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Bookkeepers helping Bookkeepers help Business

August 2013

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News, views and things you need to know

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Important News for You

- Developing a Bookkeeping Business Checklist
- GovReport CLM - ICB Guide to establishing the GovReports "Client and Lodgement Manager" PDF

Best Practice Bookkeeping

- Updated ICB Resource - Workers Compensation - ICB information kit on Workers Compensation
- GST on Contra Deals

BAS Agent World

- SCG Resources - It is now a BAS Service
- End of Year and June BAS Reconciliation Common Errors and Issues

Important News for you

Client declarations required for every lodgement

Before lodging documents on behalf of your clients, the law requires them to give you a signed declaration in writing stating that:

you are authorised to give the document to the [Commissioner](#), and the information they have provided to you for the preparation of the document is true and correct.



The law prohibits a tax or BAS agent from giving a document to the Commissioner until clients have made the declaration.

Your clients are required to retain the declaration (or a copy) for up to five years, depending on their circumstances. We recommend that you also keep a copy of the declaration for your own records.

Section 388-60ff of schedule 1 to the Taxation Administration Act 1953

388-60 Declaration by entity

If you give a return, notice, statement, application or other document to the Commissioner in the approved form, you must make a declaration in the approved form that any information in the document is true and correct.

388-65 Declaration by entity where agent gives document

1. If a return, notice, statement, application or other document of yours is to be given to the Commissioner in the approved form by an agent on your behalf, you must make a declaration in writing:
 - a. stating that you have authorised the agent to give the document to the Commissioner; and
 - b. declaring that any information you provided to the agent for the preparation of the document is true and correct.
2. You must give the declaration to the agent.
3. You must retain the declaration or a copy of it for:
 - a. 5 years after it is made; or
 - b. a shorter period determined by the Commissioner in writing for you; or
 - c. a shorter period determined by the Commissioner by legislative instrument for a class of entities that includes you.
4. A determination under paragraph (3)(c) may specify different periods for different classes of entities.
5. You must produce the declaration or copy if requested to do so within that period by the Commissioner.
6. The agent must not give the document to the Commissioner before you make the declaration.
7. You must sign the declaration.

388-70 Declaration by agent

If an agent gives a return, notice, statement, application or other document to the Commissioner in the approved form on behalf of another entity, the agent must, if the document so requires, make a declaration in the approved form stating that:

- a. the document has been prepared in accordance with the information supplied by the other entity; and
- b. the agent has received a declaration from the other entity stating that the information provided to the agent is true and correct; and
- c. the agent is authorised by the other entity to give the document to the Commissioner.

388-75 Signing declarations

1. You must sign a declaration in a return, notice, statement, application or other document you give to the Commissioner in paper form.
2. If your agent gives a return, notice, statement, application or other document to the Commissioner on your behalf in paper form, the document must contain:
 - a. if the document so requires--a declaration made by you with your signature; and
 - b. if the document so requires--a declaration made by your agent with the agent's signature.
3. Any return, notice, statement, application or other document of yours that is lodged electronically:
 - a. if you give it to the Commissioner--must contain your declaration (see section 388-60) with your electronic signature; or
 - b. if your agent gives it to the Commissioner--must contain the agent's declaration (see section 388-70) with the agent's electronic signature.

4. Any return, notice, statement, application or other document of yours that is given by telephone:
 - a. if you give it--must contain your telephone signature; or
 - b. if your agent gives it--must contain your agent's telephone signature.

A range of declaration and authorisation templates can be found on the [ICB BAS Agent webpage](#).

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New explanations for BAS Agents - "Take Reasonable Care"

Reasonable care and conflicts of interest exposure drafts open for comment.



The Tax Practitioners Board (TPB) has released three exposure draft information sheets (exposure drafts) explaining what registered tax and BAS agents need to do to comply with certain obligations under the Code of Professional Conduct (Code). These exposure drafts are now available for comment.

ICB explains each of the papers below.

The information sheets are intended to assist Tax and BAS agents understand their obligations under the Code regarding:

- [Taking reasonable care in ascertaining a client's state of affairs](#)
- [Taking reasonable care to ensure that taxation laws are applied correctly](#), and
- [Managing conflicts of interest](#).

The TPB has previously received feedback on the first two exposure drafts (taking reasonable care) and after considering the feedback received, is now issuing revised exposure drafts.

The exposure draft on managing conflicts of interest is being released for the first time.

Ian Taylor, Chair of the Tax Practitioners Board, said: *"Assisting tax and BAS agents to understand their obligations under the Code is a priority for the TPB. These exposure drafts have been developed in consultation with stakeholders to ensure they are relevant and assist registered agents in their work."*

"I encourage all stakeholders to provide their comments on each of these exposure drafts." Mr Taylor said.

Comments can be sent to tpbsubmissions@tpb.gov.au

All submissions will be reviewed and considered before final exposure draft information sheets are published on the ICB website.

Refer ICB's summary of these papers in the [BAS Agent section](#) of the August newsletter below.

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Client &
Lodgement
Manager

GovReports CLM Phase - quick setup and go

by Pauline Walton

CLM – Phase 2

How many of you looked at CLM when it first came out and went "Yep, looks good but how do I use it and it's just too hard right now". I know I did.

HOWEVER I have just relooked at it and I must say I am impressed. It isn't totally there yet as there are certainly aspects that can be improved upon and added, but then again that can be said with any software. Once you have brought your clients across it can make management of them so easy utilising templates and checklists to run your business more efficiently and organise your workload more effectively to ensure deadlines are met.

The drop down boxes make prioritising and changing the job status of where you are with a client so quick and easy. Bulk management and scheduling of client work is also a great tool that can be making your life easier.

I certainly recommend you having another look and seeing what is on offer within the program.

ICB Guide to establishing the GovReports “Client and Lodgement Manager”

GovReports – phase 2 Client and Lodgement management – “Without Software”

Background: Phase 1 release provided the framework for the theory to be implemented but my summary was “it is still just too hard to get up and running quickly”

What did I want?

- Add clients as quickly as possible
- Then both set up a type of job “Job template” or use the “ICB Job templates”
- I wanted all fields available to me in the Job template – scheduled date, deadline date, job status, “add to calendar” fields, reminder fields ie all the features that were there but not able to be added in a template.
- Then add that job template to multiple clients at once (or very, very quickly)
- I wanted bulk adjustment capability
- And I want recurring to create only a few into the future not for the rest of my life
- I want less steps to do some things – there were far too many steps to start editing items.
- I wanted reminders connected and displaying its job and jobs connected to clients.
- I want to attach a checklist either in bulk to many clients/jobs at the same time and/or to the template.
- I also thought about a default setup for clients – to make it quick and easy to set up, with less compulsory fields

So what did I get (and not get) in phase 2?

- a. Quickly import a client list – from the portal, excel or my accounting software
- b. Create a Job template
- c. Attach the job template to multiple clients
- d. Bulk entry and modification of data
- e. Workflow of Clients
 - o bulk jobs
 - o schedule work
 - o set deadlines
 - o make appointments
 - o complete work/task lists

So phase 2 I think is very workable!
And gives me 90%. As with all software, there remains a future

How do I get up and running with CLM as quickly as possible

1. Import Client List
2. Check / adjust job templates
3. Attach job Templates to clients

4. Formally schedule the work
5. Perform
6. Next cycle – attach job templates

Operationally

As I was working through the scheduled jobs I opened up a second window of my browser and accessed CLM with two views

View 1 had my calendar open so I could see what was going on:

14	15	16	17	18	19	20
	9a On Site appointment Client for June BAS 11a Sched Work for clientB June BAS -		10a Management meeting Client on June BAS -			Quarterly BAS for June 13 - Institute Of Certified Bookkeepers
21	22	23	24	25	26	27
28	29	30	31	1	2	3
4	5	6	7	8	9	10

You can see in view 1 (the calendar) that I had scheduled an onsite appointment on the 15th and then a management meeting on the 17th. Note the times are indicated.

View 2 had the jobs list:

Jobs									
Show Filter ★ Tagged New Job Export to CSV									
Jobs Recurring Jobs									
10 Jobs									
☆	<input type="checkbox"/>	Name	Client	Priority	Scheduled	Deadline	No.of.Tasks	Status	Action
☆	<input type="checkbox"/>	Quarterly BAS for June 13	A Testing4	High	13/07/2013	11/08/2013		Open; Ready to Start	Edit More
☆	<input type="checkbox"/>	Quarterly BAS for June 13	C Testing2	Medium	13/07/2013	11/08/2013			Edit More
☆	<input type="checkbox"/>	Quarterly BAS for June 13	A Calibrated Bulldog	High	13/07/2013	11/08/2013			Edit More
☆	<input type="checkbox"/>	Quarterly BAS for June 13	ADDISONS ACCOUNT PTY LTD	Medium	13/07/2013	11/08/2013			Edit More
☆	<input type="checkbox"/>	Quarterly BAS for June 13	Addisons Chartered Accountant	High	13/07/2013	11/08/2013			Edit More
☆	<input type="checkbox"/>	Quarterly BAS for June 13	Bangarie	Medium	13/07/2013	11/08/2013			Edit More

Note the first job listed I have changed the status to “Ready to start” as I have made the appointment and planned the work specifically for this client.

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LOCK IN THESE DATES for the 2014 ICB Conference

Lock these dates into your calendar for another FANTASTIC ICB conference.

The day will be full of Need to Know information for Bookkeepers.
 (Agenda released later this year – this notice is simply to get the date into your diary).

Here are some of the comments from the 2013 conference....

As usual, excellent content presented very well. Entertaining and informative.

Yet again an informative conference. Thank you for keeping us abreast with tools and information to maintain an efficient bookkeeping business.

Best conference of the year as usual. I learn more in it than any of the software providers put together. Worth every cent.

