

Bookies BULLETIN



AUSTRALIAN BOOKKEEPERS NETWORK

- 1 JULY CHANGES
- BLACK ECONOMY MEASURES TO IMPACT BOOKKEEPERS
- THE LATEST FROM THE SOFTWARE COMPANIES

...and much more!

2019
EDITION 3

Director's CORNER

Treasury is conducting a review into the effectiveness of the Tax Agent Services Act (TASA) regime after its initial 10 years of operation. Associations were invited to make submissions into the review. I have had a number of reminders in recent times of some of its shortcomings and they only served to reinforce some of the key suggestions included in the Australian Bookkeepers Association Submission.

After 10 years why is it that our clients have little idea of what the TASA is and who the TPB is? I suspect that most consumers have heard of the ACCC, the Consumer Credit Code and the many Ombudsmen serving their interests. The TASA is consumer protection law and the fact that we as agents are still explaining it to clients means that government has not.

In regards to our industry, we are seeing repeated displays of low levels of competency. Arguably the qualifications and experience benchmarks to gain entry as a BAS Agent are too low. Although we all have to start somewhere right? If the entry requirements are in fact too low, it would make sense to me to compensate for it by imposing on new registrants stricter benchmarks to achieve in their initial years of registration such as: further study after registration, increased experience to be registered, and a higher quota for CPE. Seriously!!! The current requirement of 17 minutes a week CPE has to be short of the mark especially for a newcomer.

We eagerly await Treasury's Initial Paper that consolidates stakeholder submissions (including our own submission) into the effectiveness of TASA and the TPB. That Paper is the first step in the government's review into the effectiveness of the TASA regime and the TPB's role in it. Your Australian Bookkeepers Association put in a [submission](#) (a full copy of which is available to members on its website). We will keep you posted as to the outcomes.

Peter Thorp
ABN Director



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Bookies Bulletin produced bi-monthly by the Australian Bookkeepers Network
3rd Floor—Plaza Chambers, 15 Dennis Road
Springwood QLD 4127

E-mail: info@austbook.net

Postal Address: PO Box 1140, Springwood QLD 4127

Telephone: (07) 3290 4914

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Disclaimer: The information contained in this edition is current as at time of writing (June 2019). Information contained herein is general in nature and is intended to provide guidance to bookkeepers in providing bookkeeping services for their clients. It is not intended to be taken as a substitute for you or your clients seeking professional advice in relation to their own specific circumstances.

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WHAT HAVE YOU DONE FOR ME lately?

ABN NEVER STOPS WORKING FOR ITS MEMBERS.
HERE IS WHAT WE HAVE BEEN UP TO OF LATE!

Year- End Payroll Webinar

In mid-June, we hosted an end of year payroll webinar. Australian Bookkeepers Network teamed up with payroll experts, Australian Payroll Association, for a webinar which provided bookkeepers with everything they need to know to prepare payroll for the end of financial year.

If you didn't view the webinar, you can find out more details on what it entailed and also purchase a copy from the [ABN Shop](#).

Single Touch Payroll Resources - Bookkeeper Radio

Transition to STP

We trust you enjoyed and benefited from our free transition to STP Resource we recently sent you. With the transition to STP for smaller employers having commenced on 1 July, the feature of this Kit is a video featuring an STP overview, the rules around STP transitioning, and the timelines. We then hear from experienced bookkeepers who show you how to actually connect clients to STP and lodge an STP Pay Event using some of the main software brands (including MYOB, Xero, Intuit). The Kit takes all the information that you have absorbed about STP and applies it in a hands-on, easy to understand way. Providing you with the best practical resources, that's your ABN.

Additional STP Episodes

[STP is Fast Approaching](#) with John Shepard (ATO), Nick Wilson (MYOB) and Mathew Prouse (Xero)

[STP a Stepping Stone](#) to New Clients Opportunities with Di Lucas (Direct Management) and Bianca Bowron - Cuthill (Intuit)

Technical Knowledge

Getting Technical

We recently emailed you the latest edition of our monthly publication *Getting Technical*. Although ABN already provides a wealth of in-depth technical material for members, we appreciate that from time to time very specific technical issues arise that you may need guidance on. *Getting Technical* fills that space. This latest edition dealt with announcement of the new minimum wage for the next 12 months – how much it is, who it applies to, and when it applies from.

WHAT HAVE YOU DONE FOR ME *lately* CONT...



Networking

Coffee Clubs

Our *Coffee Clubs* continue to power on throughout the country. Our wonderful Network Leaders have been out in their local area hosting over *Coffee Clubs* throughout Autumn.

Coffee Clubs are a community where bookkeepers can connect in what can be an otherwise isolating industry. Meet other like-minded people, share your knowledge, learn from others, and keep up to date with industry developments. You are only a *Coffee Club* meeting away from building your own professional network of friends and creating long-lasting relationships with your industry peers. To find out when the next *Coffee Club* is being held near you, subscribe to our [Notification List](#).

Business Bulletin

Are you utilizing our *Business Bulletin* to help nourish client relations? The ABN *Business Bulletin* is your pathway to building and maintaining successful customer relationship management, in no time at all. With simple and easy to follow instructions, ABN provides a quarterly high quality newsletter specifically tailored with insightful financial articles that relate to all business owners, no matter what industry they're in.

