



Institute of Certified Bookkeepers

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Bookkeepers helping Bookkeepers help Business

June 2014

News, views and things you need to know

[Click here for the online version](#)

Welcome to the ICB's June 2014 Newsletter.

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Important News for You

- Your End of Year Project Plan
- Software Feature Comparison - BAS Comparison

Best Practice Bookkeeping

- End of Year - Payroll Checklist
- Providing Payment Summaries to Employee's Electronically - Word Template
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BAS Agent Information

- Correcting a Mistake on an Activity Statement

Continued Professional Education

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Important News for you

Why is it that it is only us BAS Agents that are worrying about the law?

Different Backgrounds

The relatively new community of BAS Agents are better (or at least typically more recently) educated in the expectations of the TPB and the ATO.

BAS Agents came into existence with the commencement of the Tax Agents Service Act in 2010. Tax Agents have been in a registered system for 100 years.

BAS Agents have had to consider for the first time, their ability to be registered and therefore had to understand the obligations of TASA, the code of conduct in the TASA before contemplating pursuing the work.

Tax Agents have just re-registered not necessarily realising anything changed.

BAS Agents MUST have been educated in at least the BAS Agent Skill set within the last 5 years.
Tax Agents may have last undergone formal education anything up to 50 years ago.

BAS Agents have taken their newly obtained responsibilities seriously and have been educated on the Code of Conduct obligations in recent times.

Tax Agents have mostly assumed that nothing has changed – they just noticed that they fill in their renewal online instead of on paper.

To be fair; more recent entrants to the Tax Agent space have undergone the same contemporary education and hence are also aware of the new obligations.

Different perspectives

Tax Agents tend to have been trained (post university) in the practical business, of actually attempting to make money, as an accountant in a practice. Newer grads, trained by those who have tried and tested their ability to make valued judgements about risk vs materiality vs reward, have been initiated into the process of only working on the items that someone has decided they should work on.

This practical, on-the-job training, providing a sense of where to look and how to perform a value based assessment of each jobs project plan.



BAS Agents, typically, are new to the process of needing to establish with the business owner what things they, the BAS Agent, are engaged to do. What items are worth worrying about? What items is the business owner prepared to pay for to gain assurance that the law has been complied with?

Different approaches to paranoia

What is also evident is that the BAS Agents are more paranoid about the consequences of being caught with errors. BAS Agents are typically working far closer to the business and are integrated with the business systems. They are typically held directly responsible more often for anything that goes wrong.

Tax Agents typically are more removed from the business; emotionally, subjectively and operationally. Tax Agents consider matters that businesses don't understand and occasionally agents don't explain to the clients what they have and haven't considered.

It may be fair to say that Tax Agents are more comfortable with the concept of NOT auditing everything about the client, whereas BAS Agents typically want to make sure everything is right.

What is required?

BAS Agents need to mature their approach to: discussions with the clients about risk vs cost; discussions about how to meet your obligation of advising the client of their obligations and then only doing the work that the client wants.

Both audiences must:

- Advise the clients of their rights and obligations under the law
- Agree with the client on what you are required to do – Engagement Letters recommended
- Take reasonable care to understand the client's state of affairs for those things you are doing
- Take reasonable care to apply the tax laws correctly to those things

Help the clients understand that; advice and certainty costs money, they are to make the valued judgements on what certainty they require from the BAS Agent.

A Summary

Why is it that it is only us BAS Agents that are worrying about the law?

Because we care (too much sometimes?) We are close to the business owner and we want to help them despite themselves.

We need to become a little more commercial about the services we provide: become more comfortable with NOT looking or NOT taking on issues of the business when the business isn't taking them on.

HOWEVER

BAS Agents need to do a few things

- NOT move into the complacency of some tax agents
- Provide business owners with the information about the concerns and obligations
- Be prepared to do the work if the business owner requires it
- Be prepared to NOT do the work if the business owner says don't look
- KNOW that you cannot lodge a form that you KNOW is incorrect. That does not mean that you suspect might be incorrect, BUT if you suspect a problem with the form – don't lodge it. Provide the output of your work to the business owner.

Just because the rest of the world is slack does not mean we need to be!

By:
Matthew Addison
ICB Executive Director



[What are your views? Let us know here.](#)

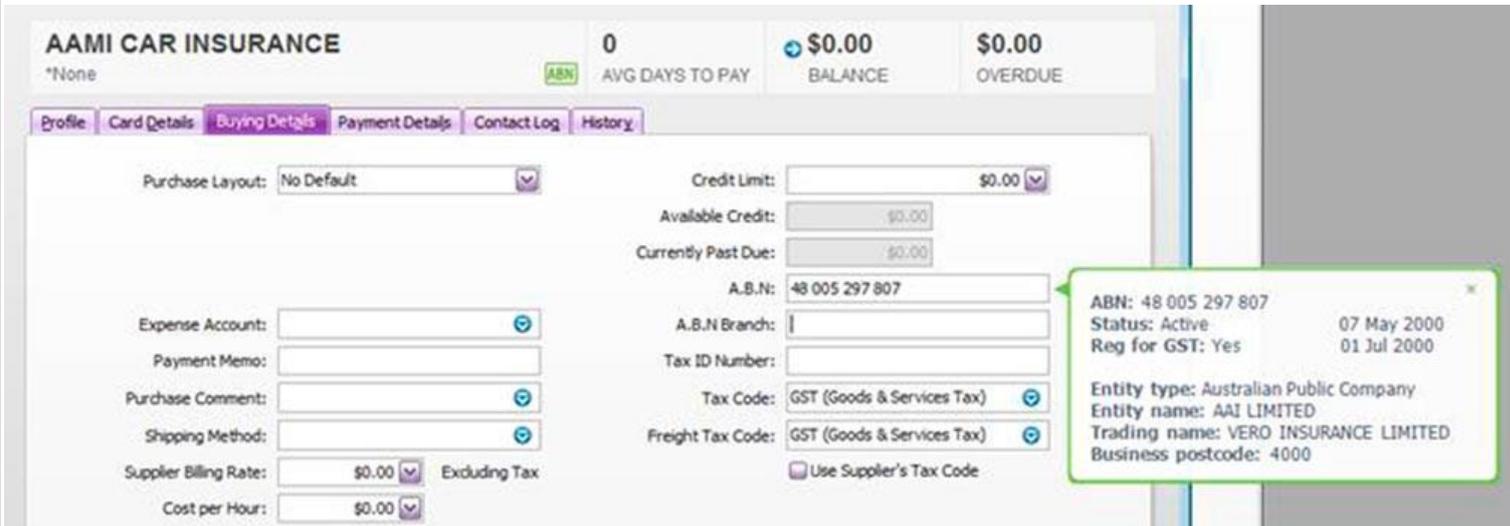
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MYOB Instant ABN Checking - MYOB Wins the Race