Launceston 4th March, 2014 Hotel Grand Chancellor Click here to register	Melbourne 5th March, 2014 Melbourne Olympic Park Click here to register	Adelaide 6th March, 2014 Stamford Grand Hotel - Glenelg Click here to register
Sydney 7th March, 2014 Sofitel Click here to register	Brisbane 10th March, 2014 Sofitel Click here to register	Cairns 11th March, 2014 Pullman International Click here to register
Darwin 12th March, 2014 Doubletree by Hilton Click here to register	Canberra 17th March, 2014 Exhibition Park Click here to register	Perth 19th March, 2014 Crown Perth Click here to register

You can book now to secure your spot, if you wish, as both the 2012 and 2013 saw venues in some locations totally booked out. (would you like a glimpse of what you can expect at the 2014 Conference, see what was covered at the [2013 Conference](#)).

Pricing (as of 1st September, 2013):

Members

- Early bird - \$220.00 (closes 20th January, 2014)
- After 20th January, 2014 - \$264.00

Students and Subscriber Members - \$275.00 (registrations open 20th January, 2014)

Non Member - \$330.00 (registrations open 20th January, 2014)

Note: Student, Subscriber members and Non-Members will be able to book after the 20th January, 2014

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Updated ICB Resource - Workers Compensation

What is "Workers' Compensation"?

Workers' Compensation, (also called Workcover), is an insurance paid by employers to cover any incidents to employees, directors and subcontractors if deemed to be a worker.

Workers' Compensation is required for all businesses with employees, including directors, but each state has their own rules and regulations.

An employer has detailed obligations to their workers—this information is available from the state website and goes beyond the realm of the bookkeeper responsibility. This document is concerned with the areas of workers' compensation that a bookkeeper is most likely to be involved with.

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Privacy and Outsourcing questions answered

Network Meeting FAQs

TFN destruction or removal of records: What is meant by "securely destroy or permanently de-identify TFN information when no longer required"? I.e. we must retain these records under law for a period of xx years, therefore how and when should we de-identify or destroy these records? Do we remove information out of our accounting software? Are we required to retain these records for a number of years and then destroy them? etc. etc.

Answer: A business is required to retain its prime business records for up to 7 years after the event. This length varies depending on who you are and what record it is. Some tax obligations are 4 years after the end of the financial year that the return is lodged, others are 5 years. Capital assets, you must keep all records of the acquisition until 5 years after the lodgement of the return in which you sell the asset. The statute of limitations for business to have legal action taken against it is 7 years. Therefore our default advice is keep your business records for 7 years after the event.

A contract bookkeeper should keep proof of what work was done for a client for probably the same period of time. It is keeping evidence that you did perform work and what work you did perform. It is keeping proof of what you handed over to the client during and certainly at the end of the engagement. While we believe you need to keep such proof of work and are entitled to keep a copy of the output produced, we see no reason to keep copies of everything of a client. You should return such items to the client.

When you no longer require a TFN, the employee has left and the final payment summary has been issued, then after the 7 years it should be deleted from all records. So yes, the accounting software should have such TFNs removed. Paper records or electronic documents should be destroyed.

Old computers that you have "left behind" (they sit in the cupboard or the garage and get thrown out after a while) should have their hard disks securely wiped, if not physically destroyed.

Privacy of client records and outsourcing to overseas firms for bookkeeping/accounting/business services
- Where does the law sit with this and what are the implications?

Answer: The client needs to know, and agree, to you engaging an external business to provide services they think you are providing. The Tax Agent Services Act provides in the code of conduct that “(6) unless you have a legal duty to do so, you must not disclose any information relating to a client’s affairs to a third party without your client’s permission”

So you need to get written consent to utilising an external service.

Additionally, you probably need to be very clear to the client where their accounting records are kept. Are they on the client’s computers, your computers, a software provider’s computer, a hosted server somewhere etc? The client needs to know. Under [TFN privacy guidelines](#) (complete information provided in ICB member resources under “[Privacy](#)”) you may place TFN’s and associated records in an environment that you understand to have the same if not better security around the access and retention of that information as you are required to have personally.

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Calxa - Working with Budgets and Cashflow - Part 3

In [Calxa's previous article](#) in this series we discussed the practical steps needed to prepare budgets and cashflow forecasts. In this final part we will focus more on the review and analysis of your reports – understanding the end result.

At its simplest, the review of a budget comes down to comparing your predicted result, the budget, with what really happened, the actuals. There are, however, many ways to make that analysis more complex!

The first issue we have is timing; over what period should we compare budgets to actuals? Sometimes it’s the current month that’s important (or more commonly the one just completed) – how well did we do this month? Focusing on one month is important when you need to be close to the detail of what’s happening and on the lookout for changes – it enables you to identify and react quickly to falls in revenue or increases in costs.

At the CEO or Board level the focus is more on the longer-term and this is when year-to-date comparisons become much more useful. This eliminates the monthly fluctuations and enables you to pay attention to the big picture. You may have budgeted for a major expense in February, for example, but if it was delayed and didn’t happen till March, this wouldn’t affect the year-to-date results.

In many Not-for-Profits there is often a requirement to focus on the full annual budget (or sometimes an even longer period), especially when a project is grant-funded. The funding provider may have strict rules on what can and can’t be done with surplus funds or what happens if there is a deficit. Calxa’s Budget Summary (Unspent) report is a convenient way to compare budgets for the month, year-to-date and the full year, conveniently viewable on one page, while the Reforecast Unspent Budget Spreadsheet will recalculate what can be spent each month in order to meet the full year’s budget.

Comparing budgets to actuals should be done as a learning tool – it’s not (usually) a good tool for berating staff for excessive expenditure, there are better ways of managing that. What it will do is alert you to problems with your budgeting process or to changes in the business. If your electricity expenses are constantly over budget is this because of some problem with a change in usage (which should be investigated and fixed) or is it because of inaccurate estimates (or incomplete knowledge) in the original budget? If the latter, maybe your current forecast should be adjusted in light of the new, improved information so you’re not reporting the same variances each month.

Your bank balance at the end of each month is the best measure of accuracy for your cashflow forecast. However, remember that one of the uses of a cashflow forecast is to encourage you to modify your behaviour so that a negative outcome is avoided. If I'm forecasting a deficit in three months' time, I'll change what I do in my business now. For example:

- Work to increase revenue
- Reduce or defer costs
- Worst case scenario, bring in additional funds

The end result will be a better outcome than the projected forecast.

To compare your cashflow forecast to actuals in Calxa, the best way is to create a [custom KPI](#) that includes the closing balance of your bank account(s) and then map that with the KPI Spreadsheet Chart. The budget will display what was forecast at the beginning of the financial year and you can see how well you have improved on that.

Use your budgets and cashflow forecasts wisely, review them regularly and you'll improve your knowledge and understanding of your organisation to achieve a positive outcome.

Information brought to you by [Calxa - Animating budgets and cashflow forecasts](#)

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BAS Agent Information

TPB tells you how to "take reasonable care to apply tax laws correctly"

ICB Summary/Extract of the TPB paper – August 2013

Reasonable care to ensure taxation laws are applied correctly



What is Code Item 10?

Code Item 10 requires registered agents to take reasonable care to ensure that taxation laws are applied correctly to the circumstances in relation to which the registered agent is providing advice to a client.

Principles and elements of Code Item 10

What does 'reasonable care' mean?

There is no set formula for determining what it means to take reasonable care in any given situation. It depends on all the circumstances. Including the nature and scope of the services being provided and the client's level of professional knowledge and experience, taking into account the client's individual circumstances, including their records and systems and the nature and complexity of the transaction.

The standard of 'reasonable care' generally required: is that of a competent and reasonable person, possessing the knowledge, skills, qualifications and experience that a registered agent is expected to have, in the circumstances.

What is 'reasonable care in ensuring that taxation laws are applied correctly'?

Code Item 10 requires registered agents to take 'reasonable care' to ensure the **correct interpretation** and application of the law.

An incorrect interpretation and application of the law, therefore, may not necessarily amount to a failure to take reasonable care.

If a registered agent applied the taxation laws incorrectly to the circumstances of a client **and, in doing so, did not take reasonable care to determine the correct taxation treatment** in the circumstances, the registered agent will likely be in breach.

There is no set formula for what it means to take reasonable care in any given situation. However, it may include the registered agent referring to some or all of the following material to ensure that they apply the taxation laws correctly to their client's circumstances:

- legislation and related extrinsic material (for example, explanatory memoranda to Acts)
- case law
- rulings and determinations issued by the Commissioner of Taxation (Commissioner) on the topic in question
- the Commissioner's instructions in documents such as income tax returns, BAS returns, fact sheets and practice statements
- any other guidance material published by the Australian Taxation Office (ATO), including on its website
- information published or provided by a recognised professional association or other relevant regulatory agency
- publications, information or commentaries published by other experts, registered agents or specialists
- another registered agent or another appropriate person who has the ability and expertise to provide the advice on taxation laws; and/or
- relevant training material.

What does '... to the extent that ascertaining the state of affairs is relevant to a statement the agent is making or thing the agent is doing on behalf of a client' mean?

The requirement to take reasonable care relates to the services that are to be provided and is therefore subject to the agreed terms of the engagement with the client.

The terms of the engagement with the client may arise from a variety of sources, which may include a letter of engagement, an email or a telephone communication. These terms will determine the scope of the engagement between the registered agent and their client and adherence to these terms will usually be the first step towards showing that reasonable care has been taken

A **written agreement** between a registered agent and their client that sets out the terms and conditions of the arrangement between the parties is **prudent**. An engagement letter is likely to be a simple way to assist a registered agent to comply with their obligations under the Code and to define the obligations of both parties. For further information on engagement letters, refer to [TPB\(I\) 01/2011 Letters of engagement](#)

Where the agreed scope of the services excludes the examination of information provided by the client or requires the registered agent to rely on the information or advice of another expert, **then further enquiries would not be required** to rely on the relevant information unless the registered agent identifies, or reasonably ought to have identified, that the information was incorrect or incomplete.