The PDF newsletter is designed to be personalised with your contact details or even a personal message. Don't waste your valuable time creating boring old email templates again. Align your bookkeeping business with a creative, reader friendly newsletter that your clients can print and read at their leisure. With no more time wasted, the personalised *Business Bulletin* saves you time and money!

The Winter edition – setting out for your clients the tax landscape following the recent Federal Election – is now available in the [Member Centre](#) of our website.

Industry News and Views – Bookkeeper Radio

In June, we hosted one of our most popular instalments yet of [Bookkeeper Radio](#). We focussed on the sometimes vexed issue of how to deal with client travel answering common questions including:

- How do you deal with the private component of travel?
- What records do you need when the Tax Man comes knocking?
- What's the difference between travel and living away from home?
- Should the employer reimburse travel costs or pay allowances?
- What is the correct treatment of food and alcohol?
- What is the correct treatment of entertainment while travelling?
- What is the correct treatment of travel allowances in payroll?
- What FBT records are required?

...and much much more!

Hosted on the 1st and 3rd Wednesdays of every month by our very own DJs, Peter Thorp and Kelvin Deer! ABN's *Bookkeeper Radio* offers a unique and insightful look at your industry. For each broadcast, see and hear your hosts interview a prominent industry figure and then give you the opportunity to ask your own questions. It's a fun, free and interactive way to keep up with industry news and views. View this and past editions [here](#).



BOOKKEEPER *Radio*

The show for every Bookkeeper in Practice
www.BookkeeperRadio.com.au

New Strategic Partner- Cyber Insurance

Accountancy Insurance worked closely with the ABN team to develop a unique cyber-insurance policy just for Bookkeepers. We think it's the best value in the market and ABN members enjoy special pricing. The policy offers great cover for you and your clients as well as a special first response feature. See their contribution on page 9 of this newsletter and their [partner page](#).

1 JULY

Changes



In addition to non-compliant payment measure (detailed on page 8), there are a number of other 1 July changes that bookkeepers should be across as we enter the new financial year.

Extension of the TPR Regime

The ATO is urging tax practitioners (including BAS Agents) to be proactive and get in touch with clients who may not realise that their industry and therefore possibly their business falls under the extended taxable payment reporting system ahead of the 1 July start date. To recap, from 1 July the TPR regime is being extended to the road freight, security, investigation, surveillance and information technology industries. Says ATO Assistant Commissioner, Colin Walker:

For the others that are coming [from 1 July 2019], it is a matter of trying to understand, of your clients, who are likely to be involved, and get them starting to collect the information today.

To determine whether your clients are required to commence reporting from 1 July, see our *Bookkeepers Knowledge Base* publication (edition 91) in the [Member Centre](#) of our website.

Single Touch Payroll for Smaller Employers

1 July is the soft STP start date for employers with less than 20 employees. However, you should not panic if clients are not ready by this date. The ATO Commissioner, Chris Jordan, released a statement in which he confirmed that there will be no penalties applied on employers – for mistakes, missed reports, or late reports – for the first 12 months of STP. The ATO is taking a flexible, reasonable, and pragmatic approach with the emphasis on getting employers into the system slowly.

1 July is a ‘soft’ date from which time employers are encouraged to begin transitioning into STP reporting. There is a three-month grace period until 1 October 2019 by which time it is expected that smaller employers will be STP-compliant. However, even then, there are [a range of extensions and deferrals that may be available](#).

Indeed, deferrals will be granted to any smaller employer (less than 20 employees) who requests additional time to commence STP reporting.



If you are a registered tax or BAS agent and have multiple clients that will not be ready to report, you can use the [Registered agent bulk request form](#) if:

- the payroll software you use has a deferred start date and you need additional time to implement STP beyond that date
- the payroll software you use is STP-enabled but you need additional time to implement STP
- the payroll software you use is discontinued, and you need additional time to implement new STP-enabled payroll software
- the software used by your clients is STP-enabled but you need additional time to implement the solution across all relevant clients
- there are other extenuating circumstances where you or your

1 JULY *changes* CONT...



clients require additional time to implement STP.

Many practitioners see STP as an opportunity to engage with clients to not only manage their transition into the regime, but perhaps also:

- Give their clients a digital check-up by upgrading or tailoring their accounting software (with accompanying training), and recommending various add-ons that may be useful
- Use STP as a segue into offering a range of wider payroll services to the client.

For single employer deferral requests, see the ATO website

Whistle-Blower Laws

New tax whistle-blower laws have come into force. From 1 July, protections and remedies are in place for tax whistle-blowers who make a protected disclosure about breaches or suspected breaches of the tax laws or misconduct in relation an entity's (including an individual or business) tax affairs. Prior to this, there was no specific legislative regime for the protection of such individuals (tax whistle-blowers). There was only the ability to make disclosures to the ATO via their Tax Evasion Reporting Centre by phoning **1800 060 062**. However, there was no obligation for the ATO then to protect the whistle-blower's identity and no protection for them from adverse consequences if their identity become known, such as an individual's employment being terminated.



Before we turn to the legislation, we note that there is no requirement under the current law (or in this new legislation) for tax practitioners to report to the ATO any illegality or suspected illegality by clients in respect to the tax laws or any other aspect of their affairs. The ATO, Fair Work Australia, the Tax Practitioners Board, and professional associations generally do not require you to report any illegal or suspect client conduct. Rather, you are only required to not participate in that conduct and to act in accordance with taxation laws even where your client instructs or encourages you to do otherwise.

