



Bookkeepers helping Bookkeepers help Business

**THE INSTITUTE
OF CERTIFIED
BOOKKEEPERS**

January 2014

[Click here for the
Web version](#)

News, views and things you need to know

Welcome to the ICB's January 2014 Newsletter. You can read the newsletter online by [clicking here](#).

Contents

Important News

- 3 [ICB's 2014 National Conference - Essential Learning / Essential Knowledge](#)
- 4 [ATO chases the crooks](#)
- 5 [Final call for Fellow nominations!](#)
- 6 [An online fraud example from a member](#)

Best Practice Bookkeeping

- 7 [Renewable Energy Scheme entries](#)

The BAS Agent World

- 7 [ATO discusses Taxable Payments Reports](#)
- 9 [Property Settlements – beware of the GST](#)

Continued Professional Education

- 10 [This month from the ICB Continued Professional Education webpage](#)

ICB Network Meetings

- 11 [Question for you to discuss this month??](#)
- 12 [Upcoming Network Meetings](#)

Other Things Happening in the World

- 14 [Queensland Office of State Revenue online lodgement update](#)
- 14 [Final reminder to register with the Personal Property Securities Register](#)
- 15 [Changes to Fair Work Act](#)
- 16 [Council of Small Business of Australia \(COSBOA\) Response to Commission of Audit](#)
- 16 [New privacy laws from March 2014](#)

From the ICB

- 17 [Business Newsletter - eBrief - January 2014](#)
- 18 [What's new this month](#)

Products and Solutions

18 Recording Stock Adjustments in Reckon Accounts

From the ATO

19 ATO Compliance Program - Statistics from 2013 and Strategies for 2014

20 SMS from the ATO when the Portal will be down

20 GST Administration Annual Report

22 Dealing with Disasters

23 Lodgement program for BAS agents - the consequences

23 Failure to keep records penalty

24 GST rulings updates

24 Unclaimed Payment Summaries

ICB Links

ICB Membership Statistics

ICB Supporters and Sponsors

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

Important news for you

- Software Feature Comparison
- Disposing of Client Records

Best Practice Bookkeeping

- Capital Acquisition Reporting
- Inventory Landed Cost Calculation

The BAS Agent World

- Advising your clients about getting Superannuation right

Continued Professional Education

- June workshop dates for 2014

Other things happening in the world

- What happened to my USB AUSkey?
- And why is my AUSkey "expired" according to GovReports???

From the ICB

- New click through newsletter alternative now available
- Notice of ICB's 2014 Annual Members Meeting
- Client Newsletter

ICB's 2014 National Conference - Essential Learning / Essential Knowledge

Topics for Essential Learning / Essential Knowledge include:

- SGC - Now you can do it, here is how to do it (A technical knowledge session for Bookkeepers)
- The TPB says you must have "knowledge of the TASA and your obligations" and you must "take reasonable care"
 - We look at the legal code of conduct, ongoing registration requirements and the civil penalty provisions
 - Solidifying everything that has been said and published into your business practice
- API - Software companies use it - We are told it is great but what is it, how does it work and what do you need to know about it?
- What's happening?
 - Super Data Standards, ATO says Digital First, has bookkeeping changed, or just the software
- Panel discussions on relevant topics from above as well as other key topics

For input into the agenda, questions you would like answered, comments, feedback etc - [click here](#)

Member	\$264.00
Student and Subscriber	\$275.00
Non Member	\$330.00

To book and see specific location details, click on the location name below.

<u>Launceston</u>	<u>Melbourne</u>	<u>Adelaide</u>
4th March, 2014	5th March, 2014	6th March, 2014
<u>Sydney</u>	<u>Brisbane</u>	<u>Cairns</u>
7th March, 2014	10th March, 2014	11th March, 2014
<u>Darwin</u>	<u>Canberra</u>	<u>Perth</u>
12th March, 2014	17th March, 2014	19th March, 2014

For multiple bookings, please complete the [multiple booking form](#) and return to us by [email](#).

ICB's 2014 conference "Essential Learning. Essential Knowledge" will be presented by members of the ICB team:

The ICB team:

- Matthew Addison (ICB Executive Director, Tax Agent, Software Consultant)
- Rick Van Dyk (ICB General Manager)
- Amanda Linton (ICB Director and owner/manager of her bookkeeping business)
- John Birse (ICB Director and Founder Divisional Franchisor of Jim's Bookkeeping)
- Chris McComb (ICB Technical Resource Director and manager of a bookkeeping business)
- Deborah Thomson (ICB Senior Network Facilitator and webinar host, owner of bookkeeping business)
- Jo Voight (ICB Technical and Support Manager, owner of bookkeeping business - at most venues)
- Pauline Walton (ICB Support, owner of bookkeeping business - at most venues)
- Carmel Wright (ICB Events and Network Facilitating Coordinator)
- Simone Hall (ICB Executive Assistant - at most venues)

At this stage of planning, we do not envisage external presenters.

Partner Supporters and Sponsors are being engaged to attend the conference. The conference partners are being selected as providers of solutions that will be directly related to processes and concepts presented to you. MYOB, Reckon, Xero, GovReports, Intuit, Thomson Reuters and Etax.

Members Meeting

The ICB Members meeting will be held in each of the 9 locations. Commencing at approximately 3pm, John Birse (Director of ICB) will chair a presentation of the finances, the operations report, the accomplishments and the future for your acceptance and endorsement. Members are invited to submit any items for discussion at the meeting.

Tea and coffee on arrival, morning tea, lunch and afternoon tea provided.

Dietary Requirements:

At the time of booking your place for the conference, we ask that you also note any special dietary requirements you might have. Prior to the actual conference, we do need to provide the venue with any special requirements so they can be catered for.

Give us a call if you have any questions or comments, and for any comments on the agenda or questions you might like answered, [click here](#).