Supplier ABN's are now checked automatically in Account Right (not available in AccountRight Basics).

When a supplier quotes you their ABN, you should always check that it is valid and registered for GST. Historically this has been checked by manually visiting the Australian Business Register but MYOB have now made it significantly easier for you and your clients.

Now when adding a supplier card to your company file, MYOB will automatically check their ABN with the Australian Business Register. If it is all good then you will see a green icon next to the ABN field; simply hover over the icon to get all the details including the ABN status, if the ABN is registered for GST plus more information about the company. If the ABN is invalid or cancelled then the icon will be presented as amber. An active subscription on the data file and an internet connection is required to utilise this service.



See the [ICB information for more detail on checking ABN's and GST](#) registration of suppliers, including templates for notifying business owners and suppliers.

Remember that although we are required to check ABN's and registration, we are still waiting for the government to provide us with a tool that can legally be relied upon.

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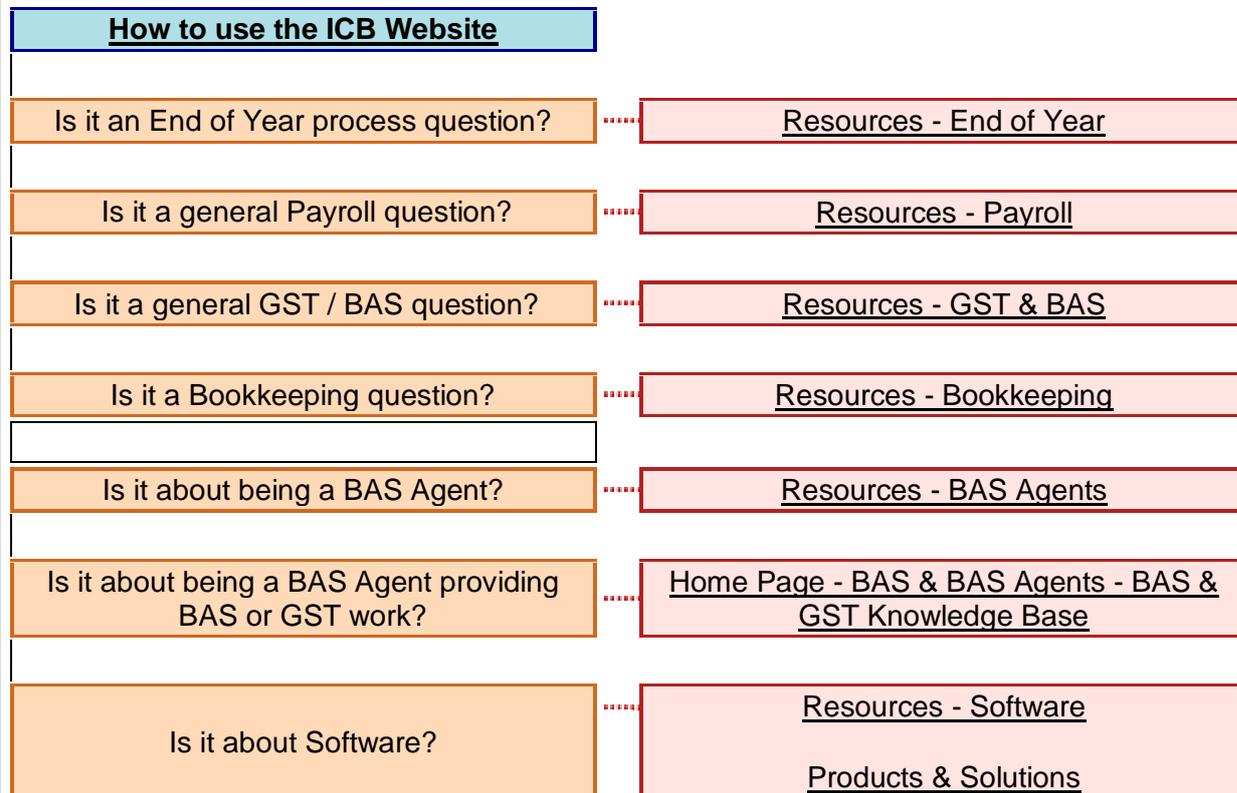
Your Library of Resources – the ICB Website

This month we explain the logic of where to look for the Resource you are after.

With the rewrite of the website we had the opportunity to reposition and reindex over 3,000 pages of resources written specifically for bookkeepers.

A logical approach to accessing the Library is to commence considering the specific areas of knowledge until you find the area that best suits your enquiry or information need. The graphics below provide the thought process.

The questions:



Is it about running your Bookkeeping Business?

[Resources - Your Bookkeeping Business](#)

Is it about running a business?

[Resources - Business Matters](#)

Explanations

End of Year covers all those areas of tax and compliance that are unique to end of year processes.

- End of year Payroll, preparation and lodgment of Payment Summaries
 - TPAR Taxable Payment Annual Reports
 - Preparation of End of Year accounts and information for the business or the accountant
- Relevant for all people doing end of year bookkeeping.

