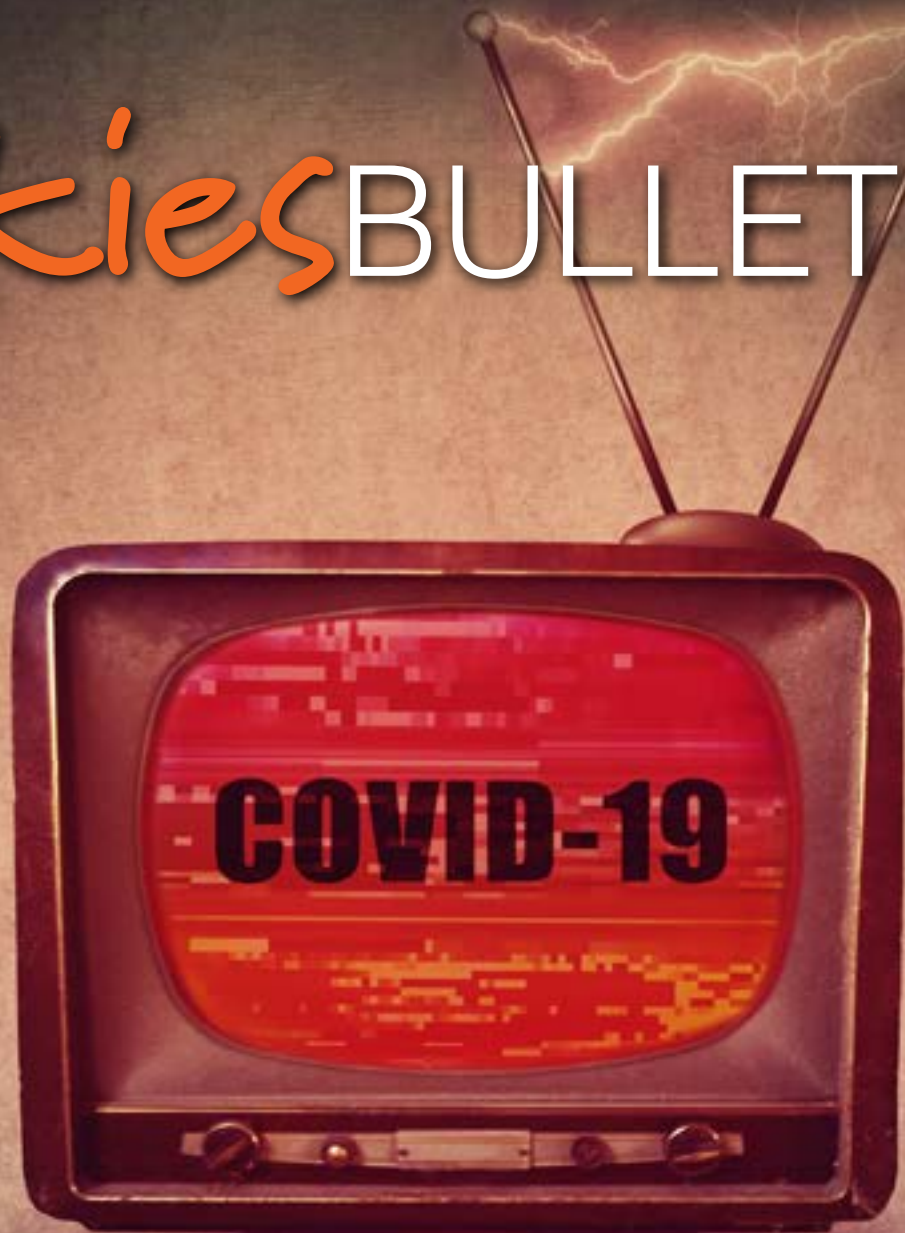


# Bookies BULLETIN



AUSTRALIAN  
BOOKKEEPERS  
NETWORK

- EMERGING FROM COVID-19
- THE IMPORTANCE OF DOCUMENTING ORAL ADVICE
- LATEST INDUSTRY NEWS

...and more!

**2020**  
**EDITION 4**

# Through the COVID Looking Glass

Just like Alice who went through the looking glass into the weird and wonderful world beyond, we too will ultimately go through the Covid looking glass. What will we find?