Please note: You will receive 5.5 hours of CPE for ICB and 4.5 for TPB purposes

Conference sponsors:



[Return to top](#)

ATO chases the crooks

Yes, they really do!!

There is often a perception in small business world that the ATO doesn't pursue the really big offenders, so why should they bother to comply?

The ATO is currently focussing on "phoenix activity", among other areas such as the illegal cash economy, refund fraud and organised crime.

Phoenix activity is when a business deliberately liquidates in order to avoid paying obligations such as PAYG withholding, income tax, GST and superannuation. The business transfers the assets of the previous but indebted company to a new company, and leaves the old company with the debts but no assets to pay the creditors. This action is planned in such a way that the owners can resume the same business through a new entity.

From the ATO: "This fraudulent activity is prevalent among labour intensive industries...over 2000 property developers have been identified that have placed companies into liquidation with outstanding GST obligations, on multiple occasions".

The ATO will be contacting the identified businesses regarding their activities, and potentially enforcing the director penalty rules that make the directors personally liable for their company's outstanding liabilities.



Serious cases will be referred to ASIC or prosecuted in court.

ASIC are also engaged in targeting the phoenix activity, particularly in: building and construction, labour hire, transport, security and cleaning. ASIC is able to monitor the financial activities of certain entities and investigate individual directors who have a history of being directors while a company has been liquidated. ASIC has the power to disqualify directors from holding office again.

Fair Work commissioned a report to assess the impact of phoenix activity back in 2012. The estimated cost to the Australian economy is potentially more than \$3 billion annually. The phoenix activity affects other businesses who are owed money, employees who are owed entitlements and superannuation, and the government in lost taxes.

he report estimates:

- Up to \$655 million in unpaid wages and entitlements
- Up to \$1.93 billion in debts
- Up to \$610 million in unpaid GST and tax liabilities.

An Inter-Agency Phoenix Forum has been established to allow various government agencies to share information and deter fraudulent phoenix activity, including the Federal Police, Fair Work Ombudsman, ASIC and others.

[Click here for more on phoenix activity and other areas of focus for the ATO.](#)

[Return to top](#)

Final call for Fellow nominations!

In 2010, Members decided to define “Fellow” membership to be recognition of those Members of ICB who have contributed significantly to the bookkeeping community.

This year, we are looking for your assistance in nominations for Fellow Membership.

Selection Criteria (one or more of the following):

- ✓ Provided significant contribution into ICB and the membership over a period of time
- ✓ Contributions to resources and support
- ✓ Network facilitation
- ✓ Bookkeepers helping Bookkeepers
- ✓ Representing ICB
- ✓ Bookkeeper education
- ✓ Considered and approved by the admissions board



If you know someone suitable for ICB Fellow membership, a [Fellow Membership nomination form is available here](#).

Nominations are to be received by ICB prior to 31 January 2013.

[Return to top](#)

An online fraud example from a member

Following on from our article last month about how to protect yourself from online fraud...here's an example of why you need to!!

A member rang this week seeking advice on what to do about a fraud issue that has happened to client.



The bookkeeper regularly pays bills and transfers money from the client's bank account to other bank accounts held by the client, as well as suppliers. The agreed protocol is that the client will email the bookkeeper with the details and then the bookkeeper will process the payment.

The bookkeeper received an email from the client requesting that he transfer a large amount of money from one account to another.

The email address was the same as the client's and the language and style of the communication was the same as the client would normally use. Bank details were correct. The bookkeeper had no reason to suspect the email had not in fact come from the client.

What happened, however, is that the client's computer had been hacked, his email hijacked and unfortunately a large amount of money was transferred to an anonymous person. The fraud squad have become involved. The "hacker" has tried the same tactics again since then.

We remind you that if you make payments on behalf of a client then there are several things you need to do.

- Get an authority form signed that allows you to make payments and that includes the agreed protocol you will follow.
- We recommend using two or more steps and/or people to authorise payments. For example, if an email is received, check the instructions via phone. Or set up the payment within the bank but do not authorise payment; send a list of payments being made to the client and then get the client to authorise the payment from within the bank. Or have two signatories for making payments.
- Regularly change your passwords

Related ICB information:

[Protect yourself from online fraud](#)
[Making Client Payments](#)

[Return to top](#)

Renewable Energy Scheme entries

The Renewable Energy Credits scheme allows for a rebate or credit from the government to assist in the upfront cost of purchasing eligible solar energy heaters and units, by individuals and businesses.

The scheme was created to assist in the government reaching its target of at least 20% of electricity coming from renewable sources by 2020. The idea is that it offers an incentive for consumers to purchase 'green' technologies. This involves the assignment of the right to create a Small-Scale Technology Certificate (STC).



[Click here](#) for more details on how the scheme operates and how to enter in your software.

[Return to top](#)

BAS Agent Information

ATO discusses Taxable Payments Reports

From the October 2013 Minutes (Extracted: [The full minutes are accessible here](#))

THE ICB HIGHLIGHTS

1. 6,500 paper reports processed and 105,000 paper reports still to be processed
2. Unlikely to be any penalties issued this year



THE INTERESTING OMISSION from our view

The lack of discussion on how useful/useless the actual financial numbers that are required to be reported actually are. The split between goods and services reporting is a misnomer that makes the reports irrelevant for trying to match income.

Taxable payments reporting

John Leonard, Assistant Commissioner, Small Business/Individual Taxpayers provided an update about the reporting of taxable payments made to contractors in the building and construction industry.

The aim of the reporting is to improve compliance in the construction industry and create a level playing field.

Reports for 2012-13, the first year of reporting, were due by 21 July 2013. (For this first year of reporting, businesses that lodge their activity statements quarterly could report by 28 July 2013 and businesses that used a tax agent to lodge the report were given a further extension).