For example, where a registered agent knows or ought reasonably to know that information provided by the client is implausible, the registered agent should make further enquiries or consider declining to act for the client rather than continue to provide tax agent or BAS services.

A 'statement' the agent is making

Lodgement is "making a statement" to the ATO

Generally, a statement a registered agent makes will be a statement made to the Commissioner of Taxation (Commissioner). For example, where a registered agent has been engaged to electronically lodge a client's tax return or BAS, the relevant statement will be the registered agent's declaration made when the registered agent electronically submits the tax return or BAS.

Advice to the client is “making a statement”

The statement could also include a statement made by a registered agent to their client. For example, a registered agent may make a statement to their client as to the operation of a taxation law or BAS provision to the client’s particular circumstances.

A ‘thing’ the agent is doing on behalf of the client

A thing a registered agent does on behalf of their client is a broad encompassing term. It includes, but is not limited to:

- preparing or lodging a return, notice, statement, application or other document about a taxpayer’s liabilities, obligations or entitlements under a taxation law or BAS provision;
- preparing or lodging on behalf of a taxpayer an objection under Part IVC of the Taxation Administration Act 1953 (TAA 1953) against an assessment, determination, notice or decision under a taxation law or BAS provision;
- applying to the Commissioner or the Administrative Appeals Tribunal for a review of, or instituting an appeal against, a decision or an objection under Part IVC of the TAA 1953;
- giving a taxpayer advice about a taxation law that the taxpayer can reasonably be expected to rely upon to satisfy their taxation obligations; or
- dealing with the Commissioner on behalf of a taxpayer, such as lodging a private ruling request.

Consequences for failing to comply with Code Item 10

If a registered agent breaches the Code, the TPB may impose one or more of the following sanctions:

- a written caution
- an order requiring the registered agent to do something specified in the order
- suspension of the registered agent’s registration
- termination of the registered agent’s registration.

In addition, the same conduct could constitute a breach of another Code Item or one of the civil penalty provisions in the TASA. For example, section 50-20 of the TASA makes **it an offence for registered agents to make false, misleading or reckless statements** to the Commissioner. Also, section 50-30 of the TASA creates an **offence in relation to the signing of declarations in certain circumstances**, unless the registered agent takes reasonable steps to ensure the accuracy of the document.

Practical examples involving Code Item 10

Some of the factors that may impact upon the steps required to take reasonable care under Code Item 10 include:

- the terms of engagement between a registered agent and their client
- the complexity of the transaction
- the client’s circumstances, including their level of sophistication (such as a large client with in-house tax teams and specialists); and
- the nature of any pre-existing relationship between the registered agent and their client.

Example 1

Terms of engagement

Brooke runs a boutique wine bar and prepares her own accounts. She engages Danny, a registered BAS agent, to provide advice and prepare and lodge her BAS.

Brief description of scenario

Brooke bought some bar stools for her new house but has claimed the cost of the stools as a business expense in her accounts. Brooke advises Danny that she wishes to claim a GST credit for the cost of the bar stools, even though the bar stools were purchased for private use.

Reasonable care steps

To comply with his obligations under Code Item 10, Danny must take reasonable care to ensure that taxation laws are applied correctly to the circumstances in relation to which he is providing advice to Brooke.

Danny considers the business expenses that Brooke wishes to claim and determines that the bar stools are not a business expense. Danny advises Brooke that the GST credit for the bar stools cannot be claimed in the circumstances and confirms that the BAS will be prepared on this basis. By taking these steps, Danny has complied with his obligations under Code Item 10.

Alternative scenario

Brooke insists that Danny claim the GST credit for the bar stools and prepare and lodge the BAS on this basis. Danny should consider declining to act for Brooke in this matter to avoid breaching his obligations under the Code, in addition to relevant civil penalty provisions.[4]

Example 2**Terms of engagement**

Ami Pty Ltd engages Sarah, a registered tax agent, to help her claim the current Research and Development (R&D) tax incentive.

Brief description of scenario

Sarah is not familiar with the current R&D tax incentive rules. Sarah only has knowledge of the R&D tax concessions, which were recently replaced with the R&D tax incentive.

Reasonable care steps

To comply with her obligations under Code Item 10, Sarah must take reasonable care to ensure that taxation laws are applied correctly to the circumstances in relation to which she is providing advice to Ami Pty Ltd.

Sarah recognises that she does not have the requisite skills and knowledge to advise Ami Pty Ltd about the R&D tax incentive and seeks assistance from another registered tax agent, Ryan, who Sarah knows specialises in R&D. Sarah confirms this arrangement with Ami Pty Ltd. By taking these steps, Sarah has complied with her obligations under Code Item 10.

Alternative scenario

If Sarah decided not to seek assistance from another registered tax agent with the requisite specialist R&D skills and knowledge and instead advised Ami Pty Ltd about the R&D tax incentive based on her limited knowledge of the previous rules (and without undertaking her own research about the relevant subject matter), she will most likely have breached her obligations under Code Item 10.

Similarly, if the terms of the engagement between Sarah and Ami Pty Ltd were such that Sarah was to spend a specified amount of time which she considered to be insufficient to complete this work, Sarah should consider declining to act for the client in this matter to avoid breaching her obligations under Code Item 10.

Example 3

Terms of engagement

Bob is a property developer and engages Julie, a registered tax agent, to provide GST related tax advice, including in relation to the application of the margin scheme.

Brief description of scenario

Julie specialises in GST-related advisory work. However, she does not have an in-depth understanding of the rules relating to the margin scheme.

Reasonable care steps

To comply with her obligations under Code Item 10, Julie must take reasonable care to ensure that taxation laws are applied correctly to the circumstances in relation to which she is providing advice to Bob.

As Julie's experience and knowledge of the rules relating to the margin scheme is limited, she refers to the relevant legislation, case law and publications by the ATO (including the Commissioner's views as expressed in relevant rulings and determinations). Julie applies this research in providing her advice to Bob.

In this case, Julie has complied with her obligations under Code Item 10 to take reasonable care to ensure that taxation laws are applied correctly by undertaking the necessary research prior to providing her advice to Bob.

Alternative scenario

If Julie relied upon her existing limited knowledge of the margin scheme to advise Bob, she will most likely have breached her obligations under Code Item 10 as she has not taken reasonable care to ensure the correct application of the law to Bob's circumstances.

Example 4

Terms of engagement

Sunshine Solar Pty Ltd engages Kevin & Green, a large accounting firm and registered tax agent, to provide advice on the taxation implications relating to the importation of certain solar panels.

Brief description of scenario

Sunshine Solar Pty Ltd advises Kevin & Green that it has already received advice from Paul Partners, another registered tax agent, regarding the taxation implications relating to the importation of the solar panels. Sunshine Solar Pty Ltd provides Kevin & Green with a copy of the advice from Paul Partners and advises Kevin & Green that it wants an alternative opinion.

Reasonable care steps

To comply with its obligations under Code Item 10, Kevin & Green must take reasonable care to ensure that taxation laws are applied correctly to the circumstances in relation to which it is providing advice to Sunshine Solar Pty Ltd.

To ensure that taxation laws are applied correctly, Kevin & Green obtains relevant source documentation from Sunshine Solar Pty Ltd and undertakes the necessary research in relation to the relevant taxation laws. Kevin & Green determines that there are two views in relation to the application of the relevant taxation laws but considers that the more correct view is the same as that contained in the advice from Paul Partners.

Kevin & Green advises Sunshine Solar Pty Ltd that its advice is likely to be the same as that provided by Paul Partners.

In this case, Kevin & Green has complied with its obligations under Code Item 10 to take reasonable care to ensure that taxation laws are applied correctly.

Alternative scenario

If Kevin & Green proceeded to advise Sunshine Solar Pty Ltd by adopting the alternative interpretation of the relevant taxation laws and knew that this alternative interpretation was not considered the most correct application of the relevant taxation laws, Kevin & Green would most likely be in breach of its obligations under Code Item 10 (and potentially other Items under the Code).

ICB further comment:

ICB Information on all things BAS Agent

Did you agree on exactly what you are engaged to do?

Are you allowed to provide this service?

(Are you a registered BAS Agent? And if so, is it a BAS Service?)

Are you signing/making a statement of declaration?

Who prepared the statement?

Did you take “reasonable steps to ensure the accuracy of the document”?

Did you....?

- Act honestly and with integrity?
- Act lawfully in the best interest of your client
- Act lawfully in the best interest of your client irrespective of any personal interest
- Advise the client of their rights and obligations in relation to the relevant areas of law

Do you.....?

- Have the ability to provide this service competently
- Have the required knowledge and skills?
- Take reasonable care

DO NOT make a false or misleading statement!

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TPB tells you how to take reasonable care to ascertain a clients state of affairs

ICB Summary/Extract of the TPB paper – August 2013

Reasonable care to ascertain a client’s state of affairs



What is Code Item 9?

Code Item 9 requires registered agents to 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 they are making or a thing they are doing on behalf of the client.

Principles and elements of Code Item 9

What does 'reasonable care' mean?

There is no set formula for determining what it means to take reasonable care in any given situation.

It depends on all the circumstances.

- including the nature and scope of the services being provided and
- the client's level of professional knowledge and experience.
- taking into account the client's individual circumstances
- including their records and systems and
- the nature and complexity of the transaction.

The standard of 'reasonable care' generally required: is that of a competent and reasonable person, possessing the knowledge, skills, qualifications and experience that a registered agent is expected to have, in the circumstances.

What is 'reasonable care in ascertaining a client's state of affairs'?

Does not mean that the care taken needs to be perfect or to the highest level of care possible.

