



THE INSTITUTE OF CERTIFIED BOOKKEEPERS

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Bookkeepers helping Bookkeepers help Business

July 2012

News, views and things you
need to know

[Click here for the Web
version](#)

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

Important News for You

- [ATO seeks your view on improving electronic forms and payments to the ATO](#)

Best Practice Bookkeeping

- [How to Engage with a Client - New - ICB Step by Step how to..... when to do what..... guide](#)
- [Amending Payment Summaries](#)

BAS Agent Information

- [Acceptable business structures for a BAS Agent](#)
- [Comparison of SBR enabled software](#)

Important News for you

You may have to use Government Superannuation Clearing House

As part of the government keeping track of whether super has been paid or not we note this statement from the ATO.

Employers with 20 or more employees must use the new data and e-commerce standard from 1 July 2014.

Employers with fewer than 20 employees need to start using the standard from 1 July 2015.

“A data and e-commerce standard is being introduced that will make it possible for you to send contributions to all funds in one standard electronic form, removing the need to submit this information to separate funds in different formats.

The standard will make processing easier and result in:

- fewer data quality issues
- a simpler, more consistent contribution process
- fewer lost accounts and unclaimed monies
- faster processing of employees’ money into their super account
- lower overall processing costs

For more information, employers should visit [Employers superannuation – home](#).

Employers with 20 or more employees must use the new data and e-commerce standard from 1 July 2014.

Employers with fewer than 20 employees need to start using the standard from 1 July 2015. This is currently subject to further consultation and may change.

What you need to do

If you prefer to process your super contributions for staff yourself, you can work with your payroll supplier to meet the new data and e-commerce standard. Other partners, including accountants and clearing houses, will be able to help as well.

If you are a small business with fewer than 20 employees the Small Business Superannuation Clearing House is available to help you meet your super guarantee obligations”

We are seeking comment from MYOB that their M-Powered superannuation payment service will be considered part of supplying information for this purpose.



[What are your thoughts on this? Let us know here.](#)

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Agents and Non-Agents have been prosecuted by the Tax Practitioners Board

During 2011-2012 the TPB did take action in our space:

1. Federal Court action with \$30,000 fines and injunctions against unregistered agents doing tax work
2. Terminations of Agent registrations
3. Orders and written cautions on Agents

They received 1280 referrals of matters that resulted in 780 cases for investigation.

- 1. To avoid any chance of being investigated – sack all clients (We are only partially kidding). There are many cases of clients making a complaint that is because they want a reduction in fee or they are annoyed, it may not be legit but it may start an investigation.
- 2. If you are providing Tax or BAS Services then you need to be a Registered Agent. To assess whether you need to register [click here](#)
- 3. If you are an agent act within the Code of Conduct – [click here](#)
- 4. How to provide services while not being a BAS Agent – [click here](#)

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Best Practice Bookkeeping

Starting a Bookkeeping Business - ICB Step by Step how to guide



Starting a bookkeeping business

You want to be a bookkeeper? You are ready and eager to take the next step and commence your own bookkeeping business, but, where do you turn, what do you do?? and most importantly - HOW!!

A copy of this checklist is available in both Word and PDF format, click below to download your copy.



Resources to assist new businesses

ABN essentials - [Link](#)

ABN, Lodging applications online - [Link](#)

Accredited Certificate IV in Bookkeeping Training Providers - [Link](#)

An explanation of different structure

Steps to become a Certified Bookkeeper

Structure

Step 1

- ☐ Decide on a business identity and trading name (may trade under your own name initially)

- 1. [Prepare a Business Plan](#)

Step 2

- ☐ Register a Business Name

- 1. [Register on ASIC](#)

Step 3

- ☐ Register for an ABN and GST

- 1. [ABN Essentials](#)



types - [Link](#)

Apply for
Membership - [Link](#)

ASIC registration -
[Link](#)

ATO Checklist for a
New Business - [Link](#)

ATO GST for Small
Business Checklist -
[Link](#)

BAS Agent Skill set -
[Link](#)

Books for
Bookkeepers - [Link](#)

Business grants and
assistance - [Link](#)

Business Plan, how
to complete your -
[Link](#)

Charge Rate
Calculator - [Link](#)

Employing and
Managing Staff -
[PDF](#)

GST registration -
[Link](#)

How to get organised
in your business -
[PDF](#)

How to start a new
business - [PDF](#)

Home Based
Business Information
Kit - [Link](#)

ICB Hints & Tips on
setting up a
bookkeeping
business - [Link](#)

Marketing Plan
Template - [Link](#)

2. [Register for GST](#)

Step 4

- ☐ Consider a [corporate structure](#) (Company either with or without a discretionary trust)
- ☐ Understand and consider the ATO view on starting a new business

1. [ATO checklist for new business](#)

Step 6

- ☐ Understand and consider the ATO GST Checklist for Small Business

1. [ATO GST Checklist for Small Business](#)

Step 7

- ☐ Decide on your charging policy (Result based or time based)

1. [Charge Rate Calculator](#)

Education

Step 1

- ☐ Do some initial reading
 - 1. [Bookkeeping for Dummies](#)
 - 2. [Bookkeeping education reference material](#)

Step 2

- ☐ Decide on which software platform(s) you will use and know

[MYOB](#) / [Xero](#) / [Reckon](#) / [Saasu](#) / Other

Step 3

- ☐ Obtain some initial training from the software companies (see above)

Step 4

- ☐ Obtain your Certificate IV in Bookkeeping (including the [BAS Agent skill set](#))

1. [Bookkeepers Guide to Certificate IV](#)
2. [Continuing Professional Education](#)

Step 5

- ☐ Obtain ICB Student

MYOB Training - [Link](#)

Professional Indemnity Insurance - [Link](#)

Reckon Training - [Link](#)