John provided an update on the progress of the first year of reporting, advising that the ATO:

- **expected to receive reports from around 163,000 payers in relation to approximately 450,000 payees**
- **had processed around 14,000 online, 2,500 SBR and 6,500 paper reports, with a further 105,000 paper reports currently awaiting processing**

Overall the ATO is pleased with the first year of reporting, noting that many reports had been lodged before the due date. The ATO would prefer more reports to be lodged online and will continue to encourage the use of online reporting options.

Data from the reports is starting to be pre-filled into the relevant income tax returns, and notified to tax professionals so they expect business income to be reported by payees. Cross-matching of data against individual income tax returns will not be complete until the end of the 2012-13 lodgment period.

The ATO has followed up with a sample of payers about their experience lodging the reports, and has found that generally it was not an overly difficult process. There have been very few complaints (those received related mainly to systems issues).

John noted the ATO's appreciation of the support of industry organisations during the implementation of the new reporting system.

Meeting discussion

- Feedback was provided by some industry organisations about complaints from members about the compliance burden imposed by the new reporting system, for example:
 - providing physical addresses for payees (this information was not available in some accounting packages) The ATO commented that payees' addresses were only sought if known by the payer. It was requested that ATO clarify which data was not mandatory
 - some businesses not having electronic lodgment options. There was general discussion about the use of accounting software packages by businesses within the industry and feedback provided to the ATO indicated that the implementation costs of the reporting system were significantly higher than anticipated.
 - The ATO noted it had been mindful during consultation with the industry about keeping compliance costs to a minimum. It commented that businesses with good record keeping practices that used accounting software should find compliance with the new reporting obligations relatively easy.
 - However it noted that some businesses previously had inadequate record keeping and challenged whether the costs associated with such businesses bringing their record keeping systems up to standard to be able to report taxable payments should be attributed to the new system.
 - The ATO noted it is a challenge to encourage small businesses to interact online with government agencies including the ATO. Online interactions reduce errors and the potential for loss of documents, so the ATO will continue to promote this.
- There was discussion about the revenue expected to be raised by taxable payments reporting. The ATO advised that the revenue projections were based on expected improvements in voluntary compliance and that the measurement methodology needs to be sufficiently robust so that it can satisfy government that the revenue expectations were realised.
- The ATO commented that while there would be a formal post-implementation review in the future, it may be possible to make some assessment of the effectiveness of the measure towards the end of the 2012-13 lodgment period.
- Some concerns were raised around the ATO not having paper forms available when required and photocopies being unreadable by ATO technology. The ATO acknowledged there had been a brief period when paper reporting forms had been unavailable.

- There was feedback that reporting of taxable payments is having an impact with some contractors realising they would need to change their arrangements but being unsure how to do this.

The ATO commented that payers should be aware of the work arrangements in place and also appreciate the risks of being involved in 'sham contracting' arrangements. In this regard, the [ATO highlighted a recent decision](#) in the Administrative Appeals Tribunal about contract workers. The ATO advised that it offers a range of support to payers so they can correctly determine whether their workers are employees or contactors.

- There was a request for guidance from the ATO about penalties for late or non-lodgment of taxable payment reports as some industry associations are receiving enquiries from their members about this.

The ATO commented that it was unlikely to apply penalties during the first year of the new system while people were still trying to understand and meet their obligations. However where the ATO specifically follows up and requests an overdue report which is not then provided, penalties may be considered.

[Return to top](#)

Property Settlements – beware of the GST



The ATO has recently disallowed claims for input tax credits related to the purchase of commercial “real property” because the buyer or their representative did not check that the vendor was registered for GST at the time of settlement.



Real property includes land and buildings, an interest in land, rights over land and a licence to occupy land.

One-off transactions may still be considered as being part of an ‘enterprise’ for GST and tax purposes. Any property transactions made with the intention of being profitable may be part of an enterprise. This may apply even if the vendor is not normally in business. If the transaction is the realisation of a capital asset then it may not be seen as part of carrying on an enterprise.

Factors to consider in property transactions:

- Is the vendor registered or required to be registered for GST?
- Are special rules being applied to the sale? For example, special rules may apply to residential premises, commercial premises, retirement villages, farmland, going concerns, margin scheme and non-resident property owners.
- Does the contract specify appropriate GST treatment? The contract should include a clause that recognises whether the price is inclusive or exclusive of GST and another clause that addresses any reference to the margin scheme.
- Are there any settlement adjustments? This should be addressed in the contract if settlement adjustments such as outgoings, rates, water and so on are to be considered on settlement.
- Is a tax invoice required? If the sale is taxable, the vendor is registered for GST and the margin scheme has not been applied, then a tax invoice is required.

The margin scheme is available to the vendor.

This is where GST is calculated on the margin of the sale (the difference between the purchase price or appropriate valuation) and the sale price. GST is not calculated on the entire sale value of the property. It is only available in certain circumstances and this is something that must be calculated by a tax agent, not a BAS agent.

For more information:

[GST and property](#)

[Return to top](#)

Continued Professional Education

This month from the ICB Continued Professional Education webpage

Upcoming events

ICB 2014 National Conference

[Launceston](#)

4th March, 2014

[Sydney](#)

7th March, 2014

[Darwin](#)

12th March, 2014

[Melbourne](#)

5th March, 2014

[Brisbane](#)

10th March, 2014

[Canberra](#)

17th March, 2014

[Adelaide](#)

6th March, 2014

[Cairns](#)

11th March, 2014

[Perth](#)

19th March, 2014

[Return to top](#)

Continued Professional Education

[ICB Training Webinar - Payroll](#)

Webinar

7th February, 2014

[Xero Partner Certification Training \(FREE\)](#)

Online

Sessions running until 7th February, 2014

[Foundations of Payroll](#)