Payroll provides knowledge on all areas a bookkeeper needs to think about when preparing or advising on Payroll. Relevant for all people involved in payroll

GST & BAS is the bookkeeping and knowledge to get GST correct and prepare and lodge the BAS (It is not about being a BAS Agent, as such although it covers work a BAS Agent may do). Relevant for all people involved in how GST applies and in preparing a BAS.

Bookkeeping captures the remainder knowledge of Bookkeeping that is not included in End of Year processing, Payroll knowledge and systems nor GST & BAS specific knowledge.

- Checklists
 - How to process guides
 - Knowledge base
- Relevant for all people doing the books.

Being a BAS Agent provides systems and knowledge on how to become a BAS Agent, how to be a BAS Agent and how to comply with the obligations of being a BAS Agent.

- Guidance on completing the TPB forms
 - Explanation of the Code of Conduct
- Relevant for BAS Agents or those aspiring to be.

BAS Agent providing services

- Templates for a BAS Agent to use with their clients
 - Guidance on how to act as an agent
 - Templates for BAS Agents to use
 - Working with your clients as a competent BAS Agent
- Relevant for BAS Agents.

Software gets specific about how to use software.

- Guidance on the respective Partner programs
 - Feature by feature comparison of product vs product
 - How to use software in different ways
 - How to get help on the software
- Relevant for everyone using software.

Your Bookkeeping Business is a library of resources and information about being in the business of providing bookkeeping services.

Business Matters includes those items of knowledge and other areas a bookkeeper often becomes involved in providing to businesses that aren't strictly bookkeeping but are about running a business.

Newsletters provides a central place for that item you just know you read in a newsletter sometime.

- Provided both edition by edition

Also provides indexes of all editions so you can scan the contents quickly

Best Practice Bookkeeping

Providing Payment Summaries to Employees Electronically

Yes, you can provide payment summaries to your employees via electronic means. The same principles apply as for providing payslips electronically.

- Advise employees of your intention to provide electronically
- Ensure employees have the means to receive, view and print their payment summary
- Make available the means to view and/or print the payment summary
- Ensure the payment summary is sent securely and abides by privacy laws—the email address used must be private and not a generic work email address that others can access
- Provide a paper version if requested by employee

Requirements

- Non-editable
- Letter quality print
- A4 size
- Transmitted electronically to employees by 14 July 2014

See the [ICB End of Year Payment Summary Guide](#) for more information on preparing payment summaries.

Electronic Payment Summary 2014

Dear (Employee name),

Your 2014 PAYMENT SUMMARY

It is our intention to provide you with your 2014 Payment Summary electronically. This means we will produce and provide a PDF version of your Payment Summary and forward it to your private email address on our employee records.

That email address is: _____@_____

Please advise us as soon as possible if that email address needs to be changed with an email address that you approve for us to provide your personal Payment Summary.

The Payment Summary contains your personal details, your personal tax file number and details of your pay for the year 2014, accordingly if you do not consider the above email address secure or appropriate please advise us before 30 June 2014.

If you prefer to receive your payment summary on paper you will need to advise us before 30 June 2014.

We will advise you on your normal work email address when your payment summary has been sent to you. Please advise us immediately if it is not received or it is unreadable or if you have any questions in relation to that Payment Summary.

Regards,

(Employer/Manager Name)

Business Name

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Who is Allowed to Sign Payment Summaries

Taxation regulations specify who is authorised to sign documents required under pay as you go (PAYG) withholding. These documents include payment summaries, payment summary statements and withholding where ABN not quoted annual reports.

If the business entity is ...	The documents must be signed by ...
An individual	The individual
A trust	The trustee
An entity managed by a board of trustees	The senior active trustee resident in Australia or, if there is no active trustee resident in Australia, by the agent in Australia of the board of trustees
A company	The public officer of the company
An Australian government agency	An officer appointed or authorised for the purpose

Printed names - no signature

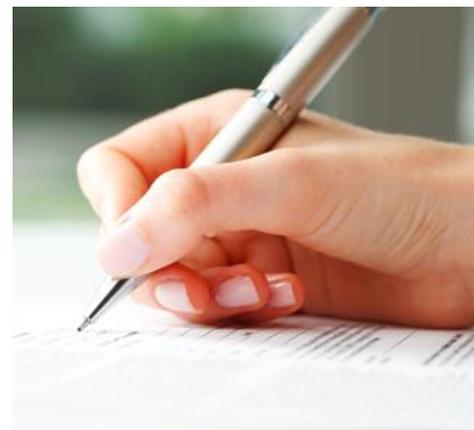
Where a payment summary is produced by a computer software package, the name of the person authorised to sign payment summaries will satisfy this requirement.

Authorising another individual to sign documents

Where it is not practicable for a person to sign personally each document, he or she may authorise another individual to sign those documents. This authority must be in the approved form.

The authority should be on the company/organisations letterhead and include the following details:

- the Australian business number (ABN) or withholder payer number (WPN)
- name of the company/organisation
- declaration by the authorised signatory authorising another
- individual to sign documents required under PAYG withholding including
 - the name of the authorised individual
 - the capacity in which that individual signs a document, and
 - a specimen signature of the individual
- signature of the authorised signatory
- date authority was issued.



This authority must be kept with the company/organisation's records and be available for viewing by the Commissioner of Taxation upon request.

Example format

ABN/WPN : _____

Company/Organisation : _____

I, {name of authorised signatory}, as {title of signatory's position held} of the above company/organisation, hereby authorise {name of new authorised individual}, in his/her capacity as {name of position held}, to sign {name(s) of PAYG document(s) - eg payment summaries, annual reports}.

Specimen signature of individual : _____

Date : _____

Signature of authorised signatory : _____

Date : _____

For more information from the ATO, [click here](#).

Further [ICB Authority Templates are available here](#).