Right now, we have a crazy mix of information to digest (sickness, stress, border closures, vaccines, herd immunity, government support, government interference, business impact and the great unknown) all of which we could not have contemplated a year ago. At some stage (hopefully sooner rather than later) we will look back on this time and reflect on what we have learned, what has changed temporarily and what has changed forever. I look forward to the time when I can sit in a restaurant or café in bustling Melbourne with the annoying sounds of airplanes overhead and contemplate the new and real post pandemic world.

How has this pandemic thing affected the team at ABN? Covid has thrown challenges at us that we could never have imagined. To date, in mostly sunny Queensland we have been spared the more severe day-to-day restrictions that has befallen our friends in Victoria. We have however had a year like no other with endless behind the scenes government consultation and information to digest, distil and bring to you. We have worked tirelessly to bring you knowledge to help you and your clients navigate the best business course. This has meant that we have clogged your inbox with Covid Updates, Newsletters, Getting Technical, Buzz, Business Bulletins, webinar invitations etc for which we wholeheartedly do not apologise. In fact, we have been buoyed by the feedback from many members thanking us for volume and frequency of communication.

Kelvin and I have devoted many a Bookkeeper Radio session over the last 6 months to Covid. In fact we just finished a 3-part series that considered what happens when our clients go beyond JobKeeper. Maximising your clients entitlements before JobKeeper ends (including JobKeeper 2.0), financial budgeting and planning for our clients and dealing with terminations and reshaped workforces. If you did not get a chance to tune into these, you can view recordings in the member section of the ABN website.

Perhaps one of the more disappointing aspects of 2020 for the ABN team was the need to defer our October Conference in Cairns until next June. We are still committed to bringing you this event and look forward to it eagerly, subject of course to factors beyond our control. After we poked our collective bottom lips back in, our team bunkered down and hatched a plan to bring you an October Event anyway. Ticketing for the Digital Bookkeeper Event has just been launched and is an event befitting our planned Cairns Conference, it is choc full of great keynote speakers, technical talks and contributions from government. Our team set out to deliver many hours of quality talks and CPE for an unbelievably modest ticket price and I reckon they achieved that goal. Join us and Janine Allis (Boost/Shark Tank), Sophie Elsworth (Finance Reporter News Corp), Stephen Scheeler (former Facebook and Instagram Australia), Gus Balbontin (Lonely Planet) and Kate Ceberano and more as we bring you The Digital Bookkeeping Event.

If COVID has dictated that we can't bring you to the Conference we shall bring the Conference to you!

If you have not already had a look at the Digital Bookkeeper Event please do the logical thing and click [here](#).

By Peter Thorp (ABN Director)



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# WHAT HAVE YOU DONE FOR ME Lately?

## ABN NEVER STOPS WORKING FOR ITS MEMBERS!

### Industry News and Views



Have you checked out the latest episode of Bookkeeper Radio?

In this first of a three-part series which looks beyond COVID-19, we examined JobKeeper 2.0, including:

- The changes to employee eligibility that impact not only the extended JobKeeper program, but also impact the current JobKeeper claims right now
- employer turnover eligibility for JobKeeper 2.0 will be based on a single quarter tax period (rather than multiple quarters as previously announced).

Hosted twice 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 asking the tough questions and getting the answers you need! It's a fun, free and interactive way to keep up with industry news and views. Listen to a sample, [here](#).

### Paid Pandemic Leave

In our latest **Getting Technical** publication, we covered off on paid pandemic leave. All Victorian workers who are not already receiving income support, and who:

- are forced to self-isolate (for one of the earlier-listed reasons)
- have no sick leave, and
- cannot work from home

... are entitled to a \$1,500 pandemic leave disaster payment. On 26 August, the payment was also extended to Tasmanians who cannot earn an income because they are forced to self-isolate or quarantine at home, or are caring for someone, because of COVID-19. The payment replaces the Tasmanian Pandemic Isolation Payment.

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.