Sydney

18th - 20th February, 2014

Melbourne

10th - 12th February, 2014

Perth

24th - 26th February, 2014

Tasmania

17th - 19th February, 2014

[Learn MYOB in a day](#)

Webinar

5th February, 2014

[Terminations](#)

Sydney

12th February, 2014

Melbourne

5th February, 2014

Perth

27th February

[Financial Reporting](#)

Hornsby

1st February, 2014

[BAS Legislation](#)

Hornsby

3rd February, 2014

[ICB 2014 National Conference](#)

Nationally

4th March, 2014 - 19th March 2014

[ICB June 2014 End of Year Workshop](#)

Nationally

31st May, 2014 - 22nd June, 2014

Microsoft Excel Introduction

Perth

11th February, 2014

Xero Accounting and Payroll

Perth

25th February, 2014

[Return to top](#)

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 take on a new client who is reporting BAS quarterly and reporting on the CASH system. Fairly quickly you discover that the company's turnover for the last few years has been over \$13 million and growing. You query this with the client and they claim they can't afford to swap over to accrual. You query this with the accountant and he says "it's fine as it is".

How should you approach the situation with the client and would you be in breach of any laws or code of conduct if you take no action but continue to process, sign and lodge the BAS on the cash basis?

How should you handle this situation?

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:

We require our employees to submit timesheets daily for particular projects, but they don't, despite many attempts to get them to comply. This causes problems for the directors as they are unable to invoice against jobs because the required timesheet information is not available.

Can we legally require them to submit a timesheet before paying them?

ICB's Response:

Unfortunately this is not a straight forward matter. Administration (in this case the filling in of timesheets and job information) is an essential part of the job, so it could be argued that the employees are performing poorly if they are ignoring one aspect of their job. This should be checked that it is clear in the job description/employment agreement for each employee, before taking any action like issuing a warning.

HOWEVER there is no legislation requiring an employee to provide a timesheet. So you are unable to penalise or discipline the workers for failing to provide something they are not required to. Even if this was in a workplace agreement it could be challenged, and argued that the supervisor/manager is responsible for completing the timesheet and associated information. If the matter went to Fairwork for any reason, it would

be the supervisor who would be held liable for completing and/or signing employees' timesheets.

The workers need to be advised about why it is important to the employer to receive the required information. Seek their co-operation—perhaps they do not realise the implications of their refusal to submit the timesheets on time and how important it is to the running of the business.

Could the project management be handled differently by the supervisor/manager?

Perhaps the employees need a different kind of timesheet/job log/project management software to make it really quick and easy for them to fill it in while on the job.

[Return to top](#)

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 week of each month.

Webinars		
Online 14th February, 2014 - 12pm	Online 10th February, 2014 - 5pm	
Queensland		
Gold Coast (am and pm sessions) 11th February, 2014	Brisbane North 11th February, 2014	Brisbane South 18th February, 2014
South Sunshine Coast 20th February, 2014	North Sunshine Coast 13th February, 2014	Logan 19th February, 2014
Moreton Bay 10th February, 2014	Bundaberg 18th February, 2014	Hervey Bay 3rd February, 2014
Cairns 31st January, 2014	Toowoomba 14th February, 2014	Townsville 14th February, 2014
New South Wales		
Sydney - Balmain 17th February, 2014	Sydney - Moorebank TBA	Sydney - Randwick 12th February, 2014
Sydney - Brookvale 3rd February, 2014	Sydney - Hornsby 6th February, 2014	Sydney - Newport TBA
Sydney - Sutherland 19th February 2014	Bathurst 18th February, 2014	Ballina 14th February, 2014
Bellingen 10th February, 2014	Blue Mountains 17th February, 2014	Central Coast 17th February, 2014
Newcastle 24th February, 2014	Port Macquarie 18th February, 2014	Shoalhaven 10th February, 2014
Dubbo 27th March, 2014	Orange 20th March, 2014	

ACT		
Canberra - Phillip 11th February, 2014		
Victoria		
Burwood (am session) 5th February, 2014	Mordialloc 11th February, 2014	Docklands 14th February, 2014
Frankston 13th February, 2014	Narre Warren 12th February, 2014	Lilydale TBA
Macedon Ranges 18th February, 2014	Geelong 4th February, 2014	Point Cook TBA
Cobram TBA	Horsham TBA	Sale 13th February, 2014
Yarra Valley 14th February, 2014	Bulleen 11th February, 2014	
Western Australia		
Balcatta 19th February, 2014	Bunbury 4th February, 2014	Melville 12th February, 2014
Joondalup 20th January, 2014	Midland 12th February, 2014	Cockburn Central 19th February, 2014
South Australia		
South Adelaide 6th February, 2014	Henley Beach 21st February, 2014	Para Hills 22nd January, 2014
Unley 25th February, 2014	Mt Barker 18th February, 2014	
Tasmania		Northern Territory
Hobart TBA	Launceston TBA	Darwin 11th February, 2014

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

No meeting in your area?

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



ICB Network Meetings are proudly supported by MYOB

[Return to top](#)

The Queensland Office of State Revenue (OSR) has continued to make enhancements to its online lodgement solution, and is ready to launch the new OSRconnect.

In the coming weeks the new solution will be fully implemented, this will enable you to;

- add and update your details to ensure you don't miss out on important payroll tax news and information
- add and update bank account details to take advantage of the quick and easy direct payment option
- create new users and set custom access for existing users.

OSRconnect's new eRegistration function also simplifies the registration process. It is web-based, rather than based on Adobe forms, and compatible with more operating systems, including Apple Macs.

More than 90% of payroll tax clients now use the new online solution to lodge their returns. If you haven't already, save this link to your favourites and join them: www.osr.qld.gov.au/osrconnect/index.shtml

For regular updates and more information, visit www.osr.qld.gov.au or contact the Queensland OSR on 1300 300 734.