It is sufficient that the registered agent acts in a way that is consistent with how a reasonable person, possessing the required knowledge, skill and experience of a registered agent, objectively determined, would act in providing the services.

Does not require registered agents to 'audit', examine or review books and records or other source documents to independently verify the accuracy of information supplied by their clients. However, registered agents may not automatically discharge their responsibility in particular cases by simply accepting what they have been told by their clients.

Where a **statement provided by a client seems plausible** (and for existing clients is consistent with previous statements) and the registered agent has no basis on which to doubt the information supplied, the registered agent may discharge their responsibility by accepting the statement provided by the client without further checking. In this case, the registered agent is not just accepting what the client tells them or gives them at face value. Rather, the registered agent is exercising their professional judgement based on the information previously provided by the client and the nature of the client themselves, and making a decision that further checking is not required in the particular circumstances.

If the information supplied by a client seems implausible or appears to be inconsistent with a previous pattern of claim or statement, further enquiries would be required, having regard to the terms of the engagement with the client.

*******In such situations, taking reasonable care will mean that a registered agent will need to ask questions of their clients or examine the client's records, or both, *******

If the **client's circumstances have changed**, you would need to consider **what additional questions** would need to be asked of the client.

Some other circumstances in which there may be a need to make further enquiries of the client include:

- new or substantial changes in the law
- an inexperienced client
- a client which is new to the agent's business
- unusual transactions in the context of the regular business of the client.

What does '... to the extent that ascertaining the state of affairs is relevant to a statement the agent is making or a thing the agent is doing on behalf of their client' mean?

The requirement to take reasonable care relates to the services that are to be provided and is therefore subject to the agreed terms of the engagement with the client.

The terms of the engagement with the client may arise from a variety of sources, which may include a letter of engagement, an email or a telephone communication. These terms will determine the scope of the engagement between the registered agent and their client and adherence to these terms will usually be the first step towards showing that reasonable care has been taken.

A written agreement between a registered agent and their client that sets out the terms and conditions of the arrangement between the parties **is prudent**. An engagement letter is likely to be a simple way to assist a registered agent to comply with their obligations under the Code and to define the obligations of both parties. For further information on engagement letters, refer to [TPB\(I\) 01/2011 Letters of engagement](#)

Where the agreed scope of the services excludes the examination of information provided by the client or requires the registered agent to rely on the information or advice of another expert, **then further enquiries would not be required** to rely on the relevant information unless the registered agent identifies, or reasonably ought to have identified, that the information was incorrect or incomplete.

For example, where a registered agent knows or ought reasonably to know that information provided by the client is implausible, the registered agent should make further enquiries or consider declining to act for the client rather than continue to provide tax agent or BAS services.

A ‘statement’ the agent is making

Lodgement is “making a statement” to the ATO

Generally, a statement a registered agent makes will be a statement made to the Commissioner of Taxation (Commissioner). For example, where a registered agent has been engaged to electronically lodge a client’s tax return or BAS, the relevant statement will be the registered agent’s declaration made when the registered agent electronically submits the tax return or BAS.

Advice to the client is “making a statement”

The statement could also include a statement made by a registered agent to their client. For example, a registered agent may make a statement to their client as to the operation of a taxation law or BAS provision to the client’s particular circumstances.

A ‘thing’ the agent is doing on behalf of the client

A thing a registered agent does on behalf of their client is a broad encompassing term. It includes, but is not limited to:

- preparing or lodging a return, notice, statement, application or other document about a taxpayer’s liabilities, obligations or entitlements under a taxation law or BAS provision;
- preparing or lodging on behalf of a taxpayer an objection under Part IVC of the Taxation Administration Act 1953 (TAA 1953) against an assessment, determination, notice or decision under a taxation law or BAS provision;
- applying to the Commissioner or the Administrative Appeals Tribunal for a review of, or instituting an appeal against, a decision or an objection under Part IVC of the TAA 1953;
- giving a taxpayer advice about a taxation law that the taxpayer can reasonably be expected to rely upon to satisfy their taxation obligations; or
- dealing with the Commissioner on behalf of a taxpayer, such as lodging a private ruling request.

Consequences for failing to comply with Code Item 9

If a registered agent breaches the Code, the TPB may impose one or more of the following sanctions:

- a written caution
- an order requiring the registered agent to do something specified in the order
- suspension of the registered agent's registration
- termination of the registered agent's registration.

In addition, the same conduct could constitute a breach of another Code Item or one of the civil penalty provisions in the TASA. For example, section 50-20 of the TASA makes **it an offence for registered agents to make false, misleading or reckless statements** to the Commissioner. Also, section 50-30 of the TASA creates an **offence in relation to the signing of declarations in certain circumstances**, unless the registered agent takes reasonable steps to ensure the accuracy of the document.

Practical examples involving Code Item 9

Some of the factors that may impact upon the steps required to take reasonable care under Code Item 9 include:

- the terms of engagement between a registered agent and their client
- the complexity of the transaction
- the client's circumstances, including their level of sophistication (such as a large client with in-house tax teams and specialists)
- the nature of any pre-existing relationship between the registered agent and their client.

Example 1

Terms of engagement

Sophia engages Jonah, a registered tax agent, to prepare and lodge her income tax return based on the information provided by Sophia.

Brief description of scenario

Sophia is a regular client of Jonah's and her personal circumstances have not changed from previous years.

Reasonable care steps

To comply with his obligations under Code Item 9, Jonah must take reasonable care to ascertain Sophia's state of affairs to the extent that ascertaining the state of those affairs is relevant to the thing Jonah is doing on behalf of Sophia. In this case, the relevant thing is preparing and lodging Sophia's income tax return.

Sophia is a regular client of Jonah's. Jonah enquires and ascertains that Sophia's personal circumstances have not changed from previous years. Jonah simply checks to ensure that the information provided by Sophia is consistent with previous tax returns prepared for Sophia. Jonah concludes that the information provided by Sophia is consistent with tax returns for previous years.

Further, Jonah does not have any reason to doubt the accuracy or completeness of the information provided by Sophia.

In this case, Jonah has satisfied his obligation under Code Item 9 to take reasonable care by exercising his professional knowledge, skills and judgement and would not be required to undertake any further detailed enquiries.

Alternative scenario

If Sophia was a new client of Jonah's and provided no supporting evidence relating to the information to be included in the tax return, then Jonah would need to make further enquiries to ascertain Sophia's state of affairs in relation to preparing and lodging her tax return in order to demonstrate that he took reasonable care under Code Item 9. The purpose of undertaking further enquiries would be to ensure that the tax return included all relevant information pertaining to the taxation affairs of Sophia.

Example 2

Terms of engagement

Wayne engages Antonia, a registered BAS agent, to prepare and lodge his quarterly BAS.

Brief description of scenario

Wayne is a new client. Wayne advises Antonia that he has appropriate record keeping systems in place and that all his suppliers are registered for, and charging, GST.

Reasonable care steps

To comply with her obligations under Code Item 9, Antonia must take reasonable care to ascertain Wayne's state of affairs to the extent that ascertaining the state of those affairs is relevant to the thing Antonia is doing on behalf of Wayne. In this case, the relevant thing is preparing and lodging Wayne's quarterly BAS.

As Wayne is a new client, Antonia makes relevant enquiries of Wayne to assure herself that Wayne does in fact have appropriate record keeping systems in place and that she can rely on the information provided by Wayne to prepare and lodge his quarterly BAS.

In addition, Antonia identifies certain transactions that she considers to be abnormal in the circumstances and seeks further clarification from Wayne in relation to these transactions. In this case, Antonia has satisfied her obligations under Code Item 9 to take reasonable care by exercising her professional knowledge, skills and judgement and by making further enquiries, particularly in relation to Wayne's record keeping systems and the abnormal transactions identified.

Example 3

Terms of engagement

Marshall's Machinery engages Penny & Co, a registered tax agent, to prepare and lodge its annual income tax return. The engagement letter specifies that the annual income tax return is to be based on the externally audited financial statements of Marshall's Machinery (Penny & Co is not the auditor).

Brief description of scenario Marshall's Machinery is a large company with appropriately qualified staff, including its own finance and tax team. The financial statements of Marshall's Machinery have been externally audited by Anthony Brown Davis Auditing Services.

Reasonable care steps

To comply with its obligations under Code Item 9, Penny & Co must take reasonable care to ascertain Marshall's Machinery's state of affairs to the extent those state of affairs is relevant to the thing Penny & Co is doing on behalf of Marshall's Machinery. In this case, the relevant thing is preparing and lodging Marshall's Machinery's annual income tax return.

Penny & Co determines that it can rely on the information provided by Marshall's Machinery to prepare and lodge its annual income tax return because:

- Marshall's Machinery has appropriately qualified staff and processes (including external audit of financial statements), and
- Penny & Co ascertains that there is no other reason to doubt the quality of the information provided by Marshall's Machinery.

In this case, Penny & Co has satisfied its obligation under Code Item 9 to take reasonable care by exercising its professional knowledge, skills and judgement and would not be required to undertake any further detailed enquiries.

Alternative scenario

If Penny & Co becomes aware of an issue with the plausibility of the information provided by Marshall's Machinery, this should be raised with Marshall's Machinery to determine necessary steps to be undertaken prior to Penny & Co lodging the income tax return.

Example 4

Terms of engagement

Poppy Pies Pty Ltd engages Stefan, a registered tax agent, to prepare its income tax return.

Brief description of scenario

Poppy Pies Pty Ltd is a new client. It gives Stefan all of its tax information, including its BAS and goods and services tax (GST) reconciliation accounts which have been prepared by Sarina, a registered BAS agent. Stefan has previously examined work prepared by Sarina for other clients and has not had any concerns as to the quality of Sarina's work.

Reasonable care steps

To comply with his obligations under Code Item 9, Stefan must take reasonable care to ascertain Poppy Pies Pty Ltd's state of affairs to the extent the state of those affairs is relevant to the thing Stefan is doing on behalf of Poppy Pies Pty Ltd. In this case, the relevant thing is preparing the income tax return.

