he wants to dispute payment of the invoice for being so late or for any other reason, but I think integrity would require that the bill was paid if the goods/services were received even if some time ago. You might also want to look at the systems in place to see why didn't the business pick up the fact that they hadn't been invoiced for something they were expecting. If inventory was being used then this would have to be looked at to see if the goods were received or not, or was an adjustment made, and is the inventory count now correct.

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Upcoming Network Meetings

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

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

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

Webinars		
Online 12th July, 2013 - 12pm (AEDST)	Online 15th July - 5pm (AEDST)	
Queensland		
Gold Coast (am and pm sessions) 9th July, 2013	Brisbane North 9th July, 2013	Brisbane South 16th July, 2013
South Sunshine Coast 11th July, 2013	North Sunshine Coast 4th July, 2013	Logan TBA
Moreton Bay 8th July, 2013	Bundaberg 2nd July, 2013	Hervey Bay TBA
Cairns TBA	Toowoomba TBA	Townsville 12th July, 2013
New South Wales		
Sydney - Balmain 15th July, 2013	Sydney - Moorebank 7th August, 2013	Sydney - Randwick TBA
Sydney - Brookvale 5th August, 2013	Sydney - Hornsby 18th July, 2013	Sydney - Newport TBA
Sydney - Sutherland 17th July, 2013	Bathurst 20th August, 2013	Ballina 9th August, 2013

Bellingen TBA	Blue Mountains 8th July, 2013	Central Coast 10th July, 2013
Newcastle TBA	Port Macquarie TBA	Shoalhaven 2nd September, 2013
Dubbo 12th September, 2013	Orange 22nd August, 2013	
ACT		
Canberra - Phillip 9th July, 2013		
Victoria		
Burwood (am session) 3rd July, 2013	Burwood (pm session) 11th July, 2013	Mordialloc 13th August, 2013
Docklands 16th August, 2013	Frankston 11th July, 2013	Cranbourne 10th July, 2013
Lilydale TBA	Macedon Ranges 20th August, 2013	Geelong 13th August, 2013
Point Cook 9th July, 2013	Cobram 13th August, 2013	Horsham TBA
Sale 11th July, 2013		
Western Australia		
Balcatta 23rd August, 2013	Bunbury 6th August, 2013	Melville 10th July, 2013
Joondalup 15th July, 2013	Midland 10th July, 2013	Cockburn Central TBA
South Australia		
South Adelaide 8th August, 2013	Henley Beach TBA	Para Hills 10th July, 2013
Unley TBA	Mt Barker TBA	
Tasmania		Northern Territory
Hobart 12th August, 2013	Launceston TBA	Darwin 13th August, 2013

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



ICB Network Meetings are proudly supported by MYOB

How do I calculate selling value of a business?

How do I calculate the value of a business when I want to sell?

The concept goes like this:

1. You need a willing buyer, especially in the small business market
2. You take couple of years of P&L and probably an educated view of next years P&L - noting especially known and likely income.
3. You then look at the expenses; take out the expenses that are "owner" related and replace all related party wages and expenses with what you would pay an independent person to do those jobs.
(In some cases it may be that the "related" person is being paid an "independent" remuneration but in many cases the remuneration may be too low, in some cases the related wages and super etc are too high)
4. Then we have an independent P&L to start valuing the return

So a potential buyer would look at the bottom line profit and apply a rate of return:

- a. If it was a bank investment you were considering the risk is low so you would apply a 4 to 5 % required return therefore a P&L with \$1,000 on the bottom would equate to receiving \$1,000 interest at 5% or therefore $\$1,000/0.05 = \$20,000$ to be invested

But you aren't selling a bank...

- b. If you were selling a business where the entire income line was justified for the next few years by signed and sealed contracts and the expenses attached were known and fixed then the risk profile of a small business would be quite low. You might look at a 10% to 15% required return. Take the profit of \$1000 and apply 15% = $\$1,000/.15 = \$6,666$

It is then assessing your risk profile on that adjusted profit. At worst you would first off say 20% risk but maybe 25% worst case so you get the idea \$1,000 profit required at 25% would be \$4,000.

Then a second process is normally done to say what is the cash repayment period. ie: how much cash is generated and how long would it take to generate the cash to repay my investment.

- take the adjusted P&L and turn it into cash generated.

Then similar to the above but most people now seem to want a repayment period that is fairly quick 5 to 10 years - similar concept to the return equation above.

A complicating factor for some business is about specific machinery and their value - so in theory with high value machinery you add the rate of return above to the value of machinery but the cash return period tends to bring it down again.