### Networking

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 Winter

**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](#).

### COVID-19 Resource Centre

Throughout the COVID Pandemic the team at ABN have continued to provide our Members with all the latest news, helpful calculators, webinars and as much useful information as we can find. One such place of information is our dedicated COVID-19 Resource Centre which details all the in's and out's of JobKeeper. The section is updated regularly so check back often as the information is constantly updated.

With the passing of JobKeeper 2.0 through parliament and into legislation you can expect to see plenty of information in your inbox as the ATO clarify the new rules and processes. As with JobKeeper 1.0 we will library this information on our COVID-19 Resource Page. If you haven't seen our COVID resource page, click [here](#) and checkout what we have on offer!

### Memorandum of Understanding (MOU)

The MOU entered into earlier this month sets out a framework for greater engagement, co-operation and information sharing between the TPB and your Australian Bookkeepers Association.

**ABA Chairman Peter Thorp:** *"the MOU is so much more than just a document, it is the spirit and intent with which it was entered into that will ultimately maximise the benefit to all bookkeeping/BAS Agent industry stakeholders. We look forward to working more closely with the key BAS Agent regulator; the TPB".*



By  
Peter Thorp

## EMERGING FROM COVID

A year ago we could not have contemplated life in a pandemic; right now we are living it. I reckon knowing a pandemic was coming (and knowing what we know now) our governments, businesses and people may have acted differently. Why? Because they would have planned better for it. Irrespective of your views on the longevity of COVID-19, (will it last for years? Will it degrade? or will it be treatable?), what is certain is that government support for COVID-affected businesses will end.

When will it end? October for the vast majority I suspect. More stringent criteria will mean that only those businesses that are suffering a more lasting impact will be able to cling to the financial support it brings. Maybe these businesses will get support (albeit at reduced levels) for up to 6 more months. These businesses are doing most of the heavy lifting for government COVID policy so they should continue to receive support. For businesses including hospitality, events, tourism, education and the many Victorian businesses facing forced shutdowns, the price already paid is a heavy one. Irrespective of the date it ends, we know government support will and must end. Had we known COVID was coming we would have planned better. We have the advantage of knowing that Government and other COVID support is ending and for most we even have the advantage of knowing when; so let's make sure we plan better for the exit from COVID than we did for our entry.

JobKeeper, Cash Flow Boost, and the myriad of other business support measures from payroll tax relief, landlord rent concessions, state government grants etc have absolutely cushioned small business from the worst possible financial outcomes. While welcome, the risk is that some businesses will underappreciate the effect of the relief measures being withdrawn. For some, ignorance is bliss, so it is time to encourage our clients to have a big reality check and start to plan their financial emergence from COVID.

So, what does a reality check look like to a business owner? Here is a suggestion: provide a profit and loss statement for their business for the 5 months to the end of August. Side by side, recast that profit and loss statement with no Cash Flow Boost, no JobKeeper, no landlord, lender or state government support – i.e. normalise it without any support measures. This will provide the business owner with a stark reminder of where they are really at. If the recast result still looks wonderful then happy days, if it looks marginal or sick then it is time to make remedial plans right now rather than waiting for the cash to run out.

Do we as bookkeepers have a role to play? Absolutely. We already produce financial data for our clients. Do our clients rely on us to look for financial icebergs? That will depend on your engagement with your client but ask yourself “would this client

expect me to raise issues of the financial health of their business or sit quietly on the sidelines?” If you at least want to promote discussion, consider a small undertaking like that described in the preceding paragraph. An exercise like that should at least spark a client's interest and for some it could be the reality check they need to act.

A reality check for some maybe all it takes for them to focus on their business and speak to their advisors (accountant, financial planner and you). For some, there will no doubt be some hard decisions to make about the way they do business or whether they should in fact be doing business at all. For many a serious review and planning exercise covering sales, margins, payment terms, product/service lines, suppliers, premises, labour etc will be constructive. For the lucky (those largely unaffected by COVID) it will be business as usual.

For those businesses that undertake the necessary planning for the end of COVID support, a very important piece of the puzzle will be reporting. Budgets, cash flow planning, break even analysis and timely historic reporting that monitors that planning will be extremely important and may well form part of your client engagement or extended client engagement.