As Sarina is a registered BAS agent and Stefan has no reason to doubt the quality of Sarina's work, Stefan accepts Sarina's work at face value.

Further, Stefan undertakes relevant checks in relation to such tax information provided by Poppy Pies Pty Ltd which has not been prepared by Sarina to assure himself that he has all the relevant information to prepare the income tax return.

In this case, Stefan has satisfied his obligation under Code Item 9 to take reasonable care by:

- exercising his professional knowledge, skills and judgement to determine that he can accept the tax information prepared by Sarina at face value, in the circumstances, and
- undertaking relevant checks in relation to such tax information provided by Poppy Pies Pty Ltd which has not been prepared by Sarina to assure himself that he has all the relevant information to prepare Poppy Pies Pty Ltd's income tax return.

Alternative scenario

If Stefan has doubts as to the quality of Sarina's work (for example, doubts arising from previous interactions with Sarina), it would not be reasonable for Stefan to accept Sarina's work at face value. In these circumstances, Stefan could demonstrate that he exercised reasonable care in various ways. These might include reviewing the original documentation (for example, tax invoices) or satisfying himself of the procedure

and methodology Sarina used to arrive at a particular determination.

Example 5

Terms of engagement

John engages Alana, a registered tax agent, to provide tax advice in relation to the sale of his rental property.

Brief description of scenario

John ordinarily prepares and lodges his own tax return. However, John determines that he needs advice in relation to the sale of his rental property before he can prepare and lodge his current year's tax return.

As part of his instructions to Alana, John informs Alana that his rental property had been sold during the relevant financial year. However, John does not mention to Alana that the rental property had been John's principal place of residence for the past 15 years and that he had only been renting it for five months prior to selling it.

Reasonable care steps

To comply with her obligations under Code Item 9, Alana must take reasonable care to ascertain John's state of affairs to the extent the state of those affairs is relevant to the thing Alana is doing on behalf of John. In this case, the relevant thing is providing advice to John in relation to the sale of his rental property, advice that he will ultimately rely upon to prepare and lodge his tax return.

Alana advises John to provide correct and complete information so that she can properly ascertain his state of affairs and provide the requested advice. Recognising that John is a new client, Alana asks a series of questions to ascertain John's state of affairs. As part of this process, Alana asks John for additional information in regard to the usage of the rental property, including whether John had ever lived in the house.

In this case, Alana has satisfied her obligations under Code Item 9 to take reasonable care by exercising her professional knowledge, skills and judgment and by making further enquiries to ascertain John's state of affairs, including in relation to the use of his rental property.

Alternative scenario

If Alana had not asked for additional information about the way in which the rental property had been used, Alana would not have taken reasonable care in the circumstances.

Example 6

Terms of engagement

Qube Finance Pty Ltd engages Bernard's Accountants, a registered tax agent, to provide 'high level' preliminary advice on the taxation aspects of certain derivative transactions.

Brief description of scenario

Qube Finance Pty Ltd is a publicly listed company with its own internal tax team and finance department.

From time to time, Qube Finance Pty Ltd will seek preliminary advice from accounting and law firms regarding particular matters. In this particular matter, Qube Finance Pty Ltd's internal tax director (Jenny) decides to seek expert preliminary advice from Bernard's Accountants, a registered tax agent that specialises in taxation of derivatives and options.

To obtain the expert preliminary advice, Jenny drafts a detailed referral letter containing relevant matters for Bernard's Accountants to consider.

Reasonable care steps

To comply with its obligations under Code Item 9, Bernard's Accountants must take reasonable care to ascertain Qube Finance Pty Ltd's state of affairs to the extent the state of those affairs is relevant to the preliminary advice Bernard's Accountants is providing.

Bernard's Accountants relies upon the information contained in the referral letter that is provided by Jenny. Further, Bernard's Accountants outlines in its preliminary advice that its advice is based solely upon the information provided in the referral letter, and to the extent that the information in the referral letter is incorrect, its preliminary advice may vary.

In this case, Bernard's Accountants has satisfied its obligation under Code Item 9 to take reasonable care by exercising its professional knowledge, skills and judgment and would not be required to undertake any further detailed enquiries in relation to the information provided by Jenny on behalf of Qube Finance Pty Ltd. In particular, Bernard's Accountants has taken reasonable care by obtaining relevant information from Qube Finance Pty Ltd in writing and clearly stating the basis on which its advice is provided.

ICB further comment - [refer to the above article](#)

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TPB tells you about Conflicts of Interest

TPB has released a draft explanation paper about how Agents are to identify and manage conflicts of interest.



Here is the ICB extract of that paper below.
TPB welcome comments directly

Alternatively any questions that you have as a result of this paper [let us know...here](#)

ICB Summary/Extract of the TPB paper – August 2013

Code of Professional Conduct - Managing conflicts of interest

What is Code Item 5?

Code Item 5 provides that registered agents must have in place adequate arrangements for the management of conflicts of interest that may arise in relation to activities that are undertaken in the capacity of a registered agent.

Adequate arrangements for the management of conflicts of interest assist to minimise potential adverse impacts on clients and others. This in turn helps to promote consumer protection and maintain integrity of the profession.

Code item 5 does not prohibit registered agents from having conflicts of interest. However, it does create an obligation to appropriately manage conflicts that arise or may arise in relation to activities that are undertaken in the capacity of a registered agent.

The Accounting Professional and Ethical Standards Board (APESB) has stated in *APES 110 Code of Ethics for Professional Accountants* that a member is required 'to not allow ... conflict of interest ... to override professional or business judgments'. [\[2\]](#)

What is a conflict of interest?

A conflict of interest is where a registered agent has a personal interest or has a duty to another person which is in conflict with the duty owed to the client.

A conflict of interest may be an actual or potential conflict and can arise before the registered agent accepts an engagement or at any time during the engagement. A registered agent has a duty to manage actual and potential conflicts of interest.

An actual conflict of interest arises where a registered agent has multiple interests and cannot objectively and impartially act in one of the interests.

A potential conflict of interest arises where a registered agent has multiple interests and one interest could possibly impact the motivation to act for another interest.

What are adequate arrangements for the management of conflicts of interest?

Registered agents must have adequate arrangements to identify and manage conflicts of interest that arise or may arise. A determination of whether conflict management arrangements employed by a registered agent are sufficiently adequate will be a question of fact having regard to the particular circumstances of the matter in question. [3]

A number of mechanisms could be used to manage a conflict and it will be up to a registered agent to exercise their professional judgement to determine the most appropriate method for managing a particular conflict of interest.

Three mechanisms that registered agents may use to manage conflicts of interest are:

- avoiding conflicts of interest
- controlling conflicts of interest, and
- disclosing conflicts of interest.

Avoiding conflicts of interest

Registered agents are required to ensure their objectivity is not impaired by a conflict of interest. In some cases, regardless of arrangements put in place, conflicts of interest will be unmanageable and the only way to adequately manage the conflict will be to avoid it altogether. This will generally require the registered agent to decline to act for the client.

Depending on the circumstances, a registered agent may also be able to avoid a conflict of interest by physically and intellectually separating and isolating persons within the registered agent practice who will provide the relevant advice from persons who are privy to material information which may influence the advice. This is sometimes referred to as a 'Chinese wall'.

In some cases, Chinese walls may be an ineffective form of conflict management, noting that there is a risk of leakage and that there also needs to be an appropriate understanding of written policies and procedures. [4]

Controlling conflicts of interest

Controlling conflicts of interest requires a registered agent to:

- identify the conflicts of interest relating to the tax agent or BAS agent practice
- assess and evaluate those conflicts, and
- decide upon, and implement, appropriate responses to those conflicts.

In some instances, it may be necessary and appropriate for a registered agent to suggest to their client that, notwithstanding any advice provided by the registered agent, the client should obtain independent advice in the circumstances.

In all cases, it is recommended that a registered agent keep adequate records of the steps taken to control conflicts of interest.

Disclosing conflicts of interest

Where there is a conflict of interest, registered agents should disclose the conflict to their clients.

Disclosure should:

- be made at the earliest possible opportunity
- be specific and meaningful to the client
- occur before or when the tax agent service is provided, but in any case, at a time that allows the client a reasonable time to assess its effect, and
- refer to the specific service to which the conflict relates.

The form of the disclosure must be sufficient to allow an informed decision to be made about how the conflict may affect the services being provided and about its management.

Where a registered agent intends to accept instructions from more than one party to any transaction, it is recommended that, before accepting any form of consideration, the registered agent is satisfied that each of the parties is aware that the registered agent is intending to act for the others and that there is consent for the registered agent to continue to act.

Where one of the parties refuses to provide the requested consent, the registered agent should consider declining to act for that party.

Other techniques for managing conflicts of interest

Additional techniques that may assist a registered agent to manage conflicts of interest include:

- placing a positive onus on employees or anyone else providing relevant services on behalf of the registered agent to declare conflicts of interest, including reporting to appropriate people and signing relevant declarations as appropriate
- developing a register of private interests (in conjunction with appropriate protocols) and regularly revising the register
- reviewing conflict of interest declarations periodically
- relevant training, including to employees or anyone else providing relevant services on behalf of the registered agent, to ensure appropriate awareness and understanding of what constitutes a conflict of interest and how to act in accordance with relevant internal procedures and protocols (including, for example, escalation procedures),
- seeking advice from an independent third party, which may include legal advice. [\[5\]](#)

Consequences for failing to comply with Code Item 5

If a registered agent does not have in place adequate arrangements for the management of conflicts of interest that may arise in relation to activities that are undertaken in the capacity of a registered agent, the TPB may find that the registered agent has breached the Code and may impose sanctions for that breach.