A disclosure to the Commissioner of Taxation qualifies for protection under the new rules if the tax whistle-blower has "reasonable grounds" to suspect that the information indicates misconduct or an improper state of affairs or circumstances, in relation to the tax affairs of an entity. This includes income tax (including CGT), GST, and FBT etc. Therefore, breaches relating to workplace laws (such as the underpayment of workers) or other taxes such as those administered by State revenue offices, are not covered. Information provided by tax whistle-blowers may include, for example, details of non-compliance with a tax law, tax evasion, a scheme set up to avoid tax, unexplained wealth, or any other tax-related misconduct.

The legislation impacts tax practitioners in two ways. Firstly, practitioners are eligible whistle-blowers. Under the legislation you are permitted to "blow the whistle" on clients or former clients if you have reasonable grounds to believe that they are engaging in tax-related misconduct. If you do so (and we're by no means encouraging it) you are protected from any detriment that would otherwise flow from that disclosure including immunity from:

- Fines or other sanctions imposed by the Tax Practitioners Board for breaching the Code of Professional Conduct in respect of:
 - o Code item 6 – duty of confidentiality
 - o Code item 4 – act in the best interests of your client
- Penalties contained in the Privacy Act
- Any civil action taken by your clients, such as for breach of a fiduciary duty owing to the client
- Any contractual, common law action such as for breach of contract pursuant to your Engagement Letter.

Secondly, tax practitioners and auditors are among the listed recipients. Therefore, you may receive information from eligible tax whistle-blowers in respect of your clients (e.g. from their employees, contractors etc.). Where this is the case, the tendency may be to pass on that information to your client. However, doing so would expose yourself or your practice to criminal liability – large fines and/or imprisonment for revealing the identity of the tax whistleblower – under the new regime. Therefore, to avoid breaches, it's recommended that if you have employees, internal procedures be put in place within your practice in the event that qualifying disclosures are made by eligible whistle-blowers (acknowledging that most disclosures will be made to the ATO rather than tax practitioners).

Importantly, even where eligible disclosures are made to you as a recipient, you are under no obligation to refer the matter to the ATO. As a recipient, the extent of your obligations is to protect the identity of the tax whistle-blower from whom you received the information.

ENGAGEMENT & EFFICIENCY IN YOUR *Business*

BY KERAN MCKENZIE

I found myself recently making that classic parent mistake of booking a work activity over a school fun night. As I sat with the family sharing that I'd be out on this particular evening my 6 year old burst into tears and I didn't know why. It was a quick decision to rectify the situation and ensure she knew the importance of her in my life – work event, rescheduled.

Time is such a precious commodity today, and I know that in your business you have multiple examples where you simply run out of time, or wish you had more time in the day. The great news here is we live in a time where we can work smarter and optimise our time, while still investing in those precious times of connection with people.

Let's take a look through some examples of technology that can help shine a light on areas of efficiency and engagement within your business. Over the next 3 articles I'm focusing on the 3 specific areas, **tasks, communications** and **notifications**. These 3 areas tend to be focal areas of both engagement with clients and staff, and areas where time can be lost.

In this article let's start with the Task side of our businesses.

Tasks

A quick definition, a task is an activity that needs to be completed. Historically this has been the domain of a person (someone in the team, a client or an external vendor), however today that line is blurred with automation being able to complete some tasks for us. For example; using integrations to automate the transfer of data from one system to another.

There are many great task management tools on the market today, many coming from the technology sector but some like **Karbon HQ** being created from the ground up for the accounting and bookkeeping market. These tools generally focus on breaking tasks down, then grouping them into buckets of activity aligned with a workflow and they show these tasks as cards on a digital wall. This brings visibility to activities, and as these cards can be assigned to a person or set of people, there is ownership and accountability to the task. All of these tools focus on increasing collaboration and reducing time spent shuffling tasks between stages and people.

Asana: many accounting and bookkeeping teams love Asana for its simplicity yet flexibility when it comes to working the right way for the team, the project or the activity. Asana has task lists for a person, boards for a team or project and workflow views to manage deadlines and roadblocks.

Trello: a simple board-based solution, allows custom board setup and easy card creation. It's a great 'getting started' tool for those exploring these collaboration tools.

Karbon HQ: custom built around the core tasks in the accounting world, Karbon leverages cards and boards to ensure clear communication flow and allocation of tasks to teams.

These tools are fantastic at increasing our internal (and external) collaboration on tasks, and bring efficiency through a common platform of information. But what about actually doing the tasks?

MYOB, Xero, Intuit, Receipt Bank, HubDoc and more are of

course building
a u t o m a t i o n
tools into their

platforms to start performing tasks for us, are we however at the mercy of an external vendor for this? No, you can use integration tools to complete some tasks for you.

Zapier: a well known service that makes it easy to connect tools you already use to ensure data flows quickly between them. As an example: you could connect the 'contact us form' on your website to ZAPIER and have it automatically take new leads and bring them into your task management tool as an action to follow up, and add them to Mailchimp for your newsletter, and add them to your CRM. No need to copy and paste this data between the systems.