[Return to top](#)

Final reminder to register with the Personal Property Securities Register



The [Personal Properties Securities Register](#) was created in January 2012 to help protect consumers and business to manage credit risk, check for security interests over personal property and register security interests in personal property used to secure payment or other obligation.

There has been a transitional period to allow businesses to register their interests, and also to claim an exemption from having to register during this period. This has allowed businesses with interests in property to assert their prior claim in the event of another entity making a claim for interest in the asset, IF there was a pre-existing relationship with customers before the introduction of the register in January 2012.

Businesses with interests in property are now required to register all security interests in order to make a claim.

The transitional period ends on **31st January, 2014**. Secured parties should consider registering their property before 31 January 2014 to protect their interests. If a security interest is not registered it may lose its priority status (so that another person with a security interest in the same property may be paid out first).

An example from eCollect:

In 2010, Queensland Excavation Services (QES) purchased a wheel loader and two excavators using third-party finance. It then leased that equipment to Maiden Civil, which used the equipment in civil construction work in the Northern Territory. Maiden made periodic repayments to QES.

In 2012, Maiden borrowed money from Fast Financial Solutions, granting Fast Financial Solutions a security interest over all its assets and equipment.

Four months later, Fast Financial Solutions appointed receivers to Maiden, who claimed possession of the equipment Maiden was leasing from QES.

QES had never registered its interest in the equipment, and so was not granted one when the case went to the High Court. A failure to put the lease in writing meant it could not show the arrangement had been in place before 2012, and so it wasn't able to take advantage of the grace period.

If you or your clients have financed equipment or property then register it now.

<http://www.ppsr.gov.au/Pages/pps.asp>

[Return to top](#)



Changes to Fair Work Act

There have been several updates to the Fair Work Act that may affect you or your clients.

- New anti-bullying measures are in place
- Changes to right of entry
- New consultation terms when changing regular rosters and working hours
- Arbitration available for dismissal disputes at the Fair Work Commission
- New time frames for unlawful termination applications
- Updated superannuation terms



For more details, [click here](#).

New anti-bullying website from Fair Work Commission

The Fair Work Commission recently launched a new anti-bullying section of its website. The section contains information about bullying at work and an overview of the processes to be followed by the Commission when the jurisdiction commences on 1 January 2014.

The page contains a number of resources such as an anti-workplace bullying guide and a flowchart of the process once an application is lodged. [You can find it here](#).

Have you got the latest copy of your Award?

Changes have recently been made to Modern Awards due to the changes to the default super fund rules and the new requirement to consult on changes to rosters as per the Fair Work Act.

All Awards have now been updated. You can download the latest version of the Award and also subscribe for updates on the [Fair Work Commission website](#).

New EBA requirements from 1st January, 2014

Agreements approved by the Fair Work Commission on or after 1st January, 2014 cannot include a term that requires superannuation contributions for default fund employees to be made to a superannuation fund, unless that fund:

- offers a MySuper product
- is an exempt public sector scheme, or
- is a fund of which a relevant employee is a defined benefit member.

Note: this requirement applies to [all agreements approved](#) on or after 1st January, 2014, including those lodged before 1st January, 2014.

[Return to top](#)

COSBOA has asked for a New Year present - simpler life for small business people in 2014.

Peter Strong, Executive Director of COSBOA, stated *“we have provided a submission to the Commission of Audit that focuses on the future of compliance management and development and also looks at removing complexity.”*

The National Commission of Audit was created in October 2013 to function as an independent body to review and report on the performance, functions and roles of the Commonwealth government. The Commission will report to the Prime Minister, Treasurer and Minister for Finance in March 2014.

The key issues in COSBOA's submission are:

- Combine the three agencies responsible for workplaces issues into one agency, this makes it easier for employers and employees to access information and support without choosing between three websites and three different bits of information, it also saves administration costs. Currently employment activities are regulated by the Fair Work Ombudsman, the Fair Work Commission and the Australian Human Rights Commission.
- Simplify record keeping obligations to take advantage of new technologies.
- Remove employers from the collection process for superannuation, saving funds around \$3b a year.
- Collect GST on all purchases made from Australia including overseas purchases, this would bring in at least \$700m to the budget bottom line.
- Aggressively promote Standard Business Reporting as a way to change the way governments and businesses interact.
- Assist government agencies to embrace change management and access new technologies and new processes in a timely manner that is in line with small business practices.

COSBOA is a long-time advocate of small business on issues from taxation and workplace relations through to competition law and retail tenancy. The goals of COSBOA are to promote and support the development of small businesses in Australia.

[For the full report click here](#)

[Return to top](#)

New privacy laws from March 2014



From 12 March 2014, there will be many changes to the Privacy Act.

Although this seems a while away, if the Privacy Act applies to your business, it's a good idea to start preparing for the changes now.

Does the Act apply to my business?

The Privacy Act protects personal information handled by large businesses and health service providers of any size.

The Act may also apply to a **small business** if it has an annual turnover of more than \$3 million **and** either:

- is a health service provider
- trades in personal information
- provides services under a Commonwealth contract
- runs a residential tenancy database
- is related to a larger business
- is a reporting entity under the Anti-Money Laundering and Counter-Terrorism Financing Act

Check the details at the Office of the [Australian Information Commissioner \(OAIC\) website](#). If you're still not sure, you may need to seek advice from your lawyer or other business advisors.

What is changing?

A new set of privacy principles that covers the handling of personal information by businesses will be introduced.

The changes will affect how businesses can:

- handle and process personal information
- use personal information for direct marketing
- disclose personal information to people overseas.

The Privacy Act changes will also give the Information Commissioner the ability to:

- investigate serious breaches (including the right to impose penalties on businesses)
- assess the privacy performance of businesses.

To comply with the Privacy Act from 12 March 2014, businesses will need to have a clear and up to date privacy policy that is easily available.