In todays environment we have taken the investors analysis of the security of the income streams and work on multiples related to income. This is why we now live in a "subscription" world. Large companies justify their value on the basis that their customers are recurring, so they are loyal.

In many small business the BEST opportunity to sell, would actually be to a customer or supplier, ie: up or down stream in the supply chain - someone who knows the business and knows what the equipment does would more likely value it than an external investor.

So.... there is no definite answer

Willing buyer with willing seller

JUNE

This month...

Shifts and shakes with the ICB Team

Due to the ongoing growth of ICB members and services we are looking for new team members.

In recent days we have welcomed Pauline Walton into the Support and Resources team.

Unfortunately our event co-ordinator and guru person behind network meeting administration, Carmel, has chosen to follow her passion for the sport of Netball and move to a full time role with Netball Victoria. Cathy Hosking commences with us on 1st July stepping into Carmel's former role.

We are currently in process of adding to the administration and development teams of ICB.

An additional Executive Assistant (which means doing just about anything and everything to keep things ticking) as well as also a dedicated website development, design and implementation person.

Another shake to the team is the promotion of Rick Van Dyk to the position of General Manager. Rick has been with ICB for 3 years and instrumental in the development of the June weekend workshops and the network meetings amongst many other things.

And just in case you were wondering, no, I am not going anywhere.

Matthew Addison
Executive Director

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ICB Member Newsletter by Podcast



Did you know we produce an audio file of the Member newsletter so you can listen to it in the car or wherever **and** whenever you please.

Download the file or stream the audio - all is possible!!

[Click here for all available podcasts](#)

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Business Newsletter - eBrief - June 2013

Bookkeeping eBRIEF is a business newsletter

You can download the June Bookkeeping eBRIEF for your business here:

- [June 2013 Bookkeeping eBRIEF](#)

[Back copies are available here](#)

"The best bookkeepers using the best resources".

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What's new this month

New Resources

- May 2013 Members Newsletter Podcast - [Link](#)
- ATO Small Business Newsletter, June 2013 - [Link](#)
- The BAS Agent, Edition 37 - [Link](#)
- Industry Portable Long Service Leave - [Link](#)
- Dispute Resolution - [Link](#)

News Items

- [BAS Services definition changes](#)
- [No sign of change to TPAR law](#)
- [Does an Agent have to inform the ATO?](#)
- [BAS Agents law not changed.....yet](#)
- [Changes to the Reckon Accounts Hosted service](#)
- [Wages go up by 2.6%](#)
- [SBR the way forward - Budget](#)

ICB Q & A Space News

During June there has been a lot of discussion and interest in '[Hand Holding](#)', not what you might do on your first date by the way, but what would you do when one of your clients grows to the stage they find it more economical to employ someone to do their books on day to day basis. How would you handle the constant queries and questions from that new employee??

Also this month there is a lot of interest in '[Cloud hosting and privacy principles](#)', a very hot topic indeed and we are sure that these questions and queries regarding 'The Cloud' are going to increase as time goes on. What are your thoughts on these issues?. Keep asking your questions on things you are not sure of.

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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From the ATO

Luxury Car Tax (LCT) information from the ATO

LUXURY CAR TAX compliance reminder from the ATO

Dear members,

The ATO is writing to taxpayers registered for Luxury Car Tax (LCT), reminding them of their LCT obligations and recommending they review their records to ensure they are complying fully with the law.

If your clients import, manufacture or sell (wholesale or retail) motor vehicles which meet the legal definition of a luxury car they may be liable to pay LCT.

If any of your clients find they have made a reporting or other compliance error you should encourage them to contact the ATO as soon as possible and make a voluntary disclosure.

A voluntary disclosure received by the ATO before a review or audit is undertaken, can result in a significantly lower penalties, interest or other additional charges.

Information on who must pay LCT, the thresholds, rates and how to meet LCT obligations can be found at ato.gov.au/lct.

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ICB Links

- [Apply for ICB Membership here](#)
- [Renew your ICB Membership here](#)
- [ICBenefits - Cashback and Savings for ICB Members](#)
- [BAS Agent updates and information](#)
- [Other Newsletters](#)
 - [The BAS Agent](#)
 - [ATO Small Business Newsletter](#)
 - [Workforce Education News](#)
 - [The Association of Payroll Specialists \(TAPS\)](#)
 - [Calxa](#)

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ICB Membership Statistics

3,700

2,302 Members maintain Fellow, Member, Associate, Affiliate and Educator membership, ICB also has 1,349 Student Members and 49 Subscriber Members.

To date, during June we have admitted 24 new Members, upgraded 16 Students to Member status. We have also renewed 134 Members and 22 Students.

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ICB Supporters and Sponsors



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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

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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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