Integromat: is described as the glue of the internet, a very powerful and simple tool that allows anyone to pull together online tools to share data and perform actions quickly. Want to route communications from your website to the right Slack channel? Integromat can take data from a wordpress form, check it against Xero and then send it to either an existing client channel or a new prospect channel depending if that email exists in the Xero customer lists, all with no coding.

Where do I start?

If that all sounds overwhelming, start simply by visiting the website for Asana and Trello. They both have free options, so why not try them. If you are a sole operator in your business and you intend to use these with your clients, I suggest Trello, it's simpler. Just create a board per client to ensure confidentiality between clients.

If you have a team, I suggest this:

1. Share the link to Asana and Trello with your team, asking them to spend 20mins during the week exploring their sites and videos. Task them with creating a list of 5 things they think these tools could improve in the business.
2. Setup a Friday lunch session (60 mins) once this is done, and share together these findings with the intention of picking one of the tools. Spend at max 20mins on this.
3. Spend the next 20mins together with a laptop (projector/ screen if you have it) and get it setup. Have the team involved in the initial creation of the boards.
4. Challenge them to explore using the tool together for the next 2 weeks.
5. Have another Friday lunch session where you all review and talk through:
 - a. Is it working?
 - b. What did we get wrong when we set it up and can we fix it?
 - c. Is this something we want to continue using?

By having the team involved you'll get stronger buy-in from them and they'll have ownership with the tools in the business.



Happy
New Year

FROM THE BLACK ECONOMY TASKFORCE

A black economy initiative that is now law and operative from 1 July warrants closer scrutiny by bookkeepers. The initiative was geared at a common problem within the black economy where payments were made to workers but the payer failed to withhold or report these payments to the ATO. The payee typically did not report these payments in their income tax return and the payer claimed a tax deduction for the payment. This initiative seeks to deny a deduction for such payments.

How it works: Section 26-105 of the Income Tax Act (“the new Section”) was introduced and it denies a tax deduction for “a payment” to workers (that would be subject to either PAYG Withholding or ABN Withholding) where nothing was withheld or reported to the ATO. The new Section also denies a deduction where an amount was withheld but you failed to properly report payments to the ATO.

It is early days and, as a consequence, there is limited material available from the ATO on the new Section. However, I am left with some burning questions:

- Is it possible there could be some unintended consequences out of this?
- Is there a lifting of responsibility being imposed on BAS Agents?
- If there is such a lifting in responsibility, do we think we have been properly informed?
- Does the ATO Commissioner have any discretion not to apply the new Section if there really is no mischief e.g. the payee does ultimately pay tax on the payment?

Looking at possible unintended consequences...

Let's say that an allowance is paid but does not have PAYGW deducted when it should have. The payment is reported and is included on a Payment Summary and the employee pays the tax shortfall on lodgement of their ITR. Should the employer lose a deduction for the allowance payment even though, ultimately, there is no tax shortfall? There are lots of examples of situations where withholding may not have occurred but income amounts are properly reported and the appropriate tax is ultimately paid e.g. a directors fee accrued in June or a simple error is made by a paymaster on an employee that did not claim the general exemption on the TFN Declaration. Should a deduction be denied in these cases?

In my opinion and in the absence of clarification by the ATO, I think BAS Agents need to be more vigilant around payments that need to be subject to withholding and subsequent reporting. Watch out

for ABNs that have been incorrectly reported. The current ATO position per their website is “Generally you do not need to check if the ABN quoted to you by a supplier is correct. If it looks reasonable, you can accept”. However the new Section provides no relief/exemption if an ABN “looks reasonable”. Rather, it says if you should have withheld for failure to quote a valid ABN (ABN Withholding), but didn't, then your client loses a tax deduction. In the near term and unless there is clarification to the contrary, it would be advisable to check the validity of all ABNs through software or on ABN Lookup.

Watch out for all wage and allowance payments including director's fees and bonuses and ensure you withhold where appropriate. The new Section talks about denying a deduction where “a payment” has not had PAYG Withholding deducted (not a series of payments); so on the strict wording of the new Section a single payment to an employee e.g. an allowance could be a target. That employee may have had wages taxed normally and all payments included on their Payment Summary, yet the employer may be at risk of losing a deduction for the untaxed allowance.

If you fail to withhold and/or report you can advise the Commissioner in the approved form and the client will not lose the deduction; that is unless audit activity has already commenced. ATO has given a little bit of comfort where you mistakenly treat a worker as a contractor when they really were an employee and you should have deducted PAYG Withholding:

“There may be a situation where you honestly believe your employee is acting as a contractor, so you don't withhold PAYG tax from their payments as they have provided you with their ABN. In this instance, although you have made a mistake and not withheld PAYG tax from payments you made to your employee, you won't lose your deduction for these payments because you complied with the withholding obligations for a contractor.”

To assist you ascertain who is an employee and who is a contractor, the ATO advise that you check with their Employee/contractor decision tool. The problem here is that just like the Cone of Silence, the Employee/contractor decision tool “is not working Max”. An example:

Julie the sole trader bookkeeper is a BAS Agent, she schedules her client's work to suit her team, charges an hourly rate, employs 4 bookkeepers who work on client files but there is no written agreement confirming this, she has 50 clients, has PI Insurance, has an ABN and her own business premises. To all intents and purposes she is a contractor to her 50 clients. Would it surprise you that the Employee/contractor decision tool deems Julie to be an employee of her 50 clients? The problem with the tool is that it does not ask enough questions. Julie's number of clients, employees, independence from her clients and business premises all serve to truly characterise Julie as a contractor. The tool does not check these and other relevant facts and simply does not ask the right questions to ascertain the true state of Julie's relationship with her clients.