For details of all changes to the Privacy Act, visit the [Privacy law reform](#) page on the OAIC website.

For an introduction to privacy legislation, try the snapshot of the [Privacy Act for small business](#)

For guidelines for business owners who need to create a privacy plan or policy, visit [guide to privacy for small business](#).

[Return to top](#)

From the ICB



This month...

eBrief - January 2014, Newsletter for your business

The January 2014 Bookkeeping eBRIEF is now available for you to download.



- [January 2014 Bookkeeping eBRIEF - PDF](#)

[Back copies are available here](#)

"The best bookkeepers using the best resources".

[Return to top](#)



What's new this month

New Resources

- December 2013 Members Newsletter Podcast - [Link](#)
- TAPS eNewsletters for January 2014 - [Link](#)

News Items

- [Xero - Free online Partner Certification Training](#)
- [December 2013 Podcast is now available](#)
- [Last chance for survey response](#)
- [Satisfaction rates for software very high](#)
- [December Activity Statements may arrive late](#)
- [8 things you need to prepare for your EOY function](#)

ICB Q & A Space News

During January there has been some interest in '[Using Xero as a Bookkeeper - do you like it?](#)', the jury is definitely out on this one, seems from the comments that Xero needs to do a little more work with payroll and reporting to win people over completely. Funnily enough, there is some debate regarding [Xero vs MYOB](#). The discussions during December on the forum have certainly been varied, anything from [How do you get a start as a Bookkeeper](#) and [Reporting an untrained bookkeeper](#) to [Internal company chat program](#). There are a few queries regarding the Christmas period, you can check all the [latest threads](#) out here.

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



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

[Return to top](#)

Products and Solutions

R

Reckon[®] Recording Stock Adjustments in Reckon Accounts

A business should do a regular check of the stock on hand and often the only time that this is done is at the end of the financial year. But there is no reason that additional checks can't be made at other times. January is often a quieter month than others and is the ideal time to check the physical quantities (and expiry dates) of the business's inventory, or stock on hand. A stocktake is not only an audit of the physical quantities, but also a review of the stock valuation.

To record a stocktake in Reckon Accounts follow these simple steps.

1. Use the **Stock Take Worksheet**. This can be found by navigating to the drop down menu **Suppliers > Inventory Activities > Stock Take Worksheet**. The worksheet can be printed or exported into Microsoft Excel.

2. Record any adjustments to quantities by navigating to **Suppliers > Inventory Activities > Adjust Quantity/Value** on hand. Ensure that the **Adjustment Date** is the date of the physical count and that the **Adjustment Account** is the general ledger account to record the movement. Simply record the **New Qty** and Reckon Accounts will calculate the **Qty Difference**, or record the difference and Reckon Accounts will calculate the quantity.
3. Sometimes the quantities don't change but the value does as the stock reaches an expiry date. To record a value adjustment, tick **Value Adjustment** on the bottom left of the window, and record the new value in the **New Value** column.
4. Save the changes.
5. Review the stock valuation reports which can be found by navigating to the drop down menu **Reports > Inventory**. Compare these reports to the **Balance Sheet**

[Return to top](#)

From the ATO

ATO Compliance Program - Statistics from 2013 and Strategies for 2014

ATO "Compliance in Focus" Report



The ATO has released results from its compliance activities for 2012-2013. This delivers messages about the risks and issues the ATO sees in taxation and superannuation matters.

They have now published results about their income tax reviews and audits in pursuit of "non-compliance" and the outcomes are interesting.

Overview of 2012-2013

- Individuals: 514,348 individuals were investigated with a total of \$2,093,000,000 liabilities raised; estimated recovery of \$763,000,000.
- Micro Business: 185,389 entities were investigated with a total of \$5,030,000,000 liabilities raised; estimated recovery of \$3,243,000,000.
- Small to Medium Enterprises: 33,476 entities were investigated with a total of \$2,534,000,000 liabilities raised; estimated recovery of \$1,613,000,000.
- Large Business: 8,425 entities were investigated with a total of \$2,353,000,000 liabilities raised; estimated recovery of \$2,132,000,000.
- Other Entities (government and not-for-profit): 7,415 entities were investigated with a total of \$166,000,000 liabilities raised; estimated recovery of \$153,000,000. Looking at the number of entities in each segment, micro business and individuals are clearly the areas with the greatest number of issues, followed by small to medium enterprises.

Highlights

- Large Business: In the large business sector, approximately \$322,000,000 of the estimated recovery is GST liabilities owed to the ATO.
- SME: In the SME sector, approximately \$716,000,000 of the estimated recovery is GST liabilities owed to the ATO.
- Property disposal: Monitoring of property disposal where vendors failed to report the transaction on their BAS and/or incorrect GST allocation.
- Audits: More than 75,000 individuals had full audits conducted on their tax affairs.
- Individuals: Monitoring of overseas income reporting.
- Wealthy individuals (earning over \$30,000,000) were investigated, raising \$1,100,000,000 in liabilities.
- Data matching: Data matching was used in over 449,000 cases and resulted in \$939,000,000 worth of adjustments.

- Tax and super abuse: About 500 entities were identified as abusing the taxation and/or superannuation systems.
- Super Guarantee: Almost \$312,000,000 of employer contributions were transferred to employee super funds after investigation.
- SMSFs: Over 14,000 self-managed super funds were investigated, with 150 funds having serious breaches of their obligations.
- Registered Agents: There are currently around 39,000 registered tax agents and 16,000 registered BAS agents. Tax practitioners manage the affairs of over 8 million (70% of individual taxpayers and 2 million (90%) of business taxpayers.
- GST System: There are 2,730,000 entities currently registered for GST:
 - Micro Business 91%
 - Small to Medium Enterprises 5.9%
 - Large Business 0.35%
 - Not-For-Profit Organisations 2.4%
 - Government Organisations 0.35%
 - See related article ATO GST Administration Annual Report for 2012-2013 for more detail

The Compliance Focus for 2013-2014

The ATO continues to encourage people to do the right thing and their aim is to make it as easy as possible for this to happen. The cost of enforcing compliance is high, so the ATO want to focus their efforts on the few who do not want to comply with the law. Most people and entities do want to do the right thing, and try to do this even if they don't always get it right. To this end, the ATO want to make it as easy as possible for the majority to comply. It is the minority that do not want to comply and actively avoid their obligations, and it is this segment that the ATO actively pursue.