For now, consider your role in your client's survival; would they expect you to have your head in the game? If so, let's start with them understanding when government support is likely to end. Let's get some basic reports together to let them know how they fared through JobKeeper and get them talking with their advisors about their financial future. Where needed, you may fill a vital role in regular and timely reporting as your clients emerge from the umbrella of COVID support.

Recently we ran a 3-part series on clients emerging from JobKeeper. If you missed it, you may find it helpful. Just log into the members Centre of the ABN website and navigate to the recordings of these sessions. There are also some very helpful handouts connected to Part 2 of the series titled Planning Your Clients Successful JobKeeper Exit (run on 26 August). Supporting handouts were kindly supplied by CPA Australia and they provided some useful guidance to clients working through COVID and from Succession + about building business value. We suggest you read and retain a copy of these.

We wish you and your clients all the best as you/they emerge from COVID.



# DOCUMENTATION AND NEGLIGENT ORAL ADVICE CLAIMS

**A recent district court case involving claims for damages as a result of negligent tax advice, underscores the importance of tax practitioners making contemporaneous file notes when providing oral advice to clients.**

## Overview

In *Hohnen v Hopkins* [2020] WADC 98 (2 July 2020), Mr Mark and Mrs Catherine Hohnen (the plaintiffs) sought damages in the District Court of Western Australia (the Court) in respect of oral advice allegedly given by their former accountant, Mr Rick Hopkins, to them and their in-house accountant at the time, Ms Janis Sawyer.

It was claimed that as a result of relying on their advice to enter into a particular scheme, the plaintiff's suffered loss and damages of more than \$360,000.

Ultimately, the Court (Justice Glancy, KH) found that there was

## FACTS

insufficient evidence to prove, on the balance of probabilities, that the negligent advice was provided. The claim was dismissed.

## Facts

The plaintiffs became Mr Hopkins's clients in the late 1990s. From that time until 2011, Mr. Hopkins prepared their personal tax returns as well as their SMSF return.

Mr Hopkins knew Ms Sawyer was Mr Hohnen's financial advisor and in-house accountant and had known her in this capacity for more than 20 years.

Mr Hopkins started working in the financial services sector since 1986, and obtained his qualifications as a chartered accountant within a couple of years after graduating. He has been a member of the Tax Institute since 1987 and has held various committee positions with the Chartered Accountants Australia and New Zealand.

Mr Hopkins became a partner of a Perth-based chartered accountancy firm in June 1997.

The unchallenged facts as set out in the judgement are as follows:

The crux of this case involved the sale of shares from a company, Oakhampton Pty Ltd. Mr Hohnen and his business associate Mr Meagher established Oakhampton in 1994, and it was used as a vehicle for making small joint investments.

The shares in Oakhampton were held as follows:

- Mr Meagher and his wife held 440 shares through the Peter and Olga Meagher Superannuation Fund
- Mr Hohnen held 150 shares
- Mrs Hohnen held 150 shares
- The Mark Hohnen Family Trust held 360 shares.

Given these holdings, Mr Hohnen effectively controlled 60% of the shares in Oakhampton, with Mr Meagher controlling the remaining 40%.

In early 2012, Oakhampton received approximately \$3.7 million from the sale of shares which it had held in a minerals company.

At this time, Mr Meagher was in quite a fortuitous tax position because his superannuation fund was in pension phase. Consequently, any fully franked dividends paid to his super fund from Oakhampton would be tax-free. He would also have the benefit of any franking credits declared by Oakhampton.

This favourable tax position was in contrast to the Hohnen's tax position. Because of the way in which their Oakhampton shares were held, Mr Hohnen and Mrs Hohnen would be required to pay tax on any fully franked dividends they received from Oakhampton.

Because Mr Hohnen earned income through other sources in the 2012 financial year, it was not thought to be financially advantageous for him to receive his share of the profits held in Oakhampton in one payment before 30 June 2012. Mr Meagher, however, wished to receive the entirety of his share of the profits held by Oakhampton in the 2012 financial year.