If a registered agent breaches the Code, the TPB may impose one or more of the following sanctions:

- a written caution
- an order requiring the registered agent to do something specified in the order

- suspension of the registered agent's registration
- termination of the registered agent's registration.

In addition, the same conduct which may amount to a failure under Code Item 5 could also constitute a breach of another Code Item (such as confidentiality and acting with honesty and integrity).

Practical examples involving Code Item 5

The following are indicative examples which illustrate the general application of Code Item 5.

In all cases, consideration will need to be given to the specific facts and circumstances. In any given situation, a number of mechanisms could be used to manage a conflict and it will be up to a registered agent to exercise their professional judgement to determine the most appropriate method for managing a particular conflict of interest.

Example 1 – Marital break-up

Situation

Terrence and Sandra have recently divorced. They have used the same registered tax agent, Craig, for the past 7 years. In preparing their respective income tax returns for the current financial year, it becomes apparent to Craig that the claiming of a rebate or offset by Terrence would prevent the claiming of the rebate or offset by Sandra.

Conflict of interest

Craig has a conflict of interest if he acts for both Terrence and Sandra because they have competing interests in relation to the claim for a rebate or offset. Additionally, a perceived conflict may arise in regard to one or both of the clients holding any belief that Craig may not be able to objectively provide appropriate and impartial services to each of the clients.

Managing the conflict of interest

In applying his professional judgment, Craig determines that the rebate or offset is more properly claimable by Terrence. However, Craig also identifies that he is in a position wherein his duty to Sandra is in conflict with his duty to Terrence.

Craig appropriately discloses his conflict of interest to Terrence and Sandra and receives a waiver from both parties in relation to the conflict.

In this case, Craig has satisfied his obligations under Code Item 5 by appropriately disclosing his conflict of interest and obtaining a waiver from Terrence and Sandra prior to preparing their respective income tax returns.

Alternative scenario

If Craig were unable to obtain the relevant waiver from Terrence and Sandra, it is unlikely that he would be able to adequately manage the conflict of interest, regardless of other arrangements that could be put in place, and should consider declining to act for one or both of Terrence and Sandra.

Example 2 – Registered agent has a personal interest

Situation

Anthony is a long-time client of Lucia's, a registered BAS agent. Anthony asks Lucia to assist him to identify an appropriately qualified tax agent to provide advice in relation to his self-managed superannuation fund. Lucia is aware of a number of suitable registered tax agents but refers Anthony to Nathan Accounting Pty Ltd because she receives a commission for the referral from this firm.

Conflict of interest

Lucia has a financial incentive in referring Anthony to Nathan Accounting Pty Ltd as opposed to another registered tax agent and, therefore, has a conflict of interest in the circumstances.

Managing the conflict of interest

Lucia appropriately discloses her conflict to Anthony by advising him that she will receive a commission if he engages the services of Nathan Accounting Pty Ltd.

In this case, Lucia has satisfied her obligations under Code Item 5 by disclosing her conflict of interest to Anthony when referring him to Nathan Accounting Pty Ltd.

Example 3 – Clients in the same industry and registered agent with personal interest

Situation

Christina is a registered tax agent and has a number of long time clients, one of which is Cold Cream, a large ice-cream retailing franchise. Christina has a 15 percent ownership interest in Cold Cream.

Christina is approached by Ice Cold, a rival ice-cream retailing franchise to provide tax agent services including tax planning work.

Conflict of interest

Christina has a potential conflict of interest if she provides tax agent services to Ice Cold because her ownership interest in Cold Cream could possibly impact her motivation to act for Ice Cold.

Managing the conflict of interest

Christina appropriately discloses her conflict of interest to Ice Cold. Further, Christina determines that, in the circumstances, she cannot objectively provide tax agent services to Ice Cold and therefore the conflict of interest is unmanageable and the only way to adequately manage the conflict will be to avoid it altogether. Accordingly, Christina declines to act for Ice Cold.

In this case, Christina has satisfied her obligations under Code Item 5 by disclosing her conflict of interest, and avoiding the conflict by declining to act for Ice Cold.

Example 4 – Representing two clients involved in a merger transaction

Situation

Victor Lance Accounting, a large accounting firm and registered tax agent, is engaged by Caxton Pty Ltd and Devon Pty Ltd, two publicly listed companies, to provide confidential tax advice in relation to a potential merger transaction with one another.

Conflict of interest

Victor Lance Accounting has an actual conflict of interest if it acts for both Caxton Pty Ltd and Devon Pty Ltd because both companies are seeking confidential tax advice from the same registered tax agent.

Managing the conflict of interest

Victor Lance Accounting appropriately discloses the conflict of interest to both Caxton Pty Ltd and Devon Pty Ltd. Further, Victor Lance Accounting advises each of the companies of how it intends to control and avoid the conflict of interest.

Relevant strategies include identifying and evaluating the conflict of interest, implementing and enforcing strict policies and procedures in relation to controlling the conflict, and assigning separate teams in different offices to work for the two companies. Finally, Victor Lance Accounting obtains a waiver from each of the companies in relation to the conflict.

By taking these steps, Victor Lance Accounting has satisfied its obligations under Code Item 5 to have in place adequate arrangements for the management of the conflict of interest.

Proving the identity of your clients

In the recent [ATO elink to Tax Professionals](#) (mainly aimed at Tax Agents) they have included the following instructions/comments:

"Preparing for Tax Time 2013"

"When setting up appointments with your clients, you might like to remind your clients to provide information you will need when preparing and lodging their returns this year, including:

- *personal identification*
- *Australian financial institution details*
- *Medicare card or number*
- *private health insurance statement*
- *spouse details including details of income."*

This is an interesting emphasis from the tax office placing an obligation on an agent to prove the identity of the person/s they are dealing with. While we are NOT aware of any legislative authority, nor any other type of legal requirement upon an agent specifically to prove the identity of the client, it does make sense that when an agent is "making representation to" or "making a statement to" the tax office on behalf of a client then they need to be sure they have authority to do so. It is also an obligation under the TASA to ensure you are NOT making false or misleading statements, therefore you should know that the statement you are making is correct which would include made with full knowledge of the relevant taxpayer. Maybe we are looking for some legal foundation for this obligation where it is limited. But the ATO seem to expect you have done a 100 point ID check - we think that is over the top but it does seem right that you should ensure you are legitimately acting for the real client.

What are the ATO really trying to prevent? There is now legal action taken by the ATO and the TPB against agents who have lodged several false returns where they didn't check the validity of the information they were provided by a third party ie: not the actual taxpayer. This "proving the identity" message is endeavoring to ensure agents check the work they are doing is legit.

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Continued Professional Education

This month from the ICB Continued Professional Education webpage

Upcoming events

[ICB Network Meetings](#)

Nationally, Monthly

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

Online

MYOB - Perfecting Payroll

Webinar

[2nd September, 2013 \(10am - 11am AEST\)](#) and [28th October, 2013](#)

Getting a grip of pivot table in Excel

Webinar

[5th September, 2013 \(1pm AEST\)](#) and [30th October, 2013 \(1pm AEST\)](#)

MYOB - An update to the latest and greatest features

Webinar

[9th September, 2013 \(1pm - 2pm AEST\)](#) and [11th October, 2013 \(10am - 11am AEST\)](#)

Xero Accounting and Payroll

Perth

10th September, 2013

Payroll Administration

Perth (Online and DVD also available)

11th September, 2013

Salary Packaging

Perth (Online and DVD also available)

12th September, 2013

Educare - Tips and Tricks in Microsoft Excel 2010 - Part I

Webinar

19th September, 2013 - 1.15pm AEST

The Future of Accounting Technology

Reckon National Conference - Engage

Melbourne Park Function Centre

20th September, 2013

Educare - Tips and Tricks in Microsoft Excel 2010 - Part II

Webinar

26th September, 2013 - 1.15pm AEST

Holmesglen TAFE - BAS Agent Skill Set

Classroom training (Victoria SE suburbs - Moorabbin)

FNSBKG404A - 11th October, 15th November, 6th December, 2013

FNSBKG405A - 18th October, 22nd October, 13th December, 2013

Assessment - 25th October, 29th November, 20th December, 2013

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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 just taken over a new client and upon checking the file discover that there are several pay categories that have been set to incorrectly attract super guarantee (ie overtime and some allowance categories). You alert the client to the overpayment of super, and she wants to short pay the next month's super to balance the amount overpaid.

Is this allowed? How should you advise the client in this situation?

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:

The fortnightly and last payrun for the year has been finalised. My client, an employee of the company, wishes to pay an extra \$11,000 towards his super to bring up to the maximum of \$25,000 for the year. A cheque is drawn and made out to the super company for this amount and presented to the bank by 20th June.

What are the implications? - RESC, grossed up and the amount salary sacrificed, employer additional contribution, and how is it entered in MYOB?

ICB's Response:

This question requires more information before you can answer it.

There are many possibilities.

Is this a one-off before tax payment?

Then this is a RESC payment and is shown on the payment summary.

Is this an after tax payment?

If this is an after tax payment then it would not be considered RESC and would be not show on the payment summary. This would be entered under MYOB as employee additional super. You mention "grossed up"—are you referring to grossing up the net amount paid to being the gross amount of wages before tax?

You will need to calculate the amount of gross wages to be paid and therefore the amount of tax to be withheld if this is an after tax payment. Divide the extra amount of \$11,000 by 52 (assuming it is a weekly employee), add this amount to his current net pay, check the tax tables for the corresponding gross amount. Calculate what has been paid in tax against what should have been withheld, then add this to the net amount to arrive at the gross amount.

Has it been paid as a bonus by the company?

If so then this could be a RESC payment and as such reported on the payment summary as they are salary sacrificing the full amount. In this situation 9.25% would also be payable on the gross wage, which would need to be taken into account if the employee doesn't want to go over the threshold.