Third Party EMPDUPE Lodgement

The ATO states, if you lodge PAYG withholding annual reports on behalf of other payers, the supplier ABN in the annual report data files for the payer entities must match the ABN in the AUSKEY you use for the lodgements. If you lodge on behalf of others, the supplier ABN will be different to the payer ABN. You must ensure the correct payer ABN is used in the payer annual report.

If you are a BAS Agent lodging an EMPDUPE file on behalf of your clients then your ABN and Details are to be lodged with the EMPDUPE. It seems most of the accounting software products deal with the option of adding third party details and/or SBR Reporting Programs such as GovReports will also do the same. Therefore, we recommend you check with your software regarding third party details or obtain a licence with an SBR Reporting program.

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TPAR 2014 - Who has to report and do you know?

We are now in our 2nd year for TPAR and businesses who lodged last year will still be required to lodge a TPAR report this year even if they have not provided 50% or more building and construction services in this current financial year.

Who Has to Report?

Any business is required to report if ALL the following 3 conditions apply:

- You're a business that is primarily in the building and construction industry, which means if any of the following apply:
 - 50% or more of your business income is derived from provided business and construction services
 - Current financial year, 50% or more of your business activity relates to building and construction services
 - Previous financial year, 50% or more of your business activity relates to building and construction services
- You make payments to contractors for building and construction services
- You have an ABN



Remember that the TPAR is reported on a CASH basis even if the business is on Accrual.

This means you only report on actual payments made in the financial year.

Due date remains at 21 July. (Last year an extension was granted for businesses lodging through a registered agent for the first year of the program only. This does not apply to anybody this year).

Refer to the ICB resource [Taxable Payments Annual Report](#) for details, including; Lodgement, Who's in and Who's out.

For those new to TPAR, the ATO are regularly running webinars on the topic. [Register here](#).

Want to make sure you know what you know - test your TPAR Knowledge

ICB has designed an assessment for all things Taxable Payments Annual Report.

Free to Members.

\$55 for Non-Members and \$33 for Students.

This counts for up to half an hour of CPE time.

Click here to ['Register for your TPAR Skill Review'](#).

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Updates to Thresholds for 2015

- **Minimum Wage Increase**

The Fair Work Commission has announced a 3% increase to minimum wages. The increase will apply from the first full pay period starting on or after 1 July 2014. The increase only applies to employees that get their pay rates from the national minimum wage, a modern award or in some cases a registered agreement.

The new national minimum wage will be \$640.90 per week or \$16.87 per hour. The national minimum wage applies to employees who aren't covered by an award or agreement.

Many Award Based expense related allowances are being increased - you can find the [draft determinations \(which are open for comment until 13/06/2014\) here](#). The Fair Work Ombudsman is currently working on updating their website tools with the new pay rates.

If you're not sure which award applies to your employees, visit "[How to find an award](#)".

NOTE: The increased pay rate applies to work performed after 1 July and then it only applies to the NEW pay period. So if a pay fortnight ends on the 5th July they get all the pay at the old rate and it is only the next FULL fortnight that gets paid at the new rate. Don't change rates mid-stream and don't apply the new rate too early.

NOTE: For SGC it is different: For SGC the new 9.5% rate applies to any amount of pay that is paid to the employees after 30 June. So the fortnight that ends on the 5th July would have SGC applied at 9.5% because that is when they are being paid.

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

Information provided by TAPS (The Association of Payroll Specialists)

- **Fuel Tax Credits**

Some rates are changing on 1 July 2014 because of the changes in carbon charge amounts. There are further proposed changes to FTC, but these are not yet law. There is not change to the rate for fuels used in heavy vehicles travelling on public roads.

[The new rates table is available here.](#)

- **High Income Threshold**

The high income threshold for 2015 is set at \$133,000. For detail on what this affects, [click here](#).

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Bank Feeds - Verification of the Actual Balance

2014 developments in the bank feed debate

Bookkeeping Considerations

- Efficient processing
- Verification to the Bank Balance, Do they reconcile?
- Filling the gap between last reconcile date and the bank feed
- Information for and Authority from the business

Bookkeepers should really like all the efficiency, automation that bank feeds are able to bring the RECONCILIATION AND VERIFICATION process.

We endorse that all bookkeepers should use bank feeds in software but in the form appropriate for the business.

Today's accounting software and its use in Australia is very different to what is evident in most of the rest of the world, also different to what many accountants still do and what is appropriate for a small portion of business.

Accounting software should first be providing business process and the accounting just happens. Bank feeds fit in to fill in the data gaps of what has gone through the bank account and then verify the business transaction.

[Further details including Different Business Scenarios, Verification and Process, are available here.](#)

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Explaining Different Business Structures

One of the key decisions you'll make when starting a business is which legal structure to use. Because it's such an important decision, you should get advice from a qualified independent business, financial or legal advisor.

Sole Trader

A sole trader is the simplest form of business structure and relatively easy and inexpensive to start and maintain

Definition: As a sole trader you are the sole business owner and can trade in your own name. (e.g. Fred Smith Plumber).

Advantages

- Simple set up and operation.
- You retain complete control of your assets and business decisions.
- Fewer reporting requirements.
- Any losses incurred by your business activities, may be offset against other income earned (such as your investment income or wages). Subject to certain conditions.
- You are not considered an employee of your own business and are free of any obligation to pay payroll tax, superannuation contributions or workers' compensation on income you draw from the business.
- Relatively easy to change your legal structure if the business grows, or if you wish to wind things up.

Disadvantages

- Unlimited liability which means all your personal assets are at risk if things go wrong.
- Little opportunity for tax planning - you can't split business profits or losses made with family members and you are personally liable to pay tax on all the income derived.

Partnership

A partnership involves two or more people (but no more than 20) going into business together.

Definition: A partnership is two or more persons carrying on a business together with a view to a profit.