Saasu Training - [Link](#)

Starting a New Business - [PDF](#)

Starting a business (business.gov.au) - [Link](#)

TBP for BAS Agent Registration - [Link](#)

Videos to start or grow your business (business.gov.au) - [Link](#)

Xero Training - [Link](#)

Membership - provided by your ICB Certificate IV Accredited Training Provider or RTO

1. [ICB Accredited Training Providers](#)
2. [ICB Student Membership](#)

Step 6

☐

Be certified by ICB through [ICB's Practical Bookkeeping Assessments](#)

Commencing Business (May occur while the above takes place)

Step 1

☐

Register your Business (see above)

Step 2

☐

[Obtain Professional Indemnity \(PI\) Insurance](#)

Step 3

☐

Apply for ICB Membership at appropriate level

1. [ICB Membership levels explained](#)
2. [Apply online for ICB Membership](#)

Step 4

☐

Following obtaining at least 1 years bookkeeping experience, obtain a [Practising Certificate from ICB](#)

Step 5

☐

If you are providing a BAS service, then you MUST register as a BAS Agent

1. [What is a BAS Service](#)
2. [What can a bookkeeper do? What can a BAS Agent do?](#)

Step 6

☐

Understand and consider the "[How to engage with a client](#)" from ICB

Continuing to be Certified

Step 1

☐

Maintain the above registrations and insurance

Step 2

- ☐ Undertake the required [CPE \(Continuing Professional Education\)](#) each year

Step 3

- ☐ Undertake the ICB Annual Skill Review assessment

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Engaging an Agent for your Client

Unless you are a registered Agent you cannot provide BAS Services to your client. However, a bookkeeper can continue to work with that client and assist another Agent to provide those services to your client.

Acceptable business structures for Agents ([refer to article under the BAS Agents section of this newsletter](#))

A NON REGISTERED INDIVIDUAL/ENTITY provides BAS SERVICES by contracting another agent to supervise.

The Nature of this tri-party agreement is that the Client is relying on the Agent and not the bookkeeper for the provision of the BAS Services. The Agent may be utilising the Bookkeeper to perform some of the work but under the Agents supervision and responsibility.

Related templates available to ICB members:

- [Engagement Letter \(Client\)](#)
- [Agreement for contractor or employee](#)

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If RESC is wrong does it matter?

We are already aware of two large entities that have distributed their payment summaries with the WRONG amounts of RESC shown.

They have declared anything above 9% as RESC even where the employee has absolutely no influence over the amount of super. IT IS WRONG.

BUT
maybe it just doesn't matter!

We quote from the ATO website

“Incorrect amounts at reportable employer super contributions on payment summaries

Some employers have been incorrectly including compulsory super amounts as reportable employer super contributions on their employees' payment summaries, such as:

- super guarantee contributions
- industrial agreement (award) super contributions

Reportable employer super contributions should only include additional super contributions made by an employer, for example super contributions made on behalf of an employee under a salary sacrifice arrangement.

What to do next

If you have compulsory super amounts incorrectly included on your payment summary, ask your employer to provide you with an amended payment summary.

Already lodged your income tax return?

If you have already lodged your income tax return with the incorrect information, you may need to lodge an amendment request to that return if any of the following apply to you:

- dependant tax offset – spouse (without child or student), child-housekeeper, housekeeper, parent, spouse’s parent or invalid relative tax offset (T1 or T10)
- senior Australian or pensioner tax offset (T2 or T3)
- superannuation contribution on behalf of your spouse tax offset (T7)
- mature age worker tax offset (T12)
- entrepreneur’s tax offset (T13)
- deduction for personal superannuation contributions (D13)
- employee share scheme (Income item 12)
- are liable for Medicare levy surcharge (M2)
- entitled to superannuation co-contribution
- have a higher education loan program (HELP) or student financial supplement scheme (SFSS) debt
- receive benefits from or have to pay amounts to Centrelink or Child Support Agency.”

Further information at
<http://www.ato.gov.au/content/00251680.htm>

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PAYGW on lump sums / commissions

Withholding properly on lump sums/backpays and commission

It keeps coming up in discussions and questions and support calls. Fortunately the ATO procedure and policy for an employers obligation is logical: Work out what it would have been taxed at over the period of time and withhold that amount.

i.e. you don’t just add it to this pay and tax it as the software says. If it is backpay for 12 months then divide it by 12, add it to what was paid, note the difference in tax for that month, multiply it by 12 and you have the amount to withhold.

[Refer to the paper from the ATO](#) (produced in 2010 but still relevant)

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Fuel Tax Credit changes July 1, 2012

Use the rate when fuel was acquired It is important you use the correct rate for fuel you acquire and use in eligible business activities.

From 1 July 2012, you need to use the fuel tax credit rate in effect on the date you acquired the fuel. This may not necessarily be the rate in effect when you use the fuel or claim your fuel tax credits. This means you would use different rates for fuel used in the same activity if some of the fuel was acquired in periods that had different fuel tax credit rates.

For heavy vehicles travelling on a public road, continue to use the rate in effect when completing your BAS.

Example
Bob is completing his July 2012 BAS. In June 2012, he purchases 5,000 litres of diesel for his front-end loader which he uses in July. Bob did not claim fuel tax credits for this fuel in his June BAS, so is claiming it in his July BAS instead. When calculating his fuel tax credits for his July BAS he will need to use the rate that applied when he purchased the fuel in June, which is 19.0715 cents per litre. If he purchased the fuel after 1 July 2012, he would use the rate in effect in July 2012, which is 31.933 cents per litre.

You can use the rates in the [table](#) for liquid fuels (such as petrol, diesel or fuel oil) you acquire from 1 July 2012. Other than the rate for heavy vehicles, the rates in the table account for all changes from 1 July 2012, including the carbon charge.