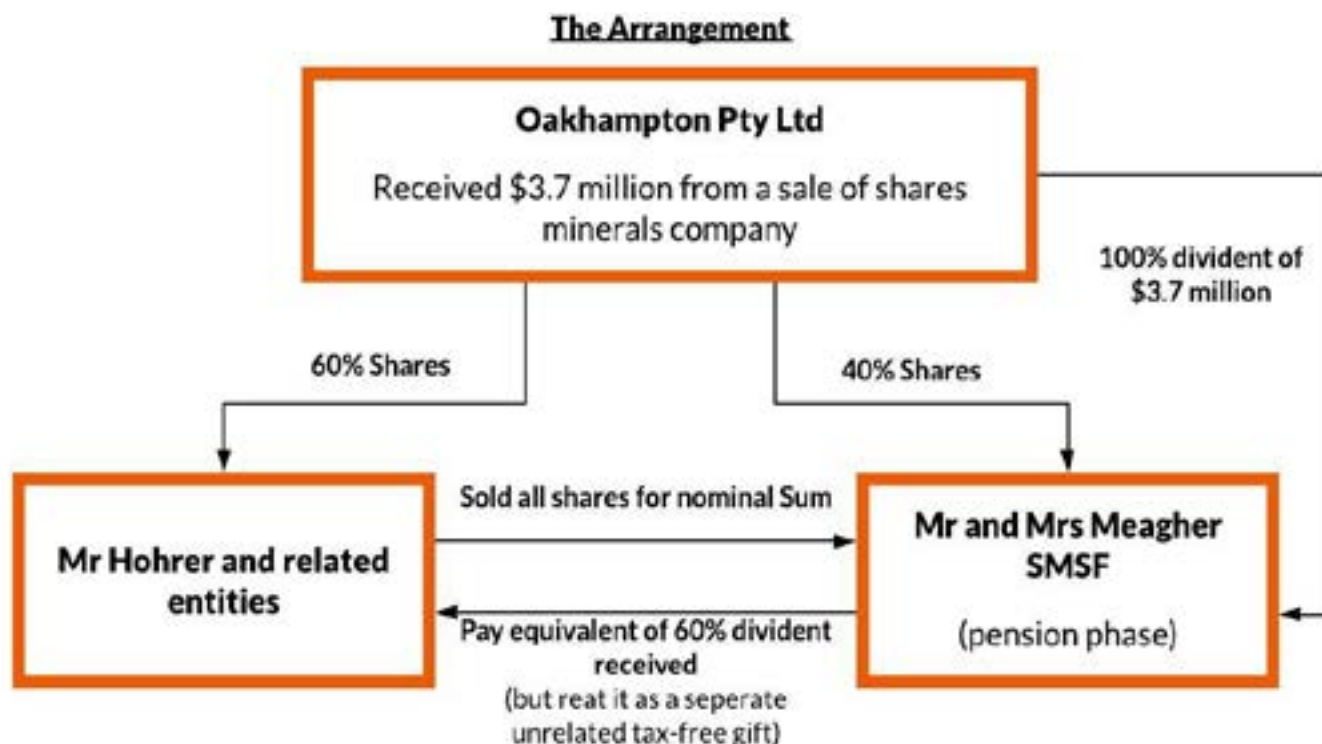
In an attempt to reduce the Hohnens' tax liability and facilitate the payment of Mr Meagher's share of the profits in Oakhampton in the 2012 tax year, Mr Hohnen and Mr Meagher agreed to sell the shares in Oakhampton controlled by Mr Hohnen to the Peter and Olga Meagher Superannuation Fund for a "nominal" sum.

Oakhampton declared a fully franked dividend of \$2.6 million and a franking credit of \$1,145,285 and paid that dividend to the Peter and Olga Meagher Superannuation Fund prior to 30 June 2012.

## DOCUMENTATION AND NEGLIGENT ORAL ADVICE CLAIMS CONT...



Mr Meagher then paid Mr Hohnen a sum which equated to approximately 60% of the dividend and franking credits (equivalent to his previous Oakmont holding) less the nominal sum paid for the shares.



Mr and Mrs Hohnen would then treat the payment made by Mr Meagher as a gift. Consequently, it would not be declared as income in their tax returns and would be tax-free.

It is alleged that Mr Hopkins proposed this scheme to Mr Hohnen or Ms Sawyer and said that no income tax liability would arise as a result.