Advantages

- Simple and inexpensive to set up. You will usually have to register a business name.
- Minimal reporting requirements.
- Shared management/staffing responsibilities.
- Partners make it possible to take a break
- More opportunities for tax planning (such as income splitting between family members) than that of a sole trader.
- A partner's share of the business's tax losses may be offset against other personal income, subject to certain conditions.
- Combined skills, experience and knowledge can provide a better product/service.
- Relatively easy to dissolve or exit and recover your share.
- Access to capital.
- Partners are not employees. Superannuation contributions and workers' compensation
- Insurance are not payable on partner's profits or drawings.

Disadvantages

- Potential for disputes over profit sharing, administrative control and business direction.
- Joint and several liability of partners. This means that each partner is fully responsible for debts and liabilities incurred by other partners - with or without their knowledge.
- Changes of ownership can be difficult and generally require a new partnership to be established.

Company

A company is a separate legal entity capable of holding assets in its own name. Shareholders own the company while directors run it.

Definition: A company is a legal person (apart from its directors and shareholders) providing limited ("Ltd") liability protection.

Advantages

- Single director & shareholder is all that is needed
- Limited liability for shareholders/owners.
- Asset protection – company liabilities generally remain in the company
- Company structure is commercially well understood and accepted.
- Ability to raise significant capital.
- Profits can be reinvested in the company or paid out to the shareholders as dividends.
- A flat 30c in the dollar tax rate applies
- Retained Earnings can be accumulated
- Dividends can be franked or unfranked
- Easy to sell and pass on ownership.
- Company can carry forward losses indefinitely to offset against future profits.

Disadvantages

- Significant set-up costs and maintenance costs.
- Limited or no control of company affairs.
- Complex reporting requirements.
- Company can't distribute losses to its shareholders.

Trust



Unlike a company, a trust is not a legal entity. They are often used in connection with running a business for the benefit of others.

Definition: A trust is a relationship where the trustee carries on a business for the benefit of certain beneficiaries.

Discretionary Trusts

The trustee has discretion in the distribution of funds to each beneficiary. The most common example is the family trust.

Unit Trusts

Unit trusts are recommended when more than one family is involved. The interest in the trust is divided into units, similar to shares. Each unit holder may have a number of units in the trust. Distribution from the trust is determined according to the number of units held. Importantly, trustees are legally liable for the debts of the trust. They can use the assets of the trust to meet those debts. However, if there's a shortfall, they are responsible for covering the difference from their own resources.

A trustee must apply for a Tax File Number (TFN) and lodge an annual trust return. The trust is not liable to pay tax, tax is assessed to the trustee or to the beneficiaries that are entitled to receive the trust net income.

Advantages

- There are different types of trusts – discretionary (family) trusts, unit trusts & hybrid trusts.
- A Trust can only conduct business via a trustee. A trustee can be a natural person(s) or a company
- Reduced liability - especially if corporate trustee.
- Income splitting to beneficiaries with tax paid at their respective tax rates.
- Asset protection -trust assets and personally owned assets can often be kept separate. Careful consideration in drafting of the trust is needed here
- Flexibility of asset and income distribution.

Disadvantages

- Can be expensive and complex to establish and administer.
- Difficult to dissolve, dismantle, or make changes once established particularly where children are involved.
- Any profits retained to reinvest into the business, will incur penalty tax rates. Penal tax is levied on retained earnings.
- Cannot distribute losses, only profits.

Cooperative

A cooperative is a member-owned business organisation with at least five shareholders, all of whom have equal voting rights regardless of their level of involvement or investment, although every shareholder is expected to help run the cooperative.

Association

An incorporated association offers a relatively simple alternative to forming a company for small non-profit groups such as charities and hobbyists along with sporting, cultural and recreational organisations.

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BAS Agent Information

Amending Someone Else's Work

A client realises that there has been an error in a previous BAS and asks you to correct and lodge the amendment. What is the requirement? Should you be reviewing that entire period before making the adjustment? Is it acceptable to just do the adjustment as per the business owner wishes?



The ICB approach to applying the code of conduct to a specific situation:

- Advise the client of their rights and obligations
- Confirm the extent of the work that you are doing
- Take reasonable care to ascertain the clients state of affairs, in relation to the thing you are doing
- Take reasonable care to apply the tax laws correctly in relation to the thing you are doing
- Act lawfully in the best interests of your client
- Do not lodge a form if you know it is wrong

Therefore

- If another Agent has prepared the previous form and you are asked to check and amend only one aspect of the form, or perform one amendment:
 - Confirm the limited scope of your review and work to be performed. Including the reliance on the work of another Agent as provided to you
 - Advise the client of their Rights and Obligations in relation to the area of your work
 - Take reasonable care to ascertain the state of affairs in relation to the item you are reviewing/amending
 - Take reasonable care to apply the law correctly to the area of review
 - Amend the return, obtain consent to lodge and lodge the amended form
- If the business prepared and lodged the previous form and you are now asked to amend and lodge
 - All the same duty as in A however
 - We would have concerns if you lodged the amended return without performing additional work at some level with the client
 - Advise the client of their rights and obligations in relations to all areas related to all areas reported on the form
 - Confirm specifically the limited scope of your review
 - If you are going to lodge the form then you must take reasonable care to ensure that all areas of the form are correct, so you must satisfy yourself that the business had systems, procedures, review in place to comply with the law in preparation of the other areas
 - If you aren't going to lodge the form, then to review the amendment and provide them with a report as to what the amended BAS would need to be would be appropriate.

So do you need to review the whole period? No

Relying on the previous Agent who prepared it or satisfy yourself that the client knows what they are doing and has the systems in place.

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Requesting an Extension for BAS Lodgement via the BAS Agent Portal

What happens when you need to ask for an extension for lodgement of a BAS or PAYG Instalment Statement?

This can no longer be done via phone and you are required to complete the "[Request for Additional Time to Lodge](#)" form. This can then be lodged either via your portal or by post.