The ATO expects to use data matching technology to match over 640 million transactions in the 2013-2014 year. This information is made available to taxpayers as part of the pre-filled forms service.

Individuals

- Failure to declare all income, incorrect claims for deductions and benefits, overseas income
- Unnecessarily complex business structures designed to avoid tax
- Wealthy (\$5-30 million) and highly wealthy (over \$30 million) income reporting
- Income declared by building and construction industry workers
- Rental property owners claiming expenses correctly
- Tax planning schemes that do not comply with the law

Employers

- Correct reporting and paying of PAYG withholding obligations
- Correct reporting and paying of fringe benefits tax, particularly with regard to the use of company owned cars
- Workers incorrectly treated as contractors instead of employees
- Correct reporting and payment of superannuation guarantee

Business

- Offshore profit shifting
- General tax avoidance
- E-commerce
- Misuse of trust funds
- Correct reporting of capital gains tax
- Fuel tax credits
- Wine equalisation tax
- Taxable payments reporting in the building and construction industry
- Cash economy

GST

- Focus on mining, wholesale trade, manufacturing, financial and insurance services, government and retail trade industries—particularly where there has been complex structural change to the business systems.

Superannuation

- Continued efforts to help people locate, manage and engage with their super
- Correct reporting by super funds to the ATO so they can correctly pay co-contributions and issue excess contributions tax notices
- Focus on employers in cafes and restaurant, carpentry and real estate industries—these industries typically having a higher level of non-compliance with regard to super obligations
- Continued investigation of an employer every time an employee reports non-payment of their super
- Self-managed super funds misuse of concessional tax options
- Fraudulent schemes operating through self-managed super funds
- Monitoring of approved SMSF auditors

Tax Professionals

- Assistance to improve electronic lodgement to achieve 85% on time
- Tax professionals' obligation to check clients' identity
- FBT and CGT reporting and lodgement
- Continued close work with the TPB
- Continued focus on registered agents lodging their own returns and paying obligations
- Refund fraud
- [Tax Practitioner Action Plan 2011-2015](#), to enable mutual support between tax professionals and the ATO.

[Compliance in focus 2013-2014 full report](#)

[2013-2014 planned activities schedule](#)

[Return to top](#)

SMS from the ATO when the Portal will be down

Tax practitioners will receive SMS alerts

We will be sending alerts by SMS when we know the portals will be unavailable for any significant period. Make sure we have your mobile phone number recorded, so we can keep you up to date.

ato.gov.au/Tax-professionals/News-and-updates/Latest-updates/Tax-practitioners-will-receive-SMS-alerts/

Published: 17/12/2013

[Return to top](#)

GST Administration Annual Report

Related to our article in this newsletter on the [ATO compliance program](#), we report in more detail on the ATO's GST administration annual performance report for 2012-2013.



Some BAS Statistics...in case you wondered how busy the ATO really is

- 260,717 new GST registrations
- 264,402 GST registrations cancelled
- 2,690,747 active GST accounts at 30 June 2013

- 9,994,618 BAS processed (not including revisions)
- 12,300,000 BAS related payments processed with a value of nearly \$241 billion
- 1,960,300 BAS refunds issued with a value of \$55.31 billion
- 99.2% of BAS refunds processed within 14 days
- \$4,700,000 paid in interest on delayed refunds
- 58.9% of all original BAS lodged were done electronically

The ATO remains committed to *“supporting and educating those willing to do the right thing and using the full force of the law on those who deliberately chose to avoid their obligations”*.

The ATO works with various other agencies and departments to administer the GST system, including state and territory treasuries, commonwealth treasury, intergovernmental agreement on federal financial relations, and the council of Australian governments among other departments. The figures are formally audited by the Australian National Audit Office, an external auditor of the commonwealth public sector.

Highlights

- GST liabilities raised after investigations were approximately \$1.91 billion
- For 2012-2013, 91.3% of monthly BAS were lodged in total; 80% were lodged on time
- For 2012-2013, 87.3% of quarterly BAS were lodged in total; 75.8% were lodged on time
- Australian Customs and Border Protection Service (ACBPS) collected \$3.15 billion in gross GST on imported goods; \$22.85 billion was deferred.
- GST administration expenditure for the year was \$705.3 million. Total GST cash outcome was \$48.1 billion (including ACBPS collections)
- The highest expenses in terms of GST administration are active compliance and debt collection, followed by accounts processing and interpretative assistance.
- Reduced tax gap: the tax gap is the difference between the actual tax liability reported to the ATO, (and the liability that they raise through investigations), and the tax liability that should be reported if all businesses and individuals fully complied with their tax obligations. The tax gap is an estimate of the theoretical tax loss through non-reporting, under-reporting and over-claiming. Since the introduction of the GST system the tax gap has continued to decrease with the compliance focus on segments such as refund integrity checks, cash economy, GST registration checks, and ATO debt collections.

GST Risks Identified

The GST risk landscape remains similar to what has been seen in previous years. The major risks are:

- Property developers
- General incorrect reporting of GST obligations
- Financial supplies
- Real property
- Refund fraud, although this has been significantly reduced by recently introduced ATO checks
- Serious tax evasion
- Increasingly sophisticated tax crime (mostly offshore)
- Organised crime groups

[For the full report, click here.](#)

[Return to top](#)

Dealing with Disasters

Let's hope that neither you nor your clients are affected by natural disasters this summer season.