Note on Super Salary Sacrifice arrangements

Salary sacrifice is an arrangement where an employee agrees to forego part of their future salary or wages in return for their employer providing benefits of a similar value. Subject to your agreement, an employee can sacrifice their salary or wages into a variety of benefits, including super. Bonus payments, although often paid for work already done, can be sacrificed to superannuation.

What if it's a SMSF, are the rules any different?

Provided the governing rules of the fund allow it, a SMSF can generally accept employer contributions, personal contributions, salary sacrifice contributions, co-contributions and eligible spouse contributions.

The payment should be properly documented with a breakdown of the amount and type of contribution.

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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 13th September, 2013 - 12pm (AEST)	Online 9th September, 2013 - 5pm (AEST)	
Queensland		
Gold Coast (am and pm sessions) 10th September, 2013	Brisbane North 10th September, 2013	Brisbane South 17th September, 2013
South Sunshine Coast 12th September, 2013	North Sunshine Coast 12th September, 2013	Logan 18th September, 2013
Moreton Bay 9th September, 2013	Bundaberg 3rd September, 2013	Hervey Bay 11th November, 2013
Cairns 11th October, 2013	Toowoomba 13th September, 2013	Townsville 13th September, 2013
New South Wales		
Sydney - Balmain 16th September, 2013	Sydney - Moorebank 3rd October, 2013	Sydney - Randwick 11th September, 2013
Sydney - Brookvale 14th October, 2013	Sydney - Hornsby 12th September, 2013	Sydney - Newport TBA
Sydney - Sutherland 18th September, 2013	Bathurst 17th September, 2013	Ballina 11th October, 2013
Bellingen 23rd September, 2013	Blue Mountains 9th September, 2013	Central Coast 11th September, 2013
Newcastle 11th September, 2013	Port Macquarie 17th September, 2013	Shoalhaven 9th September, 2013
Dubbo 12th September, 2013	Orange TBA	
ACT		
Canberra - Phillip 10th September, 2013		
Victoria		
Burwood (am session) 4th September, 2013	Burwood (pm session) 12th September, 2013	Mordialloc 8th October, 2013
Docklands 18th October, 2013	Frankston 12th September, 2013	Cranbourne 11th September, 2013

Lilydale TBA	Macedon Ranges 22nd October, 2013	Geelong 8th October, 2013
Point Cook 10th September, 2013	Cobram 19th September, 2013	Horsham TBA
Sale 12th September 2013	Yarra Valley TBA	
Western Australia		
Balcatta TBA	Bunbury TBA	Melville 11th September, 2013
Joondalup 16th September, 2013	Midland 11th September, 2013	Cockburn Central TBA
South Australia		
South Adelaide 5th September, 2013	Henley Beach 27th September, 2013	Para Hills 11th September, 2013
Unley 15th October, 2013	Mt Barker TBA	
Tasmania		Northern Territory
Hobart TBA	Launceston TBA	Darwin TBA

These meeting 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

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Other Things Happening in the World



What does your Insurance Made Easy PI insurance cover you for?

What does my PI insurance cover? Am I protected should I land myself in trouble?

As a bookkeeper, it is important that you know what you are and what you are not covered for in the event of a situation leading to a claim.

There are many different insurance policies out there so it is important that you do your research and make sure you choose what is relevant for you and your services. When looking, there are a number of factors you need to consider to work out what policy is best for you. Are you a registered Tax or BAS Agent? Do you provide a consultation service of software advice?

Key things you need to ensure are covered are:

- Official enquiries or investigation costs including: ATO, ASIC, APRA, ACCC and Tax Practitioners Board
- Bookkeeping & Payroll (Calculating, Processing, Reconciling and Reporting)
- All ASIC reporting and registration activities
- Retroactive Cover - Covers you for all past work provided that you have had continuous PI Insurance
- Operating as a registered BAS Agent (including BAS preparation & advice, GST advice, Payroll services and PAYWG withholding calculation and advice)

ICB's recommended insurance provider, Insurance Made Easy, cover you for all of your bookkeeping needs, which includes but not limited to:

- Employees/Contractors are automatically included as well as all directors
- Professional negligence and wrongful act
- Data file management (including backup management and file location management)
- Supply, Installation, Configuration and Training on commercially available software
- Advancement of defence costs
- Run off cover for seven years. After you cease trading you remain covered with no further premium payments
- Fidelity (misappropriation of your money by staff member)
- Dishonesty and fraudulent activities of your employees/contractors
- Defence and legal costs automatically included over and above the level of cover selected
- Breaches of Competition and Consumer Act 2010 and Related Legislation
- Libel/Slander/Defamation
- Unlimited Reinstatements
- Privacy Remediation Costs
- Recovery of Professional Fees

Advising clients generally and providing information about their legal obligations is acceptable and recommended. Advising clients specifically about an employee situation, HR matters, or employment law is not a bookkeeper/BAS Agent role. These matters need to be referred to a specialist with the relevant training. NOTE: ICB are currently investigating an improved level of cover for HR matters.

Checking the award for provisions to ascertain that you are paying the employees correctly is acceptable. For example, some awards provide for more personal leave than the NES, some provide for extra redundancy pay and so on. However, deciding which award applies to a client's employees is not a bookkeeper/BAS Agent role, the business owner must get advice directly from Fairwork or an employment law specialist.

For more information head to [Insurance Made Easy information page](#) on the ICB website and click here for details on the [TPB's PI requirements](#), you can download Insurance Made Easy [brochure here](#) and also [PI FAQ's can be downloaded here](#).

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TPB has a new Secretary and email address

Appointment of new TPB Secretary

Ian Taylor, Chair of the Tax Practitioners Board (TPB) wishes to advise the Board's appointment of Rosemary Holloway as the new permanent Secretary of the TPB. Rosemary will commence with us on 2 September and will be located at the TPB's Hurstville office. Rosemary has many years' experience in a wide range of senior executive service roles. She is currently with Customs and Border Protection as the Regional Director for NSW & National Manager Workplace Relations and Safety. Prior to this, Rosemary was an Assistant Commissioner in the Australian Taxation Office.

Rosemary's wide range of management experience in a number of Commonwealth agencies will help put the TPB in a strong position to deliver its legislative responsibilities.

TPB change of email address

The TPB has moved to an independent IT system. Therefore all email addresses for TPB staff and TPB group inboxes have changed. TPB staff can be contacted at their new email address:

firstname.lastname@tpb.gov.au

The names for all group inboxes remain the same but each address will end in @tpb.gov.au, for example, TPBCommunications@tpb.gov.au

Please use the new @tpb.gov.au email to contact TPB staff and update your contacts accordingly. This will enable us to respond to your requests in a timely manner.

For more information contact TPBcommunications@tpb.gov.au

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TPB Advisory Forum meeting

Tax Practitioners Advisory Forum

Wednesday 31st July 2013
ICB represented by Director John Birse

Update from the TPB Chairman

TPB have engaged in a number of successful Regional visits with Perth attracting 800 attendees (17% of the Agent population). 1.5 hours of CPE credit And the fact they were free is seen as contributing factors. Two sessions were held in Darwin with 70 Tax and 55 BAS Agents attending representing 45% of Agent population. it is intended to visit Adelaide in November followed by Vic, NSW and Qld. Sessions are to be held in Regional rather than CBD locations

On 9th July the TPB sent out their newsletter (Enews) to 44 thousand Agents receiving only 51 unsubscribe requests. There was a noticeable spike in TPB website activity following distribution. It is intended to publish bi-monthly.

ATO / TPB Survey now completed with results being prepared. Early results indicate high level of agreement received with Website and email the preferred method of contact rather than telephone and fax for communications.

Registrations update

TPB registration summary June 2013: 2,942 applications completed.
Total active agents 55,350 of which 16,270 were BAS Agents and 39,080 were Tax Agents.
Processing times for applications has dropped significantly to 19 days compared to 40 days 12 months ago.
There are 19 thousand renewals on an annual basis.
66,000 enquiries were answered last 12 months.

Regulatory Assurance Status Report- June 2013

Complaints and referrals: 2,680 in last 12 months (more than double prior year), 250 Agents were found not to be up to date with their personal tax obligations.

Ian Taylor referred to the "Conduct Triangle" where 95% of Agents are doing the right thing, 4% respond to intervention and work to correct their indiscretion and the remaining 1% need action to be taken against them.

All 5 cases that have been referred to the High Court by the TPB have been successful. Code breaches are used to provide analysis and feedback with 21,000 cases handled last year with 300 administrative sanctions. Tax Agents getting tax refunds back to clients on time is a big issue with complaints. From 1st July ATO is not sending cheques as refunds but making electronic payments to client or the Agents trust account and this is expected to reduce this area of complaint.

PII project came across 4,000 agents that had not notified the TPB of their PII status. Currently there are 1,500 Agents (including new registrations) that have failed to notify TPB of their PII status.

TPB have 135 staff around Australia with 45 involved in RA.

Legislative amendments to the TASA

29th June legislation was passed but start date was deferred until 1st July 2014. TPB now have something to deal with and have been meeting with Associations and Advisors involved with Financial Planning with meeting on 11th Sept in Sydney and further consultations planned now that we have 11 months to implement. CPE, PII, relevant experience, educational requirements (paper has been issued) and code of conduct.

PII from 30th June 2013 - all agents

PII coverage is now an on-going registration and eligibility requirement rather than a code requirement as was previously the case. Under the new regime Agents must have PII cover as an on-going process requiring the redesign of TPB forms. Problem with TPB registrant being a three year cycle while PII renewal is annual. How can TPB be notified annually? TPB would like Agents to advise on annual basis but this will not be easy. TPB could speak with insurance industry which would be ideal. Recent inclusion of new services in BAS Agent services needs to be covered by PII policies. Although costs of PII have come down Agents still need to check they are getting value regarding excess and cover.

Meeting raised issue of TPB on-line PII forms needing to be reviewed to make easier to follow this is being revisited.