Accordingly, in relation to contractors that “may” properly be characterised as employees, we would suggest you ask your client and/or their accountant to verify their true status for you.

by Peter Thorp
ABN Director

BOOKKEEPER RADIO

Join us on Thursday 4th July as we talk with Peter Holt - ATO Assistant Commissioner and head of this and other Black Economy Initiatives. [Register here.](#)



CYBER CRIME Targets

Definition of a Cyber attack **“An offensive manoeuvre employed by individuals or groups that target computer information, infrastructure, computer networks and/or personal computer devices by malicious acts”**

Should you be worried? YES! Cyber Crime is the fastest growing crime in the world

Bookkeepers and Accountants are prime targets due to the sensitive and personal information they hold on their clients in their systems.

Yet still.... So many business owners say “It won’t happen to me, the Cyber criminals are just after the big firms” – wrong, small to medium sized businesses are now the target of 43% of all cyber crimes! What is even worse, 60% of those same small businesses will collapse within 6 months of the sabotage

Cyber criminals are realising that larger organisations have better levels of protection whereas smaller organisations don’t have the cyber security expertise, they don’t have the budget to spend on cyber security and they are not up to date with all the different types of threats.

The reality is, the problem a small business has is that as soon as you lose the trust of your customers they are never going to come back.

Even though the amount of money that can be stolen from small businesses is significantly less, there are far more of them for hackers to target and they can act as a backdoor to the larger businesses they interact with.

Small businesses are also being attacked for their customer base to access their passwords because people tend to use the same passwords in different systems, there is a wide range of threats that small businesses are now facing

These include stealing the credit card details of customers, making business owners pay fake invoices, or holding small business owners to ransom after blocking them from their own systems.

Cyber crime now costs the economy more than \$1 billion each year, and last year alone Australia experienced a 30% increase in the number of cyber attacks. We are going to see an increasing number of cyber attacks and unfortunately it is the new normal and small businesses are on the radar

To be adequately covered, you need a FULL Cyber insurance policy - not just an extension under a Professional Indemnity policy.

A cyber insurance policy will not prevent a cyber attack, but it will help to get your business up and running again as quickly as possible following an attack.

A Cyber Insurance policy has 3 components:

1. First party – covers you for your own costs to repair and restore your own IT system
2. Third party - Provides cover to third parties in the event your systems were breached and private data is available in the public domain
3. 24/7 global rapid assistance

In addition, fines and penalties resulting from a security breach under the mandatory reporting laws and loss of business income following a security breach

In order to be fully protected, call Accountancy Insurance on 1300 552 867 to arrange a quote or click on the link below:

<https://www.accountancyinsurance.com.au/pi/abn-cyber-insurance.html>

Accountancy Insurance is the leader in protection for accounting professionals, assisting more than 3000 firms in Australia, New Zealand and Canada

Established in 2003, we specialise in Tax Audit Insurance, Professional Indemnity, Cyber Insurance and Management Liability

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CLOUD updates

The latest from the Software Companies



Wrap up your EOFY beautifully with Xero!

It's nearing the end of financial year again. But not to worry, Xero has you covered.

We've put together some helpful EOFY resources with some of our best webinars, articles, and checklists to help you through your busiest time of year.

We'll help you prepare your main tax returns, help you process end of year payroll with and without Single Touch Payroll, and complete end of year reporting and more in Xero.

Check out our EOFY resources [here](#) and close out your end of year, beautifully.



Reckon

As the 1 July 2019 Single Touch Payroll (STP) deadline moves closer, approximately 749,000 employers will be required to digitally lodge their payroll reporting directly to the ATO every pay run. To help you make the most of this opportunity and get your clients STP ready, we are excited to announce we now have [3 affordable payroll solutions!](#)

Reckon One Payroll

Our new payroll only product - Reckon One Payroll - helps your clients manage wages, super and STP for unlimited employees for just \$5/ month. It's the ideal solution for clients that need an affordable way to do pay runs and compliance. [Learn more](#)

Reckon One

Reckon One is perfect for your clients that need both payroll & online accounting functionality. Get started with core accounting and payroll for \$10/month, with the ability to add invoicing, bank feeds etc to suit the client's needs. [Learn more](#)

Reckon Single Touch Payroll App

Our new mobile app is for small business customers who don't want a payroll solution. It enables them to send STP reports to the ATO from their mobile - for free! Ideal for employers with 1- 4 employees. [Learn more](#)



MYOB Partner Connect success is the shape of things to come

21-22 August. Melbourne Convention and Exhibition Centre

MYOB Partner Connect is the heartbeat of the thriving MYOB community. A place where lifelong connections are made. A place where the inspirational come to be inspired by an exciting line-up of speakers, including:

- Future Sandwich – Futurists and Authors of the MYOB Radar Report
- Manal Al-Sharif – Activist and one of Forbes top 50 women in tech
- Holly Ransom – Expert in disruptive strategy and increasing leaders' capacity for change
- Along with many more amazing guest speakers and members of the MYOB team.