This is an excel spreadsheet and needs to remain in this form when lodged—do not convert to a PDF or other file format.

Process

- [Download the ATO form](#)
- Complete and save the form to your computer, keeping the file in the same format
- Log in to BAS agent portal
- Go to Mail
- Select New Message
- Select the relevant subject—e.g., Activity Statement
- Select from the list "Lodgement deferral request"
- Select relevant client
- Enter message text
- Add attachment of the saved file above. Ensure the file is saved in .xls format.
- Check message and attachment
- Send
- Ensure a receipt is received from ATO.

Some circumstances where you may need to request a deferral are:

- You are a BAS Agent requesting lodgement deferrals for the business owner
- You are a BAS Agent requesting lodgement and payment deferrals for the business owner
- You are submitting the request more than three business days after the lodgement due date if lodging the request via the Tax Agent or BAS Agent Portal (you will need to provide valid reasons for the late submission).

The request must meet the Guidelines for Additional Time to Lodge and prior to your submission you must ensure:

- The circumstances are exceptional and beyond your control
- The circumstances should be consistent with those lodgement obligations outlined in [PS LA2011/15](#)
- You have taken reasonable steps to lodge on time
- The request has been made on or prior to the due date.

If you submit after the due date or are requesting a payment deferral you need to ensure that you submit sufficient information for the request to be considered which would include a full explanation of the circumstances.

You need to be aware that the ATO can take up to 28 days for this request to be answered. If this takes you past the due date and your request is refused then the business owner will be charged the relevant penalties and needs to be prepared to pay these.

More detail on lodgement deferrals can be [found here](#). Some examples of acceptable reasons for deferred lodgement include natural disasters, unplanned staff absences, inability to access records due to legal action and unforeseen exceptional circumstances such as medical emergency of agent or business owner.

For more information see the ATO information [Request Additional Time to Lodge](#)

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When the ATO is offline, portals not available and SBR goes missing, it has appeared that you can't use software to prepare a BAS and get it ready for when the ATO comes back (from whichever cloud it was hiding behind).

GovReports provide the procedure for still preparing a BAS when SBR is not there.

[Click here for full details and instructions.](#)

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Continued Professional Education

This Month From the ICB Continued Professional Education Webpage

Continued Professional Education

[ICB Network Meetings](#)

Nationally, Monthly

[Foundations of Payroll](#)

Classroom based training - 3 day course
Melbourne and Sydney
Various dates

[Terminations](#)

Classroom, Perth, Melbourne, Sydney
Various dates

[ICB Webinar - End of Year Checklist](#)

Online
30th June, 2014

[Terminations Training](#)

Classroom, Perth, WA
31st July, 2014

[Fantastic Ways with Formulas in Excel](#)

Webinar
Various dates and times

[Carry out Business Activity Statements \(FNSBKG404A\)](#)

Classroom, Balcatta, WA
21st August, 2014

[Establish and Maintain a Payroll System \(FNSBKG405A\)](#)

Classroom, Balcatta, WA
31st July, 2014

[MYOB News Channel - The latest breaking news online](#)

Webinar
Various dates and times

[Preparing for payroll year end, including payment summaries using MYOB](#)

Webinar
Various Dates and times

[Tax Time Online Seminars](#)

MYOB - Online
June, 2014

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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:

My client is leasing medical practitioner rooms from a business partnership. The supplier has provided a lease agreement that does not state their ABN. Their accountant has said this is sufficient to act as an invoice, and that because they are not registered for GST and therefore not making a taxable supply, no ABN or invoice is required by us.

Is this correct?

The suppliers are refusing to re-issue the lease agreement or an invoice, but on pressing the accountant for details, we have now received the ABN of the partnership via email from the accountant.

What would you do in 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:

I have a client who pays his employees two different rates during the working week. The employees are paid for 12 hours at the higher rate of pay for 2 days of the week, and this is meant to cover travel and site allowance. I am instructed by the owner and accountant to pay them 12 hours a day even though they only work 7.6 hours.

The 12 hour day is not broken down into 7.6 hours normal time, 2 hours at time and a half and 2.4 hours at double time. There is no written agreement between the employer and employees regarding the rates of pay or extra allowances. The foreman is paid at the same rate as everyone else.

If we are not doing this correctly I have a concern we may be overpaying our superannuation and I worry about the excess superannuation will be Reportable Superannuation.

What should you do in this situation?

ICB's Response:

There are a few issues with this employer.

The employer needs to look at the award governing these employees, and assess how to pay them correctly in relation to the work they are doing.

The payslip and payrun MUST record the actual hours worked. It is not correct to have an arrangement in place that pays the employees for 12 hours when they have only worked 7.6.

If FairWork looked at the payslips, they would expect overtime to be paid on the 12 hours recorded as worked.

If the arrangement with the employees is to pay a site allowance and travel time and a higher hourly rate for part of the working week, then this is what needs to be shown on the payslips. There is no problem with paying an employee a different rate of pay for different work performed or for attending a different place of work.

If the payroll is set up correctly to record the different rates of pay and the different allowances, then your query about superannuation would be redundant, as it would all be correct in your software! Also, none of the super on wages or allowances would be considered as Reportable Employer Super Contributions.

Note that if the different categories of pay are entered correctly, this may also affect the PAYG withheld.

The employer will need to check the award for what kinds of allowances are provided for. S/he can of course pay the allowances at a higher rate than the award states, but they cannot pay at a lower rate. The award will state whether super applies and whether it should be taxed. Most likely, the award will also provide for an allowance or higher rate of pay specifically for a foreman or supervisor.

The ATO also lists various allowances, e.g. working conditions, travel, and whether or not super applies and whether or not it should be taxed. [Details from the ATO regarding this are available here.](#)

If this employer were audited by FairWork or the ATO, the employer may be liable for penalties. For example, we hear often of employer/employee relationships that disintegrate over time. Let's say an employee went to FairWork with their payslips and said "I have been working for 12 hour days but never been paid overtime". This could end up in court or at the very least would initiate an audit from FairWork, and possible penalties for inaccurate record keeping.

