

Client eBrief



Institute of Certified Bookkeepers
Making you count



ATO Lodgement Dates

New Privacy Laws from 12 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

These dates are from the ATO website and do not take into account possible extensions. Contact us to establish when your information is required for lodgement. You remain responsible for ensuring that the necessary information is with us in time.

BAS/IAS Monthly Lodgement – December Activity Statement: 21st January, 2014 final date for lodgement and payment.

BAS/IAS Monthly Lodgement – January Activity Statement: 21st February, 2014 final date for lodgement and payment.

BAS/IAS Monthly Lodgement – February Activity Statement: 21st March, 2014 final date for lodgement and payment.

2nd Quarter of FY 2014: BAS Lodgement – Dec Quarter (including PAYGI) 28th February, 2014 final date for lodgement and payment.

3rd Quarter of FY 2014: BAS Lodgement – March Quarter (including PAYGI) 28th April, 2014 final date for lodgement and payment.

SGC for Oct-Dec Quarter to be paid by 28th January 2014 to fund.

SGC for Jan-Mar Quarter to be paid by 28th April 2014 to fund.

If you do not pay the SGC by this date the SGC is not tax deductible. Refer to the ATO for details regarding any SGC charges applicable if not paid by due date.

Where a due date falls on a day that is not a business day (that is, the due date is a Saturday, Sunday or public holiday), lodgement or payment may be made on the first business day after the due date without incurring a penalty or general interest charge (GIC).

ATO - Penalties for failure to keep Business Records

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.

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/



Getting Employees Superannuation Correct

Given there are currently widely publicised changes happening in the super world, it might be a good time to check that you are correctly meeting your superannuation obligations.

Each year the ATO focuses on different industries to check they're on the right track. This year they're paying particular attention to three industries:

- hairdressing and beauty services
- clothing retail
- management advice and consulting services

The ATO is working with businesses to help business understand their obligations. If you're not sure you understand your obligations, you can:

- attend a free ATO webinar that outlines the employer obligations
- watch an ATO short video on YouTube on how to work out if they have a super obligation and how to meet that obligation
- call 13 10 20 between 8.00am to 6.00pm (local time), Monday to Friday, except public holidays

Common mistakes made by employers include:

1. not paying the right super contribution (the current rate is 9.25%)
2. missing the quarterly cut-off dates (28 October, 28 January, 28 April and 28 July)
3. not paying super for contractors if the contract is wholly or principally for the labour of that person
4. not keeping accurate records that show:
 5. the amount of super paid and how it was calculated
 6. eligible employees have not been offered a choice of super fund
 7. how reportable employer super contributions were calculated
 8. not providing an employee's tax file number (TFN) to their super fund
 9. failing to lodge a super guarantee charge statement

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.

Remember to discuss this type of transaction with your Accountant/Tax Agent, prior to entering into the contract

Disclaimer: All or any advice contained in this newsletter is of a general nature only and may not apply to your individual business circumstances. For specific advice relating to your specific situation, please contact your accountant or contact me for further discussion.

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