For current and previous years' rates and rates for blended and gaseous fuels, refer to [Fuel tax credits rates and eligible fuels](#).

Fuel tax credit rates for liquid fuels from 1 July 2012 (excluding blended and gaseous fuels)		
Business use	Taxable liquid fuel	For fuel acquired from 1 July 2012
In a vehicle (including emergency vehicles) greater than 4.5 tonne GVM travelling on a public road - diesel vehicles acquired before 1 July 2006 can equal or exceed 4.5 tonne GVM.	Taxable liquid fuels - for example, diesel or petrol	12.643 *
Specified off-road activities in: • agriculture • fishing • forestry	Taxable liquid fuels - for example, diesel or petrol	38.143 cents per litre
Other off-road business activities where the fuel is combusted, for example: • mining • marine or rail transport (including emergency vessels) • nursing and medical • burner applications • electricity generation by commercial generation plant, stationary generator or a portable generator • construction • manufacturing	Petrol	32.623 ** cents per litre
	Diesel and other liquid fuels	31.933 ** cents per litre

• wholesale/retail • property management • landscaping		
Non-combustible uses, such as: • fuel you use directly as a mould release • fuel you use as an ingredient in the manufacture of products not for combustible use	Taxable liquid fuels - for example, diesel or petrol	38.143 cents per litre
Packaging fuels in containers of 20 litres or less for uses other than in an internal combustion engine.	Mineral turpentine, white spirit, kerosene and certain other fuels.	38.143 cents per litre
Supply of fuel for domestic heating.	Heating oil and kerosene	31.933 ** cents per litre

NOTES TO TABLE

* This rate accounts for the road user charge, which is subject to change.

** The rates for these activities account for the carbon charge, which varies for each fuel and is subject to change

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Super payments on the 28th not the 21st

Amendment to June 2012 newsletter

In the ICB's June 2012 newsletter we did say:

In order to receive a tax deduction in this year the Superannuation must be paid this year ie: before 30 June. If it isn't paid 21 days after the end of the quarter then no tax deduction ever. The ATO website states 28 days after the end of the quarter as payment cut-off date.

We do apologise for any problems or inconvenience this mis-information caused.

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BAS Agent Information

Extension for December Monthly Activity Statements

December monthly Activity statements now **DUE on 21 FEBRUARY**

The new lodgement program for 2012 /13 has been released and it includes one important extension

MONTHLY December Activity Statements not required until 21 February

Even where the Activity Statement has PAYG Withholding Monthly – it is not required until 21 February.

We have requested specific confirmation in writing as we don't believe the website makes it clear however have been assured by phone that the extension applies.

As normal it only applies to Agent lodged forms, by electronic lodgement. The date shown for lodgement will not be extended until after the form is lodged.

An update

The following clarification has now been received direct from the ATO.

- The Lodgement program 2012-13 – details of the program states;
- The December business activity statement for small business clients (that is up to \$10 million annual turnover) who report GST monthly and lodge electronically is due for lodgment and payment by 21 February.

Accordingly, to be eligible for the 21 February 2013 due date, the client must report GST monthly. The reporting period for the client’s PAYG Withholding role is irrelevant in regards to this eligibility.

Regarding the specific questions raised:

Where a tax payer is using a registered Agent to lodge their activity statements and they are normally Monthly for PAYG Withholding ie form G I believe; the new program provides them with an extension in relation to the December Month – so for December 2012 the monthly Activity Statement with Monthly PAYG Withholding is not due for lodgement or payment until 21 February. Could this be confirmed?

Response: BAS G is for clients with monthly GST and any other obligations. Accordingly, the client will be eligible for the 21 February 2013 due date because the December 2012 business activity statement includes a monthly GST role.

If they are quarterly for GST but monthly for PAYGW is it February 21?

Response: The due date for the December 2012 quarterly business activity statement, which would include the monthly PAYGW, is 28 February 2013.

If they are monthly for both GST and PAYGW is it February 21?

Response: The client will be eligible for the 21 February 2013 due date because the December 2012 business activity statement includes a monthly GST role.

If there is another form that relates to monthly PAYG Withholding – what is its new date under the lodgement program for December?

Response: Where the December 2012 activity statement does not include a GST role then the due date is 21 January 2013. Where it includes a monthly GST role then the due date is 21 February 2013. Where it includes a quarterly GST role then the due date is 28 February 2013.

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Time limits on GST refunds

Claim a BAS refund anytime within 4 years – but only 4 years!

The ATO have now confirmed explicitly the system that restricts refund claims to 4 years.

BAS related refunds (GST, WET, LCT or the net of the 3) can be claimed on any BAS unto 4 years after the BAS the refund SHOULD have been on. For specific examples we have included the ATO webpage below.

If a claim arises from a valid tax invoice received and dated 21 September 2012 then the correct BAS was the September quarter which was due for lodgement originally on the 28th October. Therefore a business lodging their own BAS would have an “Assessment date of 28th October”.

Therefore they would be able to claim this GST refund amount on a subsequent BAS anytime within 4 years from that Assessment date.

NOTE: You do not need to go back and amend the original BAS, just claim it on the next BAS.

If you lodge electronically arguably the “Due Date” is 2 weeks later hence our question is does that extended date become the “Assessment Date”? As an Agent you get another 2 weeks therefore is the “Assessment date” actually 4 week later? (ATO specialists are currently researching the answer to this question for us) Their answer: “Further to our phone conversation earlier today regarding the above issue, the reference is paragraph 93-5(1)(b) of the GST Act. As discussed, the relevant date is the date “you were required to give to the Commissioner a GST return...”.

As such, if an entity is granted an extension of time to lodge a BAS, then the four year period in which they can claim pursuant to subsection 93-5 of the GST Act begins from the extended lodgement date.”