The ATO subsequently audited Mr Meagher and this led to an audit of Mr and Mrs Hohnen for the financial years ending 30 June 2011 to 30 June 2014. The audit found that the payments by Mr Hohnen to Mr Meagher were taxable because the arrangement constituted:

- an arrangement to which the CGT market value substitution rule applied (in respect of the shares sold by Mr Hohnen to the Meagher super fund) (pursuant to section 116-30 of the Income Tax Assessment Act 1997 (ITAA 1997))
- an arrangement which constituted a dividend strip which was captured by the dividend stripping provisions in the general anti-avoidance provisions and the dividend was assessable without franking credits (s 177E of the Income Tax Assessment Act 1936 (ITAA 1936)) and/or
- an arrangement caught by the general anti-avoidance provision operating in its own right (s 177D of the Income Tax Assessment Act 1936 [Cth]).

Mr and Mrs Hohnen made a voluntary disclosure to the ATO and amended and resubmitted their 2012 tax returns, declaring the receipt of the \$2.1 million from Mr Meagher.

In addition to the tax they were required to pay Mr and Mrs Hohnen were also hit with interest and shortfall penalties.

### Arguments

The plaintiffs submitted that Mr Hopkins gave them oral advice at about five meetings during May and June 2012, and also during a telephone discussion with Ms Sawyer on 28 June 2012.

Mr Hohnen's evidence was that he recalled attending a meeting with Mr Hopkins on 31 May 2012. When asked if he recalled what was discussed at that meeting his answer was "in relation to the distribution from Oakhampton". Mr Hohnen gave evidence about an email dated 28 May 2012 which he sent to Mr Hopkins and Ms Sawyer in which he asks Mr Hopkins if it would be possible to meet on Thursday "to tidy up anything" (Thursday, being 31 May 2012).

For his part, Mr Hopkins contends that he did not propose the arrangement and did not advise Mr Hopkins or Ms Sawyer that the plaintiffs would not be liable for income tax on the payments received from Mr Meagher as part of the arrangement.





He argued that, as an experienced accountant, he would not endorse, suggest or participate in such an “obvious and crude” tax avoidance scheme. In any case, the plaintiffs could not have relied upon it for two reasons. First, because Mr Hohnen was a sophisticated and experienced businessman who would have known the advice was wrong. Secondly, Mr Hohnen was assisted in his business, accounting and taxation affairs by his in-house accountant, Ms Sawyer, who because of her expertise, education, and training, would have also known the alleged advice was incorrect.

While Mr Hopkins gave evidence that he did not personally make a note of the matters discussed at the meeting on 14 May 2012, he did have a “Memo to File” prepared by his associate. Mr Hopkins’ evidence was that after the meeting, he recounted to his associate the contents of the discussion and she then used this information to prepare a file note. The memo to file records: “...for the 2012 financial year, Oakhampton is not going to pay a dividend and the cash related to the capital gain will sit in the bank account”.

For her part, Ms Sawyer was unable to independently recall the content of the discussion of 14 May 2012 and had to rely on her “extremely brief” notes to refresh her memory. Her evidence then was that, although there had been a discussion about how to more efficiently structure the Hohnen Group investment in Oakhampton, they were, at that point, looking at the possibility of Mr Hohnen buying out Mr Meagher’s interest in the company. Her evidence was that nothing was decided about Oakhampton at that meeting and that it had concluded with Mr Hopkins agreeing to go away and consider the issue “to see how more efficiently we could utilise it within the Hohnen tax planning”.

### The Court

Two issues were at play:

1. Was the advice given?
2. If so, was it reasonable, given Mr Hohnen and Ms Sawyer’s experience, to rely on it?

On the first issue, the Court was not satisfied on the balance of probabilities that Mr Hopkins gave the advice which it was claimed he did in relation to the structuring of the arrangement and the way in which the payment made by Mr Meagher to Mr Hohnen pursuant to the arrangement would be treated for tax purposes.

**Mr Hopkins’s memo to file was found to be the best record of the substance of those discussions, given that it was comprehensive and was made close to the time when the meeting was held, and because neither Mr Hohnen nor Ms Sawyer gave evidence that contradicted what was recorded in it.**

Given Mr Hohnen’s lack of evidence as to the contents of those discussions, the Court was not satisfied on the balance of probabilities that the claimed advice was given.