CPE

CPE now eligibility requirement on renewal with legislative backing. Significant amendment not required to existing TPB policy. TPB interested in what questions need to be asked of Agent on renewal to see that CPE requirements have been met.

TPB will be taking a relaxed approach to compliance and need to have Agents acknowledge the need to comply with policy.

90 hours for tax agents over 3 years with minimum 10 hours in any year

45 hours for BAS agents over 3 years with minimum 5 hours in any year

As the CPE process has only been operational for 12 months the TPB cannot enforce the 3 year requirement so there is a need to be somewhat relaxed on enforcement. CPE is based on Code item 1 (honesty and integrity) and relies on self-assessment of the agent. The TPB is unable to audit CPE due to limited resources. An Association log would be sufficient and the TPB will not be logging Agent CPE hours.

Other legislative amendments

Agents are now required to update any changes in contact details as a legislative rather than code requirement.

TPB can now determine through legislative instrument that a service is a BAS Service. The TPB are in the process of preparing this instrument which will be effective at a date in the near future. This will impact on Payroll, SGC, Taxable Payments reporting. The point was made that these changes will NOT mean that these services are being taken away from tax agents but that BAS Agents will now be able to perform these services as well.

|

Professional practice issues

Embargo now removed on Code items 9 and 10 as these have been placed on the TPB website and open for 30 days of public comment with feedback required by 29th August. TPB have taken a principles based approach and have removed reference to safe harbour.

Code item 5 – Managing conflicts has until 13th Sept for comment.

Other

TPB now have new email addresses ([see above article](#)) with domains separate to that of the ATO and this has been extended to equipment and information being held on TPB rather than ATO facilities.

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New ATO online support tool

The ATO has launched a new interactive online tool for small businesses to help them self support and self assess their tax and superannuation obligations.

Try the ATO's new Small Business Assist

Have you got a business-related question? Small Business Assist allows you to interact with us quickly and easily online to help you save time and money.

Type in your question and Small business assist quickly finds the right information from a range of websites.

Small business assist will be progressively updated to include more tailored information and services including the ability to book a call or have an online chat with the ATO.

Try it yourself today at www.ato.gov.au/sba.

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ASIC Business Compliance Book

ASIC - your obligations as a small business

If you operate a small business as a registered company or under a registered business name, this brochure is for you. It explains ASIC's role and the laws you must meet, specifically:

- under the Corporations Act 2001, if you operate your business as a registered company, and
- under the Business Names Registration Act 2011, if you have a registered business name.

Click here to download a copy of the [ASIC - Your obligations as a small business operator book](#)

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ATO BAS Agents Advisory Group June 2013

ICB extracts and comments [based on the published minutes](#)

ATO Consultations - reduced

Consultation could be more purposeful and productive and enhance relationships with the community. Consultation is considered vital for key stakeholders, such as tax professionals, industry and the community to raise important issues.

From 1 July there will be eight enduring stewardship forums, focusing on our relationships from an audience perspective (individuals, small/medium business, large business and tax professionals) and key products or programs (superannuation, GST, charities/not for profits and tax practitioners). Apart from the stewardship forums, at any one time we may have a range of consultative activities on issues important to the tax and superannuation systems occurring that focus on stakeholder relationship management or technical or special purpose consultation that is fit for purpose.

A key principle of the new approach is to consult on the right issues with the right people at the right time. This will allow for more timely collaboration, and direct contact between the ATO, tax professionals and industry groups.

The BASAAG will transition to a relationship management committee under other consultative arrangements outline in the “The Future Model of Consultation, Collaboration and Co-Design”. The ATO will also maintain a relationship with BAS agents under the consultative model.

BAS Agents continue to be key stakeholders for the ATO.

It was suggested that BAS agents be considered for representation on the ATPF. The chair undertook to consider this.

2.1 Current GST Technical issues

Senior Assistant Commissioner Elizabeth Goli, Indirect Tax led a discussion on issues including:

- QANTAS decision

Qantas contended that GST was not payable on the unused fares and that the GST which had been paid on them should be refunded by the Commissioner.

The High Court decision said that Qantas had made a taxable supply in the terms of the bookings.

The High Court held that supply met the requirements of 9-5a – Qantas did make a taxable supply and was liable to pay GST on the fares paid.

- Contra transactions

Contra transactions typically occur where part of the consideration for a supply is non monetary, for example, where the consideration for a replacement machine part is made up of money and the exchange of the old part. Suppliers and recipients often ignore (by contra) the value of the old part, recording just the monetary value of the supply. The correct approach is for each party to record the full value of the repair, which is money paid plus value of old part. The repairer should also record the acquisition of the old part and the recipient of the repair should record its supply of the old part to the repairer.

This issue has been discussed at length with industry since it was raised by the mining industry in 2006. The ATO is developing guidelines for staff as to **circumstances in which it would be appropriate to accept contra** (netting off) of supplies on the BAS.

((The takeaway from the discussion for us was that the ATO were accepting an approach to allow appropriate offsetting of a sale against a purchase as long as the net GST was the same))

2.2 New Small Business Assist Tool [\(as detailed in the above article\)](#)

Assistant Commissioner Jennifer Moltisanti Indirect Tax provided members with information on the new Small Business Assist tool.

[Small Business Assist](#) will navigate and source information from a range of websites through our website to deliver a tailored response, displaying all the requested information in an easy to read and accessible format.

3. Electronic Interaction and Practice Management

3.1 Increasing Digital Interactions

Assistant Commissioner John Dardo, Customer Services and Solutions

The ATO has been contacting large market clients (turnover greater than \$250m) to ensure they are lodging electronic activity statements.

Multiple contacts have been made with the 45 large market clients with a legislative obligation to lodge electronically who are still providing paper statement activity statements. The ATO is in the process of applying penalties at the rate of \$850 per paper activity statement. This action will continue until the clients provide the information electronically. Where these entities have relationship managers we have provided feedback to those managers. If there is no significant shift in the next couple of months the Chief Financial Officer of those entities will be contacted and advised of future action.

Agents of Small to Medium Enterprises (SME) (with turnover greater than \$20m) have been contacted to help them understand that they need to move to electronic activity statements.

The same penalty will apply to the SME market as to the large market clients.

3.2 Stopping Paper Activity Statements for Electronic Lodgers

Project Manager Toni Smart, Client Account Services advised the meeting of the latest developments with the pilot for Stopping paper activity statements for electronic lodgers project.

- Phase One involved five agents with twenty five clients in total.
- Phase Two was rolled out in May involving 10 agents with one hundred clients in total.
- Phase Three has just commenced with 28 participants. Paper activity statements have been stopped for over 1,600 clients. Positive expectation from agents. Feedback is expected next week.

3.3 Security on ATO Online Systems

Assistant Commissioner Cameron Sorensen, Tax Practitioner and Lodgement Strategy discussed with the meeting the risks faced by tax practitioners who do not adequately address security measures within their practice.

Identity theft and online fraud is increasing and it is important for tax practitioners to correctly identify clients and protect access to ATO online systems. It is also important that tax practitioners protect their own systems and the client information they have in their practices.

The ATO is working with the tax profession to review practices and processes to enhance the security of ATO on-line systems.

Together with the ATO, tax practitioners, who are in a trusted position of responsibility to take care of the security of ATO online systems, have a mutual obligation to develop and adopt practices designed to mitigate risks associated with having access to ATO information and online services.

Given the mutual obligation between ATO and tax practitioners to ensure that confidence, certainty and security in ATO systems is maintained, terms and conditions applying to the access and use of ATO online services are to be revised and developed in consultation with tax practitioners and their associations.

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AUGUST

This month...

Business Newsletter - eBrief - August 2013

The August 2013 Bookkeeping eBRIEF is now available for you to download.

You can download the August 2013 Bookkeeping eBRIEF for your business here:

- [August 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

- July 2013 Members Newsletter Podcast
- The BAS Agent, Edition 39 - [Link](#)

News Items

- [BAS is going to be easier - not with this proposal](#)
- [TPAR now lodging on the Portal](#)
- [TPB Update: New Secretary and email address change](#)
- [TPAR Lodgement Free for ICB Members](#)
- [A Quick Primer: Intuit, Reckon and QuickBooks](#)
- [From TPB - Reasonable care and conflict of interest](#)
- [Not just you - the BAS Agent Portal is down](#)
- [You tell us - How good is your software](#)
- [July 2013 Newsletter Podcast is now available](#)
- [Insurance cover for new BAS Agent Services](#)
- [Reckon GovConnect Payment Summaries - Update](#)

ICB Q & A Space News

During August there has been a bit of activity around '[Compliance requirements for bookkeepers](#)', not that surprising consider the time of year. [Inventory Management](#) is also a bit of a hot topic, what are your thoughts??

Also this month there is a lot of interest in '[MYOB vs Xero](#)'. 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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eBooks now available



[Understanding Employee Entitlements using MYOB Software](#)



[Working with Taxable Payments using MYOB Software](#)



[Managing Employee Superannuation using MYOB Software](#)



[Starting a New Payroll Year using MYOB Software](#)

Each of the above eBooks retail for \$9.95 each.

The author, Veechi Curtis has been writing books, resources and manuals for businesses for over 10 years and ICB are delighted to be able to offer these eBooks for you.

To purchase your copy click the above links.

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ICB Links

- [Apply for ICB Membership here](#)
- [Renew your ICB Membership here](#)
- [ICB Benefits - 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

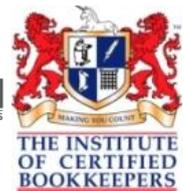
3,756

2,361 Members maintain Fellow, Member, Associate, Affiliate and Educator membership, ICB also has 1,352 Student Members and 43 Subscriber Members.

To date, during August we have admitted 40 new Members, upgraded 17 Students to Member status. We have also renewed 234 Members.

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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.

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

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