Information from the ATO

Time limits on GST refunds

Do you have an outstanding indirect tax refund or GST credit?

Outstanding indirect tax refunds

An 'outstanding indirect tax refund' is any indirect tax refund that you are entitled to, but are yet to claim. The following table provides examples of the types of indirect tax refunds:

Refund type	Example
Refund of a net amount (of GST, WET and LCT) for a tax period	You are yet to lodge an activity statement for a tax period. Your net GST, WET and LCT entitlements for that tax period (which may include decreasing GST adjustments and wine tax credits) amount to \$2,000 and this amount exceeds your net GST, WET and LCT liabilities for that period (\$1,500). As a result, you have an outstanding indirect tax refund of \$500 which you may claim, subject to the four year time limit for indirect tax refunds (for more information, see The four year time limit for claiming indirect tax refunds).
Refund of an overpayment of a net amount (of GST, WET and LCT) for a tax period	Due to a clerical error, you report and pay \$5,600 net GST for a tax period instead of the correct amount of \$5,060. The excess amount (\$540) represents an outstanding indirect tax refund that you may claim, subject to the four year time limit for indirect tax refunds (for more information, see The four year time limit for claiming indirect tax refunds).
Refund due to an underreported initial net refund entitlement (of GST, WET and LCT)	You report that you are entitled to a net GST refund of \$1,000 for a tax period and

for a tax period	are provided with this refund. Subsequently, you discover that you unintentionally accounted for the same amount of GST twice and that your actual refund entitlement for the tax period is \$1,200. The excess \$200 represents an outstanding indirect tax refund that you may claim, subject to the four year time limit for indirect tax refunds (for more information, see The four year time limit for claiming indirect tax refunds).
Refund of indirect tax relating to an importation	You overpay \$100 GST in relation to an importation. This \$100 represents an outstanding indirect tax refund that you may claim, subject to the four year time limit for indirect tax refunds (for more information, see The four year time limit for claiming indirect tax refunds).

You may not be entitled to claim a refund if the reason for the refund is because you treated a sale as being subject to GST to a greater extent than it actually was subject to GST. For example, you may have incorrectly treated a wholly GST-free sale as being (partly or wholly) subject to GST. Generally, you will only be entitled to claim a refund if your customer is not registered for GST and you have refunded them the amount of any GST you have overpaid. For more information, refer to [Miscellaneous Tax Ruling MT 2010/1 Miscellaneous tax: restrictions on GST refunds under section 105-65 of Schedule 1 to the Taxation Administration Act 1953](#).

Outstanding GST credits for purchases

An 'outstanding GST credit' is any GST credit for a purchase that you are entitled to, but have yet to claim - including because you do not hold a valid tax invoice.

Generally, if you have an outstanding GST credit for a purchase, you do not need to revise an earlier activity statement that you have lodged in order to claim that credit. Instead, providing you hold a valid tax invoice, you can simply claim the GST credit in the next activity statement you lodge. This is, however, subject to the [four year time limit that applies to GST credits \(for more information, see The four year time limit for claiming GST credits for purchases\)](#).

<http://www.ato.gov.au/content/00235927.htm>

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Backdating a GST registration

Can you back date a GST registration?
Should you backdate a GST registration?
When **MUST** you backdate a registration?

A business making taxable supplies must register for GST when they pass the \$75,000 turnover threshold.

This can and does get missed from time to time.

The system does allow a registration to be backdated for up to 4 years. (It can go further if fraud is proved).

If your client has crossed the threshold and should register then you must. If they passed this threshold a year ago you should backdate the registration and change the accounting to include the GST impact.

Backdated registrations mean 1/11th of the taxable supplies is treated as GST collected so you have a payment to make.



[Do you agree?](#)

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Not For Profit

Is your Not for Profit still exempt from income tax?

[Information from the ATO](#)

Recently the ATO released a new version of our [Income tax guide for non-profit organisations](#) (NAT 7967). This version replaces Income tax guide for non-profit organisations (NAT 7967-03.2007).

The guide is for office bearers and advisers of non-profit organisations to use when self-assessing if they are exempt from income tax.

Self-assessing income tax status

The guide includes detailed information about the types of entities that can work out for themselves what their income tax status is. This includes the steps to follow to work out whether an organisation is exempt from income tax. The entitlements and responsibilities of being income tax exempt are also discussed.

The new version of the guide does not discuss the requirements for organisations that must be endorsed to access income tax exemption. These organisations are charities and income tax exempt funds.

For information about the endorsement process for charities and income tax exempt funds, refer to:

- [Endorsement to access charity tax concessions](#)
- [Endorsement process for income tax exempt funds](#).

The new Income tax guide for non-profit organisations is only available online and cannot be ordered from our publications ordering service. You can print a paper copy of the guide using the printer friendly format. This is available by clicking on the printer icon located on the right-hand side of the screen.

Is your organisation exempt from income tax?

The ATO have also released a new [worksheet](#) to help organisations self-review their income tax status. Organisations are either income tax exempt or taxable. The worksheet allows you to type directly into the form and save the completed form to your computer. The ATO recommend that self-assessing non-profit organisations use this worksheet on an annual basis and whenever there is a major change to their structure or operations.

Why is the ATO updating our products?

The ATO are making these changes to their information products in preparation for the start of the Australian Charities and Not-for-profits Commission (ACNC). As advised in previous news service articles, from 1 October 2012 the government has proposed that:

- the ACNC will be responsible for determining charity status for all Australian Government purposes and maintaining a charity register
- the ATO will continue to be responsible for administering tax concessions for charities.

More information

For more information about key reforms for the non-profit sector, refer to [Not-for-profit reforms](#).

For more information about the Non-Profit News Service, including how to subscribe and links to previous articles, refer to [About the Non-Profit News Service](#).