With access to [over 50 sessions from handpicked industry experts](#), at MYOB Partner Connect you shape your own success:

- Improve your workflow efficiencies with hands on sessions
- Accelerate your own business growth
- Identify opportunities for new revenue streams
- Find the time to focus on the things that matter most to you

[Secure your tickets today](#)

NUTS & bolts



key DATES

1 July

Start of the 2019/2020 financial year

1 July

Smaller employers (less than 20 employees) begin to transition to Single Touch Payroll

14 July

Provide Payment Summaries to employees (if not STP compliant)

21 July

Lodge June monthly Activity Statements

28 July

Make Superannuation Guarantee contributions for June quarter

28 July

Lodge 4th quarter Activity Statements (if lodging by paper)

14 August

Lodge PAYG withholding Payment Summary Annual Report (if not STP compliant)

21 August

Lodge July monthly Activity Statements

25 August

Lodge 4th quarter Activity Statements (if lodged electronically)

Mobile Strike Teams Coming to a Town Near You

Throughout June, as part of its Black Economy crackdown, the ATO visited the following number of businesses and locations:

- **Victoria:** up to 700 small businesses in Dandenong (with the focus on the following industries – building, pest control and gardening services, automotive repair and maintenance, and postal and courier pick-up and delivery services) and up to 500 businesses in Richmond (cafés, restaurants and takeaway food services, computer system design and related services, and architectural/engineering/technical services)
- **Queensland:** up to 400 small businesses in Maroochydhore (legal and accounting services, cafés/restaurants/take-away food services, building, pest control, agricultural and gardening services, and personal care services)
- **Northern Territory:** up to 200 small businesses in Katherine, Batchelor, Bees Creek, Adelaide River and Pine Creek.

Going forward, the ATO says it will visit 10,000 businesses across the country each year for the next three to four years. Businesses can expect a visit from the ATO if they suspect a business is:

Hiding sales and not declaring income

- Paying cash in hand
- Underpaying workers
- Not registered for PAYG
- Not registered for GST.

In regards to the above, there is nothing itself wrong with paying or receiving cash provided clients are keeping records (including non-electronic) to support their sales, purchases, and payments to employees. Of course Tax Invoices are required before making a GST claim, and PAYG Withholding / ABN withholding and reporting obligations must be met.

As well as the above dot points, the ATO identifies businesses to visit through data-matching, risk models, behaviour monitoring of previously audited taxpayers, reports of suspected tax evasion from the community, and of course the ATO Small Business Benchmarks. Clients should be encouraged to compare their businesses with the Benchmarks. If your business falls outside the Benchmarks, don't panic. There may be a plausible explanation such as:

- Higher rent to turnover - a business may be located in a high-rent major shopping centre and consequently pay more rent than others in the same industry.
- Higher labour to turnover - a hair salon for example may only offer basic men's hair cuts rather than style cuts and therefore have a higher labour-to-turnover ratio than other hair salons.

The quickest and easiest way to work out how you compare is by using the business performance check tool in the ATO app, which does the calculations for you. The ATO app is available to download for free from the Google Play or Apple app stores,

Importantly, as part of the visits, the ATO will also be visiting tax practitioners of these small businesses as part of their early intervention strategy as it attempts to understand the drivers behind agent behaviour that may be leaning towards enabling black economy behaviour.

The ATO has previously said that its early intervention program for agents will not be an audit, but a discussion to look at a vast range of behavioural indicators, including sizeable amounts of amendments happening after tax returns are lodged, and high levels of outstanding returns and Activity Statements. Says ATO assistant commissioner, Colin Walker:

We'll discuss how you were selected as part of the population, we'll provide information about what behavioural indicators that we've identified, and we'll ask you to assist us in understanding your practices to get a better picture of your processes and what the drivers are behind what we're seeing.

Again, you shouldn't be worried about this – it is about ensuring we understand how you operate, we understand your practice, and we begin to understand what is causing problems.

If we happen to find no problems, that you just happen to have a specific type of client, that your processes are excellent, then it will be a nice amicable discussion over a cup of tea and off we'll go.

Is Your Page 'Liked'?

Perhaps the most effective cheap form of advertising to existing clients is via Facebook. Encourage clients to 'like' your page ("like us on Facebook") on your business cards, in your email signature, and in other marketing material. You will then appear in their News Feed where you can:

- Advertise your breadth of services (including any new services)
- Provide useful weekly tips (such as due dates, or dispelling common GST/payroll/superannuation myths)
- Check-in to seminars, professional development events you are attending – this all adds to your professional credibility
- Share some humour (take a photo of something that makes you laugh, for example).

It only takes a few minutes every day to post something and, in doing so, connect with many clients on a different, more personal, level and in turn build your business brand for free.

Super Guarantee Check

Although the Superannuation Guarantee Amnesty did not pass into law, it may be worth getting employer clients with outstanding Superannuation Guarantee to come forward and voluntarily disclose any recent past shortfalls. At the very least, you should stress to clients the importance of being SG-compliant moving forward.