It is the right of the employees to have an accurate record of their work and pay. It doesn't matter if the employer is paying them more than the award, the conditions and principles of the award still apply.

The employer should also consider putting into place letters of employment that detail the rates of pay, allowances, superannuation, places of work, and any other relevant information to the employer/employee relationship.

For you as a BAS agent, your obligation is to get the tax correct and report the superannuation obligation correctly to the business owner. If the employer is unwilling to make any changes to the existing payment arrangement, we recommend you keep records of all conversations with the employer about his obligations and the information you have provided to him/her. You can continue to process payroll based on instructions from the owner, but you would need to get this in writing from the business owner, and possibly alter your letter of engagement accordingly.

Below are some documents/references you may like to forward on to the employer.

[ICB - Guide to Employer Obligations](#)

[Fair Work - Things every employer should know](#)

[ATO - Employers - Keeping records](#)

[Fair Work - Employers -Record Keeping](#)

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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 these valuable meetings 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 11th July, 2014 - 12pm (AEST)	Online 14th July, 2014 - 5pm (AEST)	
Queensland		
Gold Coast (am and pm sessions) 8th July, 2014	Brisbane North 8th July, 2014	Brisbane South 15th July, 2014
South Sunshine Coast 10th July, 2014	North Sunshine Coast 8th August, 2014	Logan 16th July, 2014
Moreton Bay 14th July, 2014	Bundaberg 19th August, 2014	Hervey Bay 11th August, 2014
Cairns 13th June, 2014	Toowoomba 18th July, 2014	Townsville 11th July, 2014
Ipswich 15th July, 2014		

New South Wales		
Sydney - Balmain 18th August, 2014	Sydney - Moorebank 9th July, 2014	Sydney - Randwick 16th July, 2014
Sydney - Brookvale 4th August, 2014	Sydney - Hornsby 10th July, 2014	Shoalhaven 1st September, 2014
Bathurst 19th August, 2014	Ballina 8th August, 2014	Bellingen TBA
Blue Mountains 21st July, 2014	Central Coast 9th July, 2014	Newcastle 18th August, 2014
Port Macquarie 12th August, 2014	Dubbo 18th September, 2014	Orange 25th September, 2014
Sutherland 23rd July, 2014		
ACT		
Canberra - Phillip 8th July, 2014		
Victoria		
Burwood 2nd July, 2014	Mordialloc 12th August, 2014	Docklands 11th July, 2014
Frankston 10th July, 2014	Narre Warren 9th July, 2014	Lilydale 1st August, 2014
Macedon Ranges 19th August, 2014	Geelong 15th July, 2014	Point Cook TBA
Cobram TBA	Horsham TBA	Sale 14th August, 2014
Yarra Valley 11th July, 2014	Bulleen 8th July, 2014	Chadstone 14th July, 2014
Western Australia		
Balcatta 12th August, 2014	Bunbury TBA	Melville 9th July, 2014
Joondalup 21st July, 2014	Noranda 13th August, 2014	Cockburn Central 16th July, 2014
Kalgoorlie 8th August, 2014		
South Australia		
South Adelaide 7th August, 2014	Henley Beach 18th July, 2014	Para Hills 16th July, 2014
Unley TBA	Mt Barker TBA	
Tasmania		Northern Territory
Hobart 18th July, 2014	Launceston TBA	Darwin 11th August, 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

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Other Things Happening in the World

Do you Make the Most of your ICB member Benefits?



Do you have an ICB name badge?



Do you have an '@micb.com.au' email address for your professional communications?



Do you attend network meetings for free?



For practising members, do you use the ICB crest on business collateral?



Do you contact ICB support with your technical bookkeeping queries?



Are you listed on 'Find a Bookkeeper'?

Visit our [Membership Benefits](#) page to see the variety of offerings you can take advantage of as an ICB member.

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Dismissing Employees: the Top 3 Things Your Clients Need to Know

The Fair Work Commission (FWC) is a very busy place these days. Thanks to the current Fair Work laws, more and more employees are lodging 'unfair dismissal' claims when their employer (your client) shows them the door.

It's not hard to understand why employees lodge these claims: it's inexpensive, easy, and almost certainly likely to result in the employee receiving a 'go-away' payment from your frustrated and hard-working client. Given the volume of these claims and the risks faced by your clients, this month we've dedicated our article to the top 3 things your clients need to know about firing employees.

- **Not All Employees Can Bring a Claim – But No-One Can Stop Them(!)**

The Fair Work Act 2009 makes it very clear that an employee is only protected from 'unfair dismissal' (that is, a dismissal that is 'harsh, unjust, or unreasonable') once they have completed the 'minimum employment period'. The length of this period depends on the size of your client's business:

- If they have fewer than 15 employees by headcount, the minimum employment period is 12 months
- If they have 15 or more employees by headcount, the minimum employment period is 6 months

This means an employee who is dismissed for under-performance before they have completed 6 months' service in a larger business is not protected from unfair dismissal and can be dismissed with notice.

However, there is nothing to stop ineligible employees from lodging a claim anyway and, once they do, it will automatically be listed for conciliation at the FWC. No-one reviews it to 'knock it out' if the employee is not eligible to lodge the claim. Instead, it will be up to your client to raise a 'jurisdictional objection' at the subsequent conciliation conference. Worst still, even if they do raise the objection and rightfully refuse to pay 'compensation' to the employee at conciliation, the matter will still be listed for full arbitration before a Commissioner at a later date. Your client will need to turn up prepared and ready to argue their case at the FWC. It's costly, time-consuming and extremely frustrating. No wonder so many small business employers just make a payment to the employee at conciliation to make it all just go-away.