We encourage your feedback and suggestions for future topics to be covered by the news service. You can do this by:

- emailing the ATO at npc-publications@ato.gov.au
- phoning the ATO on 1300 130 248

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Continued Professional Education (CPE)

Cloud Based Accounting Webinars

ICB Australia presents: Introduction to cloud based accounting

Join us for a webinar on August 20, 2012 at 6:45 PM AEST.

Register now!

<https://attendee.gotowebinar.com/register/2046595003870364928>

ICB Australia presents: Under the hood of cloud based accounting

Join us for a webinar on September 24, 2012 at 6:45 PM AEST.

Register now!

<https://attendee.gotowebinar.com/register/244423977689618432>

ICB Australia presents: BAS Management Reporting & Business Insights in cloud based accounting

Join us for a webinar on October 22, 2012 at 6:45 PM AEST.

Register now!

<https://attendee.gotowebinar.com/register/4178273172220413696>

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One of the special benefits of being a Reckon Accredited Partner is receiving commissions on renewals of clients' Subscription products and Advantage memberships, but commission structures vary between different membership types. It's best to discuss and identify the right membership type with each person and then review the commissions for that membership type. However, for your article I have included the following information on the Reckon Accredited Partner Program and special benefits for ICB members.

Some of the benefits of joining the Reckon Accredited Partner program are as follows:

- Directed leads from Reckon customers looking for extra assistance
- Commission on renewals of clients' Subscription products and Advantage memberships
- Advanced hands on product training
- Business development opportunities including participation in Reckon events
- Annual re-accreditation event
- Access to a special member only section of the Reckon website
- Regular newsletters with accounting software tips, business information, new product information and special offers
- Extensive branding support and marketing collateral

Members looking for more in depth information on the Reckon Accredited Partner program can go to <http://www.reckon.com.au/Partners/Accredited-Professional-Partners>

A friendly reminder to members that as ICB members you receive a 10% discount on their first year's Reckon Professional Partner membership fee as well as a free copy of the QuickBooks Approved Training Guide, in addition to existing Reckon Professional Partner benefits.

For more information on special offers for ICB members go to <http://www.reckon.com.au/partners/ICB-Business-Partner>

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ICB Network Meetings



What would you do??

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

A new client has engaged the same 4 contractors for several years. On investigation, you discover that the same contractors have worked full-time for this business for this period. You discuss with the business owner that the contractors should be engaged as employees. The business owner informs the contractors who all threaten to walk out if they are made employees. The owner does not want to lose them so she does nothing and decides to leave the contractors as contractors. What should you do?

What do you think? Discuss at your network meeting, let us know your thoughts, post comments and questions on the forum.



[Let us know your responses and thoughts here](#)

Last month we asked you:

You have a client who has an employee off work on long-term workcover. Is he entitled to accrue long service leave, annual leave, sick leave while on workcover? Can he “cash out” any LSL or annual leave? Can he be on LSL or annual leave at the same time as receiving workcover benefits?

Our response:

The details will depend on the state the employee is in.

Entitlement Accruals: Workcover is not part of Ordinary Time Earnings and Fairwork does not generally deem Workcover to be service for which leave accrues. The only States which specifically provide for the accrual of annual leave during Workers’ Compensation are South Australia and Queensland—see below.

TAS: Cash out LSL—yes. No employee cannot take leave at the same time as receiving workcover payments.

VIC: Cash out LSL—no, unless overruled by an enterprise agreement. Yes employee can take leave at the same time as receiving workcover payments.

NSW: Cash out LSL—no, unless overruled by an enterprise agreement. Yes employee can take leave at the same time as receiving workcover payments.

QLD: Cash out LSL—no, unless overruled by an enterprise agreement. Yes employee can take leave at the same time as receiving workcover payments. Annual and personal/carer’s leave continues to accrue while on workcover.

NT: Cash out LSL—no. No employee cannot take leave at the same time as receiving workcover payments.

WA: Cash out LSL—yes. Yes employee can take leave at the same time as receiving workcover payments.

SA: Cash out LSL—yes, if agreed in writing. Yes employee can take leave at the same time as receiving workcover payments. In South Australia, annual leave accrues during workcover absence, however if the employee is absent for 12 months, the 4 weeks accrued is deemed to have been taken. If the employee is absent for less than 12 months the accrual remains on the books to be used at a later time.

ACT: Cash out LSL—no. No employee cannot take leave at the same time as receiving workcover payments.

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Upcoming Network Meetings

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

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

Webinars		
Online August 10, 2012 - 12pm	Online August 13, 2012 - 5pm	

Queensland		
Gold Coast (am & pm sessions) August 14th, 2012	Brisbane North August 14th, 2012	Brisbane South August 13th, 2012
South Sunshine Coast August 30th, 2012	Townsville August 10th, 2012	Bundaberg August 7th, 2012
Cairns August 31st, 2012	Toowoomba August 17th, 2012	North Sunshine Coast August 2nd, 2012
Morton Bay August 6th, 2012		
New South Wales		
Sydney - Balmain August 20th, 2012	Sydney - Bankstown September 5th, 2012	Sydney - Randwick August 21st, 2012
Sydney - Brookvale August 6th, 2012	Sydney - Hornsby August 9th, 2012	Sydney - Newport September 28th, 2012
Sydney - Sutherland August 22nd, 2012	Ballina August 3rd, 2012	Blue Mountains August 27th, 2012
Central Coast August 8th, 2012	Newcastle TBA	Shoalhaven August 13th, 2012
Orange September 6th, 2012	Bellingen August 6th, 2012	
ACT		
Canberra - Phillip August 14th, 2012		
Victoria		
Burwood August 1st, 2012	Mordialloc August 14th, 2012	Docklands August 10th, 2012
Lilydale August 17th, 2012	Geelong August 13th, 2012	Sale August 15th, 2012
Western Australia		
Balcatta August 6th, 2012	Bunbury August 27th, 2012	Melville August 1st, 2012
Joondalup August 20th, 2012	Midland August 8th, 2012	
South Australia		
Unley August 21st, 2012	Henley Beach August 24th, 2012	Para Hills September 5th, 2012
South Adelaide August 30th, 2012		
Tasmania		
Hobart August 9th, 2012	Launceston TBA	Darwin August 16th, 2012

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

No meeting in your area?