The passing of the Superannuation Integrity Measures legislation just before Parliament rose for the Election, greatly increases necessity for employers to comply with their SG obligations. Some of the measures contained in the new legislation include:

- Giving the ATO Commissioner the ability to issue a direction to an employer to pay an outstanding Superannuation Guarantee liability or an estimate of the liability. An employer commits an offence if they are given a direction to pay the amount of an outstanding liability and the amount of the liability is not paid within the period specified in the direction (a minimum of 21 days). The maximum penalty for this offence is 50 penalty units (\$10,500), or imprisonment for 12 months, or both.
- The Commissioner can issue an education direction to an employer if it reasonably believes the employer has failed to comply with a superannuation obligation. An employer who has received the direction must complete the approved course, or for non-individual employers, ensure an individual who participates in the decision-making of the business as it relates to superannuation completes the course.
- The ATO may disclose to other employees and former employees information that relates to a failure or a suspected failure by the individual's employer or former employer to comply with the employer's superannuation obligations. Therefore, if one employee has approached the ATO about a suspected failure to pay superannuation, the ATO may inform all other employees of the business that they may have been underpaid superannuation (or not paid at all)
- Super funds are now required to report more regularly (at least once per month) to the ATO. Therefore, SG non-compliance is likely to be detected more easily and earlier.

The last of these measures in particular is likely to flush out non-complying employers and may well trigger an ATO audit of prior periods to verify superannuation compliance. By coming forward and voluntarily disclosing, clients can draw a line in the sand, free themselves from worry that they may receive a dreaded phone call



from the ATO down the track, and have a much greater chance of having Part 7 penalties waived by the ATO. This penalty may be up to 200% of the amount of the SG Charge payable. Of course, any decision to come forward should be made in consultation with the client's accountant. Where clients do disclose prior period superannuation shortfalls, you could then help to calculate outstanding amounts, and formulate a payment plan before lodging an SG Charge Statement with the ATO. You could then contact the ATO with your payment proposal, and seek to have the Part 7 penalties waived.

Password Security

Most online platforms and websites require passwords in order to access your account, log onto your work server, access cloud accounting etc. The recent data breach of food and restaurant search engine Zomato saw hackers steal 17 million user's data. What typically happens after such a breach where millions of user's passwords have been hacked, is that hackers then test these passwords on other platforms, for example, financial institutions to access your banking. Security breaches such as this underscore the importance of password security, and ideally having different passwords for each platform/website. This then brings with it the difficulty of remembering all these different passwords for the many sites and platforms that unlock our online world (for security reasons, writing them all down is not recommended!)

To this end, password manager sites such as LastPass and Enpass generate secure and different passwords for all your online logins. You only have to remember the one master password. The built-in password generator creates long, randomized passwords for each platform and website you visit that protect against hacking. Also, in the security space, our partners [Practice Protect](#) offer end-password frustration, and also gives your team fast, easy, and secure access to all your applications through one secure dashboard. [Practice Protect](#) can also divert unauthorised password reset emails to your nominated password manager, preventing team members from circumventing the policies you've put in place.

Some password security tips:

- Memorise your passwords, and do not write them down or store them electronically.
- Use different passwords for each platform/website
- When setting a password, use at least eight characters (if possible), and use a random mixture of characters, upper and lower case, numbers, punctuation, etc. Avoid using a word found in a dictionary, English or foreign.
- Consider the use of 'padding'. For example, while it's not recommended that you use common passwords such as Welcome123, by padding that password (using symbols, punctuation around it) for example, !!!###Welcome123***&&&, life is made infinitely more difficult for potential hackers.

Never reveal your password to anyone, other than when:

- You have visited the web site of the software vendor by typing their URL into a web browser, and
- You have self-initiated a password reset sequence from that web site.



Webinar – Securing Personal Information

On the topic of information security, the Tax Practitioners Board recently hosted a live webinar on the brand new topic of privacy and the securing of personal information. The webinar provides guidance on the steps tax practitioners need to take under the Privacy Act 1988 to protect the personal information of clients that you hold. The webinar, which was hosted live on 18 June, is now available as a recording. To access a recording of this and previous TPB webinars, visit their [YouTube](#) channel. The recording is complimentary, and is worth one-hour of CPE.

Top Bookkeeping Challenges

Continuing our series on the top bookkeeping challenges as identified by our [2018 Bookkeeping Business Benchmark Report](#) ... a number of bookkeepers identified the challenge of declining revenue due to cloud accounting software (i.e. less data entry and processing to undertake).

Here are just a sample of some of the service offerings ABN bookkeepers identified in our *Benchmark Report* that generate good revenue streams for bookkeepers (other than data entry and BAS):

- Payroll services
- Preparation of EOFY package for the Accountant
- Debtor management
- Business Consulting (cash flow statements/budgeting etc.)
- Management report preparation (KPI analysis and reporting)
- Software training to client
- Sale/supply and installation of accounting software including setting up chart of accounts and GST default codes
- Additional software add-on selections (e.g. stock systems, job costing, point of sale)
- Compliance speciality (other Government reporting and licencing specialties).



Year-End

With 2018/2019 now behind us, don't forget to make good use of ABN's Accountant Pack in [Pillar II of our Pillars of Public Practice program](#), when dealing with year-end records. This Pack helps you to produce quality, consistent work-papers to supply to clients and Accountants as part of the year-end financial process.

YOUR *Questions* TO ABN



Do you have a tax, BAS or bookkeeping related question? Or do you need some guidance on an ethical issue you've come across in your work? If so, log into the Member Centre of our website and use the [ABN Helpline](#).