However, if this happens the ATO have specific information relevant to dealing with disasters.

From the ATO website:

If you've been affected by a disaster such as bushfire, cyclone, flood or storm, don't worry about your tax

affairs right away. We'll give you time to deal with your more immediate problems first and then we can help you to sort out your tax affairs later.

We may be able to help you by:

- fast tracking refunds
- giving you extra time to pay debts without interest charges
- giving you extra time to meet activity statement, income tax and other lodgment obligations.

We can also help you to reconstruct your tax records and make reasonable estimates where necessary, so that you can lodge your income tax returns and activity statements.

Find out more

Dealing with disasters www.ato.gov.au/Individuals/Dealing-with-disasters/

Fairwork has also published useful information regarding the affect of extreme weather or disasters on workers and employers:

www.fairwork.gov.au/media-centre/latest-news/2014/01/pages/Has-your-work-been-affected-byextreme-weather.aspx/#2001

[Return to top](#)

Lodgement program for BAS agents - the consequences

Update on Lodgement program for BAS Agents into 2014/2015

The recent BASAAG meeting with the tax office discussed the impact of the Lodgement program on BAS Agents. We were hearing from you, that you were hearing rumors that you would lose your Portal access etc.

Well, according to the ATO it just isn't true. Currently there are no plans to change the lodgement program for BAS Agents. However as 2014/2015 year approaches it will be reviewed and we have requested that we wish to contribute to their thinking and planning.

See ICB [July 2013](#) and [October 2013](#) newsletters for more on this topic.

For more info from the ATO

www.ato.gov.au/Tax-professionals/Prepare-and-lodge/BAS-agent-lodgment-program-2013-14/

For Tax Agents

www.ato.gov.au/Tax-professionals/Prepare-and-lodge/Lodgment-program-framework/If-you-do-not-meet-the-performance-requirement/

[Return to top](#)

Failure to keep records penalty

The ATO has minimum requirements for record keeping as a part of a business owner's legal obligations. Particularly for cash economy businesses, the records must be retained for proof of accurate financial claims and income.

For businesses that do not comply with the requirements, the ATO seeks to educate the business and to assist in helping the business to comply. Where a business makes a genuine attempt to change and improve their record keeping, the ATO would not impose any penalty. For repeat offenders where no effort is made to improve their practices, the ATO may impose a penalty of up to 20 units—the current penalty unit rate is \$170. This would result in a \$3,400 fine. In some cases a lesser penalty will be imposed.

You may like to quote that figure to your clients who repeatedly refuse to provide you with documents you ask for!

law.ato.gov.au/atolaw/view.htm?DocID=PSR/PS20052/NAT/ATO/00001&PiT=99991231235958

www.ato.gov.au/Tax-professionals/Tax-agents/In-detail/Keeping-records/Minimum-record-keeping-requirements-for-small-business/

www.icb.org.au/Members_Area/Member_Newsletters/October_2011/Best_Practice_Bookkeeping_Oct_2011/Record_keeping_thoughts

[Return to top](#)

GST rulings updates

GST changes ever so slightly but all the time

We highlight a couple of the GST changes by the ATO released recently. There are more changes than these but we bring to you the ones that we believe have most impact:

Changes to private use: The changes confirm that an annual private use apportionment can be made, in bulk ie once a year for all private use on all items, in the BAS at the time of lodging the Income tax return (or when it was due to be lodged, if not yet lodged) for businesses with turnover of less than \$2m per year.

GST Ruling GSTR 2000/24A4 - Addendum Goods and services tax: Division 129 - making adjustments for changes in extent of creditable purpose

<http://law.ato.gov.au/atolaw/view.htm?docid=GST/GSTR20064A4/NAT/ATO/00001>

Published: 11 Dec 2013

GST Ruling GSTR 2000/24A4 - Addendum Goods and services tax: Division 129 - making adjustments for changes in extent of creditable purpose

<http://law.ato.gov.au/atolaw/view.htm?docid=GST/GSTR200024A4/NAT/ATO/00001>

Published: 11 Dec 2013

Confirming HP contracts can claim all GST upfront

GST Ruling GSTR 2000/35A3 - Addendum Goods and services tax: Division 156 - supplies and acquisitions made on a progressive or periodic basis

<http://law.ato.gov.au/atolaw/view.htm?docid=GST/GSTR200035A3/NAT/ATO/00001>

Published: 11 Dec 2013

[Return to top](#)

Unclaimed Payment Summaries

By this stage of the income year, payroll may have received payment summaries that have been returned because the employee or former employee has changed address. If you are unable to locate the individual, the payment summaries must be forwarded to the ATO. This is a requirement under Tax law.

The address to use is:
Australian Taxation Office
Locked Bag 50
PENRITH NSW 2740

[Return to top](#)

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](#)

[Return to top](#)

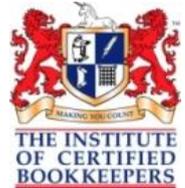
ICB Membership Statistics as at 31st December, 2013

3,522

2,356 Members maintain Fellow, Member, Associate, Affiliate and Educator membership, ICB also has 25 Accredited Training Provider members, 1,108 Student Members and 33 Subscriber Members.

[Return to top](#)

ICB Supporters and Sponsors



[Return to top](#)

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

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

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

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

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

The ICB withholds all rights of all content that is restricted to member access only and that information included in the member newsletter. Member only information is not to be reproduced without specific consent from ICB.

The ICB permits reproduction of ICB articles and material contained in the non-members newsletter and available publicly on the website on the proviso that acknowledgement of ICB is specifically provided including links to the ICB website and original article. eg "This information has been obtained from the Institute of Certified Bookkeepers from www.icb.org.au"