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



ICB Network Meetings are proudly supported by MYOB

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Other things happening in the world



Xerocon raises the future of bookkeeping..... or does it??

Posted by www.jetbookkeeping.com.au on LinkedIn

Xero is beautiful accounting software.

Not because it looks great. Not because of it's powerful automation features. Not due to the growing add-on partner network that delivers great solutions to most business needs. Not even because of the passionate team where the founders, investor (Craig Winkler, co-founder of MYOB), customer service staff and even accounting and bookkeeping partners share in a passion to make a difference to clients.

The real reason is that it totally disrupts the accounting and bookkeeping industry. These services will move from an annoying but necessary business expense to a useful investment that has a direct correlation to business success. Bookkeepers can no longer hide behind an hourly rate for entering data. Accountants can no longer hide behind outdated advise based on historical data.

Time intensive tasks are automated with minimal human input and all data is available instantly.

Which leaves two tasks for accountants and bookkeepers:

- implement business systems that take advantage of this automation and
- empower business owners to understand their figures and make great business decisions

Naturally, there is some compliance work to keep up with ATO changes, but this will become just a commodity that is added to the real service of providing clarity to business owners.

How Accounting and Bookkeeping will transform

In all of the sessions at XeroCon, the annual Xero conference held in Melbourne yesterday, there was a huge focus on how to transform accounting and bookkeeping practices into offering these new services.

While listening, my first instinct was that bookkeepers will be redundant in a few years. Data entry is automated and accountants have instant access to up to date financial information, so that they can give great advice. Hamish Edwards (co-founder of Xero) actually addressed this issue in a session.

Here is his take on the collaboration:

Role of Bookkeeper	Role of Accountant

Owns the transactions	Role of Bookkeeper
Keeps the ledger up to date	Management reporting
Provides daily reports to business owners	Financial reporting
Debtors & Creditors	Communication to ATO
Bank Reconciliation	Providing strategic advice

I am sure he is sincere and means it. But he is an accountant and the session went on highlighting how accountants can put together value bundles to deliver these services. Sort of as an afterthought, bookkeepers were mentioned as being able to do the same.

Where the real value is created

From all other sessions it was clear that the real value lies in providing management and financial reporting and helping business owners understand what they mean (providing strategic advice). All of these are shown on the accountant’s side.

In this vision bookkeepers are doing the daily reports. But really, how many small businesses are there that need daily reports interpreted by a bookkeeper? These reports come out of Xero at the click of a button and once a business owner knows where that button is, there is no need for further support on that level.

Transactions, bank reconciliation, debtors & creditors? I think they are either automated (or will be soon with some of the add-on partners and new Xero features coming up) or are handled easily and efficiently by the business owner. That leaves keeping the ledger up to date, which can be done through infrequent checking (quarterly for most businesses when the BAS is due) and tweaking the automation. Just as much a commodity as the tax work.

Which leads me to BAS. “BAS can be done by the accountant or bookkeeper, does not matter, they can just decide that.” Maybe Hamish did not say these words, but that was his message. It confirms the convergence and competition of the two services. Bookkeepers are investing heavily into becoming and staying registered BAS agents. Accountants do the same for being tax agents. Why would you give this income away? For a BAS agent it is essential income, especially with an average of only 20-30 clients.

Accountants squashing Bookkeepers?

My logical conclusion: it might be better to change from being a bookkeeper to being an accountant. But then I met John Birse from ICB and owner of the Jim’s Bookkeeping Franchise. He turned that around by reminding me that bookkeepers are often much closer to business owners. That the established trust is much greater. That the fees are much lower.

It leaves the potential that we’ll see bookkeepers really embracing this new service and just hiring a tax accountant to do the compliance work. In the same way that accountants already hire bookkeepers to do the data entry work today.

So what does it all mean?

Xero, the beautiful accounting software leads to competition between accountants and bookkeepers. And business consultants, really. While this might hurt these industries , the result is a much better and more valuable service to small business. The sales process will not focus on hourly rates any more (which had always created a dilemma: the quicker I was at my work the less I earned) but on the value created: What Return on Investment do I create for you by increasing profitability and reducing your time spent in running the business?

Xero needs accountants and bookkeepers right now. So naturally the message needs to keep the peace between the two. And reality is that the market is so large now that there is plenty of space for everyone and it will be like that for some years to come. But the ultimate outcome is that there will only be one integrated industry. Xero is blowing open the protectionism that accountants have established over years and bookkeepers have just created with the BAS agent regime. Both have the opportunity to adapt and change and expand into the same market. If they have the confidence, flexibility and foresight, there is a huge opportunity and the big winners are small businesses.

Xero is beautiful accounting software because of the positive impact it has on small business. And I will do everything I can to promote it, so that small business owners can have more beautiful lives.

[Click here to follow the debate](#)

ICB Comment in response

The missing part of the scenario described is that so much of “bookkeeping” is about actually running the business.

It isn’t about just matching bank statements to the business transaction record (which can be automated to a great extent). It isn’t just about matching receipts to the customer. It is about running the business. Issuing the invoices, having a business system that runs the business. Paying the creditors when it is appropriate, dealing with payroll.