Qualified accountants are standing by, waiting for your question.

Here's a recent sample of the many questions from members that we answer on a daily basis...

STP Lodgement

Q. If my client is not a micro business and therefore STP-compliant software is required, what are my options for reporting?

A. You can use client software and lodge via that, or you can use your own in-house payroll processing software or platform. There is no ability to lodge via the Business Portal, BAS Agent Portal, Tax Agent Portal, or via Online Services for Agents (OFSA).

STP and Employer Size

Q. What if a client changes from micro (1 to 4 employees) to a small employer (5 to 19 employees) during the financial year?

A. The ATO would expect the employer to transition to the small employer rules, which in most cases would require the adoption of STP-compliant software or outsourcing the lodgement to a registered tax practitioner (as opposed to using a low cost micro business solution) and submit data each pay run.

Claiming NZ GST

Q. Can an Australian business claim New Zealand GST? The client has no base in New Zealand.

A. While you obviously cannot claim the New Zealand GST via your Activity Statement in Australia, under changes that commenced in April 2014, non-resident businesses (including those in Australia) may in certain circumstances be able to claim back New Zealand GST via their tax system.

Your business client may be able to register for GST in New Zealand as a non-resident and claim New Zealand GST they have paid provided it:

- Received goods or services in New Zealand
- Didn't make or intend to make taxable supplies in New Zealand, and
- Are registered for GST in Australia or, if not registered, is carrying on a taxable activity with a turnover of more than NZ\$60,000 in a 12-month period.

If the client does not meet these conditions and is making taxable supplies in New Zealand, they will need to register under the [domestic GST rules](#), and claim GST via this route.

FIVE MINUTES WITH...

Debbie Demooy

PROFESSIONAL TITLE

CEO

BUSINESS NAME

Rad Bookkeeping & Business Solutions

LOCATION

Somerville, Victoria

PROUD ABN MEMBER SINCE

2011

FAVOURITE ABN SERVICE & WHY

Pillars of Public Practice



Let's start with a personal introduction—tell us a bit about yourself.

My partner and I have 4 children that we raise together. We enjoy weekends running around after all the kids and their sporting activities. I love music and going to live concerts and reading. I am passionate about my work life balance and strive to ensure that it stays at a wonderful level. We are very close to both my family and my partner's and enjoy spending time with them. I am very passionate about women's organisations and supporting them.

How did you get started in the bookkeeping industry?

I started with an accountant and a lawyer. I loved working with numbers and could see a niche that I thought I could fill between the business owner and the accountant in regards to their bookkeeping needs. The accountant was using a lot of time fixing the client's books instead of actually working on the tax side. I started studying more and taking courses. Online was literally just starting up with the ATO etc and gave me an opportunity that I grabbed with both hands and the result is this amazing business that now hires 9 staff, from a trainee to professional Bookkeeper.

Tell us about your bookkeeping practice. What services do you offer, what is the industry like in your area, etc?

Rad Bookkeeping & Business Solutions offers a wide range of services from accounts payable/receivable, bank reconciliations, all payroll needs, financial reporting and advice, all end year processes. I also act as Adviser on a lot of projects and businesses. I am an ASIC Agent as well as a BAS Agent. All staff have a minimum of Certificate 4 in bookkeeping. In our area, I have found a lot of home based businesses, and I think this is where I am leading the market in the area as I have an office and staff that are willing to work outside the regular 9am to 5pm, which is definitely a bonus. We offer clients any bookkeeping needs they require. We are not limited and more than happy to learn a new service to help any client grow their business and become more successful.

What is your opinion on the growth of the bookkeeping profession? How has it changed since you first started bookkeeping?

It has definitely been very interesting. With all the changes being made, both within the ATO and governing bodies, and the way programs are all about saving time, it has given bookkeepers the chance to grow exponentially and has offered such a wide variety of services, it has really opened up a gold mine for bookkeepers to expand or become specialized in a specific field.

What makes you passionate about bookkeeping?

Watching businesses grow. Small and Medium sized businesses are the backbone of Australia and keep the economy kicking over. Helping a new or struggling business grow or get back on their feet and watching their successes is both professionally and personally satisfying. I am very lucky to be a part of it on all levels.

What have you gained from your ABN membership?

I have benefited greatly from being a member with ABN. The constant support and help that is always on offer is truly amazing. I find them very helpful to me as a bookkeeper with a business with the information available for any issue or topic I need to research. The friendships I have made will last a life time.

Do you have any marketing tips or tricks you would like to share?

Be diverse, do not limit yourself. Surround yourself with staff who are very different and willing to adapt to all change. Be passionate, and make sure you stay true to yourself and your goals.

What essential advice do you have for other bookkeepers?

Learn and listen. Meet other bookkeepers in the area, network as much as possible and to use social media to your advantage. Ask other bookkeepers for help. We are all here to help each other and support each other.

What made you become an ABN Network Leader and why would you recommend it to others?

I became a network leader because I like to give back to the bookkeeping community as well as the ABN community with all the help I have received over the years and the success I have achieved.

Tell us what Coffee Clubs are about for you. And, as a network leader how do you prepare for your meetings?

I really get a lot from the *Coffee Club* with networking and meeting colleagues. Occasionally a client will come along that I cannot help, and to be able to recommend their business to local bookkeepers I have met through here has been really beneficial.