### Take-home messages

- Where oral advice is in dispute, contemporaneous evidence, such as file notes (drafted, preferably, right at the time of advice) is key and will invariably trump any oral evidence later given in court. This is particularly the case when the author of those notes, in this case Mr Hopkins, has long-standing credibility in the profession.
- The onus is on the plaintiff to prove on the balance of probabilities that a practitioner has been negligent. The practitioner does not have to prove that they were

not negligent (in this case, that they did not provide the advice alleged).

### Bookkeeping perspective

Think about the things as a bookkeeper that might be useful to have faithfully recorded or understood at a later date:

- You might be asked to do something by a client or their accountant and be unsure of its veracity
- You may have given guidance to a client about the state of their finances
- You may have given guidance on the BAS treatment of an item
- You may have supplied information to a third-party
- You may have relayed information to a third-party (supplier, customer, government agency or lender) on behalf of a client

In order that you cannot be retrospectively held accountable for misinterpreted/misrepresented guidance, we suggest you convert matters into writing (email, email confirmations, file notes etc). By doing so, there is less chance of being liable, it may prove useful in defending a legal claim, it may be helpful to your PI insurer in the event of a claim, it will be useful in dealing with a TPB complaint etc.

Consider the two scenarios below which are quite common in the bookkeeping industry. More often than not there is nothing unsavory going on but it still pays to complete your due diligence and document everything should something untoward occur.

You receive direction from your client to claim GST credits on an acquisition that you suspect is private but have no certainty. A good idea would be to make a file note when arranging the client authority for lodgement you might include a summary of the result and confirm their advice to you of the transactions in question.

You receive direction from a client’s accountant to amend a BAS and the basis of the amendment seems complex and possibly dodgy given your understanding of tax law. There is nothing wrong with enquiring of the accountant (email or in writing) of the basis in case you are to explain it to the A.T.O. In this situation an email with cc to your client is a good idea or retain a copy of the response as your file note.



# NUTS & bolts



## TPAR and COVID-19

The ATO has reminded businesses that taxable payment annual reports were due by 28 August for payments made in 2019-20.

For that year, the TPAR regime was for the first time extended to businesses that pay contractors to provide: (i) road freight services (forming a combined "courier and road freight" category); (ii) security, investigation or surveillance services; and (iii) information technology services. These new categories join the following existing categories:

- building and construction services
- courier and
- cleaning services.

The ATO point out that as a result of the restrictions imposed by COVID-19, clients may be providing new or expanded services which may mean that for the first time, they have a reporting obligation. For example, restaurant clients may for the first time have offered a home delivery service during the year. Therefore, if they engaged contractors for the deliveries, the restaurant may be required to report under the courier services category unless a reporting exemption applies (such as where the courier services were less than 10% of their current GST turnover for the year).

TPARs can be lodged online including through Online Services for agents, via file transfer or via SBR-enabled software.

If a client's report was not lodged online using business software that offers TPAR, or their software does not allow them to amend the TPAR, they can amend the report by either [lodging your amendment online](#) or by [lodging your amendment on the paper form](#).



Tax and BAS agents can lodge TPAR amendments for their clients through Online services for agents.

## JobKeeper Changes

On 7 August, the government announced two further changes

## key DATES

### 21 September

August monthly Activity Statements – due for lodgement and payment

### 27 September

Final day to pay employees for the final JobKeeper fortnight

### 27 September

End of JobKeeper 1.0

### 28 September

JobKeeper 2.0 commences

### 30 September

PAYG Withholding Summary Annual Reports due for lodgement

### 21 October

September monthly Activity Statements - due for lodgement and payment

### 28 October

July-September Superannuation Guarantee contributions due for payment

### 31 October

Individual 2019/2020 income tax returns due for lodgement if not using a tax agent





# NUTS & bolts CONT



to the JobKeeper program. Firstly, employees hired as at 1 July 2020 may also be eligible to receive JobKeeper. Secondly, employer turnover eligibility for the revised JobKeeper scheme to commence on 28 September 2020 will be based on a single quarter tax period (rather than multiple quarters as previously announced).