Payroll is typically not standard and not mechanical it is about people and it seems most weeks are different. Also many businesses and it seems many accountants in practice don’t work with their clients in helping them in all aspects of business compliance with payroll.

ICB loves where software is going. ICB loves how Xero is helping change the face of processing etc.

But.....

Bookkeeping is far from dead and far from being left to the side.

Yes, the Institute of Certified Bookkeepers is about bookkeepers so you may be saying “of course you would say that”. But what we spend most of our time on is helping bookkeepers help businesses do business better. Yes we do the compliance but bookkeeping in Australia is far more.

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Modern Awards - Five key facts your clients need to know

Modern Awards have been a feature of the Australian workplace relations system since their implementation more than two years ago in January 2010. Despite this, I continue to meet countless employers each and every day who still tell me they don’t understand them or, worse still, don’t even know they exist. And, as you’re about to read, this lack of awareness can have very serious consequences for your clients.

Template available to ICB Members - Business Information sheet on "5 Key Modern Award Facts for Business".



Workforce Guardian provided this article as a free support to ICB and it's members

[For more details regarding Worforce Guardian, click here](#)

Fairwork publishes results of clerical award review

Fairwork has reviewed over 1500 businesses who should be applying the clerical award.

75% are complying

National clerical worker campaign reveals strong level of workplace compliance

19 July 2012

More than three quarters of businesses which employ clerical workers are compliant with federal workplace law, random audits by the Fair Work Ombudsman show.

The Fair Work Ombudsman launched a national campaign last year in response to significant calls and complaints from clerical workers.

Results released today reveal that 1232 employers (76 per cent) of a total of 1621 businesses scrutinised throughout Australia are compliant.

The campaign focussed on employers covered by the Clerks (Private Sector) Award 2010 and specifically those in accountancy and recruitment.

The ACT recorded the highest compliance rate of 85 per cent, followed by NSW and WA with 84 per cent each, SA and the NT with 82 per cent each, Tasmania with 76 per cent, Queensland with 71 per cent and Victoria with 69 per cent.

A total of 389 businesses (24 per cent) recorded contraventions. Of these, 63 per cent were technical breaches relating to time and wage records and pay slip requirements and 31 per cent were underpayment breaches. Six per cent of employers recorded both.

To date, Fair Work inspectors have recouped a total of \$171,024 nationally for 280 employees who had been underpaid.

This comprises \$87,645 for 98 employees in Victoria, \$46,752 for 143 employees in Queensland, \$21,669 for 19 employees in NSW, \$8855 for eight employees in South Australia, \$3977 for eight employees in Western Australia, \$2055 for three employees in Tasmania and \$71 for one employee in the ACT.

Forty nine employers remain under further investigation.

The Fair Work Ombudsman received more than 4000 complaints from clerical workers between 2008 and 2010 - 36 per cent of which were sustained.

Analysis of the Fair Work Ombudsman’s call centre statistics also showed that between January, 2010 and May, 2011 there were almost 11,500 inquiries from clerical workers.

In the lead-up to last year’s campaign, the Fair Work Ombudsman contacted more than 42,500 accountancy and labour-hire and recruitment companies and more than 23,000 female clerical workers aged between 22 and 25 to provide information about its free resources.

[Full release available here.](#)

SME's say revenue is declining

MYOB report – SME Revenue Declines & expectations for the future.

[Click here for the report from MYOB](#)

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From the ICB

This month...



Save 5% on everything at Dan Murphy's with a WISH Gift Card! That's a full 5% on top of any prices or promotions in-store or online!

To save 5% just buy Woolworths WISH Gift Cards through the link below - we'll charge you 5% less than the face value then you can spend the full value on anything. Gift Card orders are sent same day when you order by 11am so you'll be saving on your Dan Murphy's shopping quickly! [Click here](#).

ICBenefits is quick, it is easy and it is **FREE** for all ICB Members to register.



Start saving today..... just go to www.icbenefits.com.au (or click on the image to the left) and use your ICB member number to register.

If you have any questions at all regarding the program, in the first instance contact the rewards program provider on 1300 900 186 or on the www.icbenefits.com.au website.

Otherwise please contact ICB at admin@icb.org.au or 1300 85 61 81

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ICB June 2012 EOFY weekend workshop

In June 2012 ICB with the support of TAPS, conducted 4 weekend workshops around the country with 50 Bookkeepers (the max number) attending at each of the locations. (We also ran a one day session in Adelaide)

Day 1 – The Association of Payroll Specialist (TAPS) educated our members on the changes effective from 1 July along with some very intense need to know payroll information. Over 300 slides of information. Topics included :

- Update on the changes from 1 July – Allowances, Tax Offset, New Tax rates, LITO, Payroll tax and more
- EOFY – Information on the payments summaries e.g. Allowances,
- Dealing with 53 weeks or 27 fortnights in a year
- Tips and Tricks – Rate of pay on termination, options for car allowances, Long service leave, Paid Parental leave and more
- Taxing Backpay & Bonuses
- Method A & Method B for Employment Termination Payments

- And much more

Day 2 – Leanne Berry provided a more practical side about GST & BAS. The processing, procedures and getting ready for End of Financial year for Bookkeepers and their clients. Topics such as:

- Payroll EOFY guide
- Suppliers not registered for GST
- Recipient Created Tax Invoices
- Negative GST on transactions
- Chattal mortgages – the useful website Bretwissel which will print the Amortisation schedule
- Margin Scheme
- Pre Establishment costs
- Luxury Car Tax
- Cash to Accrual – GST reporting
- And much more

The weekend also provided a great opportunity for Bookkeepers to Network through the breaks and the Saturday night dinner. Feedback from members has been overwhelming with 92 % stating they would attend again in 2013. Other feedback from the survey was:

- Over 86% rated the content of Day 1 a 4 out of 5 or better
- Over 87% rated the content of Day 2 a 4 out of 5 or better

With the success of this workshop and the feedback from members we will certainly have this on our calendar for 2013. Thank you to all those members who supported us in attending the workshop.