- **Small Businesses Should Always Use the Small Business Code and Checklist**

The Fair Work laws provide small business employers with access to special tool called the Small Business Fair Dismissal Code and Checklist. According to the law, if your small business client uses the Code and Checklist when they dismiss an employee, any subsequent claim for unfair dismissal is meant to be decided in your client's favour by default.

Unfortunately, very few small businesses know about the Code and Checklist, so very few of them actually use it. This is a mistake, because using the Code and Checklist can significantly reduce the time and costs involved in defending a claim down the track. We strongly recommend you make your clients aware of this important tool.

It's worth noting that, as mention in point 1 above, there is nothing to stop an employee from lodging an unfair dismissal claim even if the Code and Checklist have been used by your client. But it's still an extremely worthwhile tool for your client to use, even if the employee in question hasn't yet completed the applicable 'minimum employment period'.

- **The FWC is a Nightmare – Get Help**

If your client does face a claim for unfair dismissal, be sure they obtain professional advice and support straight away. FWC employees cannot provide advice and their online guidance – despite allegedly being written for a general audience – requires a law degree and plenty of experience to fully understand.

In our opinion, everything is geared toward the employee. They have access to free advice from community legal centres or their union, while your client is left high and dry. Worst still, your client's former employee has a right to be represented by a union official at arbitration, while your client will need to ask for the Commission's 'permission' before they're even allowed to be represented by a lawyer or paid agent.

Too many employers attend the FWC unprepared for what awaits them. Preparation and documentary evidence are the key to a successful defence. The Workforce Guardian team routinely – and proudly – assists employers facing Fair Work-related claims, and represents them before the Commission. Make sure your clients have the advice and protection they need.

Have a great month,
David, [Workforce Guardian](#)

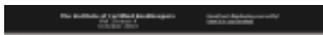
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From the ICB

JUNE

This Month...

Business Newsletter - eBrief - June 2014



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



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

[Back copies are available here](#)

"The best bookkeepers using the best resources".

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What's New This Month

New Resources

- Business Matters - [Link](#)
 - Business Plan
 - Civil Claims Action
 - Consumer Rights
 - Debt Factoring
 - Compliance Hit List
 - Development Plans and more.....

News Items

- [New online tool - Dispute Support](#)
- [Business Stats](#)
- [Billson ATO take us into digital](#)
- [FOFA guidance on Reasonable Care](#)
- [Commissions are to be disclosed](#)
- [Small Business Super Clearing House](#)
- [Lodgement Deferral Applications](#)
- [Log in for Reckon Accounts Hosted](#)

ICB Q & A Space News

During June [My charge rate](#) is drawing a lot of attention and some very good advice! [Accounting Software Programs](#) is offering a great deal to consider, master one package or dabble in more? What is your opinion? Also, there is a business based in [Darwin looking for a QuickBooks bookkeeper](#), are you able to assist, or perhaps you know someone who can.

All the [latest threads](#) can be viewed here.

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



Q & A Space

Making you count.

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

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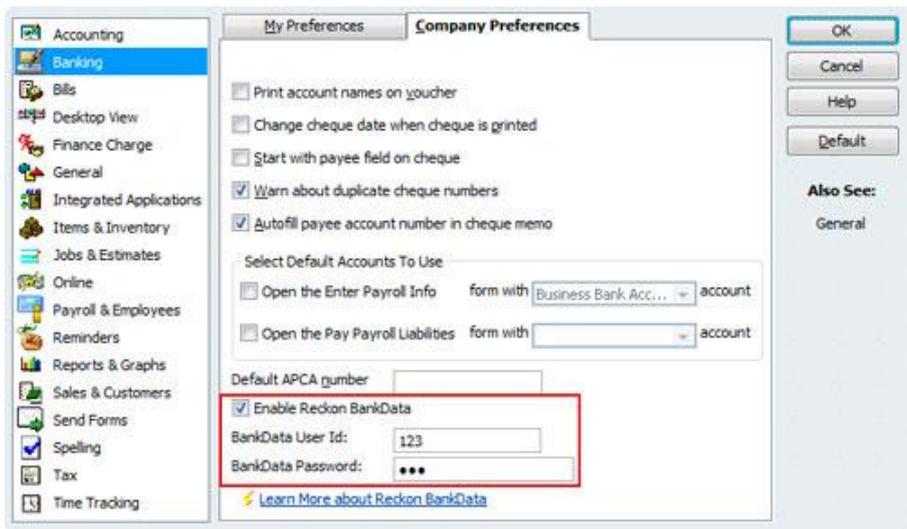
Products and Solutions

Reckon - BankData Integration

	Easy Start	Accounting	Plus	Pro	Premier	Accountant Edition	Enterprise	Hosted	New Zealand
		✓	✓	✓	✓	✓	✓	✓	✓

You can now receive bank feeds from your financial institution directly into Reckon Accounts 2014 (Accounting and above).

- Navigate to drop down menu Edit > Preferences > Banking > Company Preferences.



- Tick Enable Reckon BankData.
- Enter your BankData User ID.
- Enter your BankData Password.
- Click OK to save your Preferences.

Full details on how to complete the [BankData Intergration in Reckon are available here.](#)

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From the ATO

ATO Portal Maintenance - Scheduled Downtimes

See [this link for scheduled times](#) for scheduled system maintenance.

The above link also includes a link to the ABR website for their scheduled maintenance. During these times you will be unable to login to the portal. Upcoming scheduled portal system maintenance:

Scheduled Start Time	Scheduled Finish Time
Saturday 12 July 6.00pm AEST	Sunday 13 July 6.00am AEST

Limited AUSkey functionality

Scheduled Start Time	Scheduled Finish Time
Saturday 28 June 6.00pm AEST	Sunday 29 June 2.00pm AEST

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ICB Membership Statistics as at 31st May, 2014

3,686

2,449 Members maintain Fellow, Member, Associate, Affiliate and Educator membership, ICB also has 27 Accredited Training Provider members, 1,185 Student Members and 25 Subscriber Members.

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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.

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