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ICB Bookkeepers Forum thread of the month

PAYG Withholding

I would like some advice on how to handle a particular matter as a BAS Agent.

Particular client refuses to withhold 46.5% tax from suppliers with no ABN. They also have paid employees without getting tax file numbers and only withheld normal tax amount. I have advised them numerous times throughout the year (in writing) of their obligations.

Now, as BAS agent I am being asked to submit their information to the ATO and incorrect tax has been withheld. I am a bit unclear about the expectations of a BAS agent in regard to the PAYG Withholding. Should I be calculating the amount of underpaid withholding, reporting this and then advising client of the additional? Or do I submit their figures as requested?

To view this post on the forum please visit

<http://my.icb.org.au/Forum.aspx?type=&cid=0&tid=84523&lp=0&page=1&sort=>

ICB reply

1. As a BAS Agent you cannot knowingly make or permit to be made a statement that you know to be wrong.

It doesn't sound like you are being asked to make a false statement, you seem to be asked to make a statement based on what has happened even if what has happened is wrong.

However you can't lodge a statement that reports a whole lot of payments as having a legitimate tax invoice if you don't have a valid tax invoice, you certainly can't lodge a claim back for any GST if they don't have valid tax invoices.

Would also be argued that if you are to prepare the report that the client is relying on the. You should be reporting those no ABN suppliers and reporting that there is a withholding obligation 46.5% to pay.

If the client refuses then you should prepare reports that report the correct liability and advise the client of what is in the report. It is only the report with the correct numbers in it that you can report.

If the client refuses then don't lodge the report. If the client chooses to lodge different figures then don't be a part of it and ensure you have advised them of their liabilities.

2. as a BAS Agent you cannot assist a compliant to behave in a manner that does not comply with the law.

Are you paying the suppliers who do not have an ABN? You cannot be a part of helping a client break the law ie not withhold.

3. as a BAS agent you can only lodge correct forms that have applied the law correctly. You know the form is wrong you cannot lodge. The client must specifically consent in advance of exactly the numbers you are proposing to lodge and if they do not consent then you cannot lodge the form.
4. get paid and run away

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Client Newsletter - eBrief - July 2012

Welcome to the ICB July 2012 Bookkeeping eBRIEF, YOUR newsletter for YOUR business

Bookkeeping eBRIEF is a business newsletter - Bookkeeping eBRIEF is provided by ICB on a monthly basis.



Click the button to subscribe now and each month you will receive the Bookkeeping eBRIEF directly to your inbox

You can download the July newsletter for your clients here:

- [July 2012 Bookkeeping eBRIEF](#)

[Back copies are available here](#)

Templated client information newsletters are not a new concept but are certainly a new concept in bookkeeper space.

"The best bookkeepers using the best resources".

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What's new this month

New Resources

- How to.... ICB Step by step guides – Link – [How to...](#)

News Items

- [And you thought you were working under supervision](#)
- [MYOB releases 2012/13 tax tables](#)
- [ICB presents at Quicken updates during May 2012](#)
- [Protect your business from emergencies](#)
- [MYOB EMPDUPE files - small correction needed](#)
- [The ATO version of new tax table available](#)
- [BAS barcodes may be wrong](#)
- [The BAS Agent - Edition 27](#)
- [December BAS extensions for all agents](#)

Forum News

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

It is now 'business as usual' on the forum so let us know your concerns and queries as it comes up to this very busy time of year for bookkeepers - we are here to help!



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

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ICB Links

- [Apply for ICB Membership here](#)
- [Renew your ICB Membership here](#)
- [BAS Agent updates and information](#)
- [Other Newsletters](#)
 - [The BAS Agent](#)
 - [Workforce Education News](#)

- The Association of Payroll Specialists (TAPS)
- Calxa

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ICB Membership Statistics

3,422

1,902 Members maintain Fellow, Member, Associate, Affiliate and Educator membership, ICB also has 1,379 Student Members and 83 Subscriber Members.

ICB currently has 16 applications waiting approval and a further 42 application in process

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ICB Supporters and Sponsors

Insurance Made Easy providers of Professional Indemnity Insurance for bookkeepers and BAS Agents

MYOB has sponsored the ICB Network meetings as a direct support of the need for members of the ICB and other bookkeepers to get together for development and networking. MYOB has engaged ICB to provide the assessment knowledge and expertise behind the MYOB Approved Bookkeeper program

Xero proudly supporting ICB as a major sponsor to assist ICB in providing bookkeepers to their business and clients

ICB were very pleased to be involved in **Xerocon 2012**, for a report on what was covered start at <http://blog.xero.com/2012/07/xerocon-australia-live-blog/>

For information on some of their announcements:

<http://www.xero.com/downloads/pdf/announcements/23072012-xero-conference-highlights-australian-progress.pdf>

Reckon has joined ICB as a major sponsor to assist in providing Bookkeepers with solutions and benefits for their business and clients.

ICB Global continues to support ICB Australia through the provision of web resources, database infrastructure, bookkeeping resources, information and IT support.



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Please note that, in between newsletter issues, articles may be published straight to the *Latest News* section of the website. Please check the headlines which can be found in the top right of the website homepage, to ensure you stay up-to-date.

The Institute of Certified Bookkeepers complies with the Spam Act 2003 and we have a documented

Spam Policy on our website. You can unsubscribe from ICB newsletters and updates [here](#).

ICB's Newsletter contains news articles, links and regular sections that we feel will be of interest. If there is anything that you would like to see, whether a regular feature or a one-off, please let us know. Email your ideas to admin@icb.org.au

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

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

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

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

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.

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