## Employee Change

It's important to note that the one-in, all-in principle applies to the 1 July changes. JobKeeper employers must include all eligible employees. Following the 1 July changes, employers should consider which employees are now eligible to bring into the JobKeeper scheme, including:

- full-time or part-time employees employed after 1 March 2020 but on or before 1 July 2020
- employees who may have joined the business after 1 March 2020 but are currently stood down
- casual employees employed at 1 July 2020 who commenced their casual employment before 1 July 2019
- employees who may not have met the age condition as at 1 March 2020, but do as at 1 July 2020
- employees who may not have met the residency condition as at 1 March 2020, but do as at 1 July 2020

Having determined they are eligible, [Nomination Notices](#) should be provided to these newly eligible employees and then returned completed to the employer.

## Employer Turnover Change

From 28 September 2020, businesses and not-for-profits seeking to claim JobKeeper will be required to re-assess their eligibility for the JobKeeper extension with reference to their actual turnover in the September quarter 2020 (rather than the June and September quarters). Businesses and not-for-profits will need to demonstrate that they have met the relevant decline in



turnover test in this quarter to be eligible for JobKeeper from 28 September 2020 to 3 January 2021.

This change is particularly relevant for Victorian businesses many of which will have been severely impacted in the September quarter, during which Stage 4 restrictions were in play. They – and any other business – will now only be required to demonstrate the required turnover downturn for a single quarter (of September).



Businesses and not-for-profits will need to further re-assess their eligibility in January 2021 for the period from 4 January to 28 March 2021. Businesses and not-for-profits will need to demonstrate that they have met the relevant decline in turnover test in the December quarter 2020 (rather than each of the June, September and December quarters) to remain eligible for the period to 28 March 2021 (the March quarter).

## Engagement Letters

Before you start providing BAS services to clients, it's strongly recommended by the Tax Practitioners Board (though not compulsory) that you have a written agreement with the client setting out the terms and conditions of the engagement. This agreement can take the form of a formal agreement, a standard form handout, a brochure, leaflet or electronic communication. The benefits of an engagement letter are manifold:

- establishes a clear understanding of the elements of engagement
- assists in avoiding uncertainty and misunderstandings, especially over fees and scope of work to be completed
- helps you comply with your obligations under the Code of Professional Conduct (Code). However, the existence of a letter of engagement of itself does not mean compliance with any of the requirements or obligations under the Code.

While it's rare for BAS Agents not to put these in place for new clients that have come on board, ensure you have these in place for long-standing clients that you may have had before engagement letters became the norm (around the time that the Tax Agent Services regime was introduced in 2010).

Disputes, grey areas, and misunderstandings can arise with these clients just as often as with new clients. Review all clients and ensure your business relationship with them is underpinned by an engagement letter. Sample engagement letter templates are available on [our website](#).

## Review and Update ABN Details

In response to feedback from tax practitioners, the ATO has made it easier for you to review, save and print a summary of your and your current clients' Australian Business Number (ABN) details, making it easy to identify details that need updating.

This summary is not a certified extract of ABN details. To see the summary:

- access the Australian Business Register (ABR) online at <https://www.abr.gov.au/> and log in using your myGovID
- go to the new 'Print client details tab' next to the existing Cancel ABN details tab on the home page.

If you find the ABN details are not correct, you or your client must update them. It is important to keep contact details up to date because:

- ABN details are used by emergency services and government agencies to help identify and contact businesses during times of emergency and potential disaster. If ABN details are out of date you and your

client risk missing out on important assistance, updates or opportunities such as grants; and

- other businesses and government agencies use ABN details to identify genuine businesses.

The ATO recommends ensuring your and your clients' ABN details are up to date, including:

- contact details, like
  - » physical location;
  - » postal and email addresses; and
  - » phone number;
- cancelling ABNs for businesses no longer in operation. This can be done online and takes effect immediately.

You can update ABN details online through ABR online services using myGovID and Relationship Authorisation Manager (RAM).

## Work from Home Concession Extended

For the many bookkeepers who work from home, the [practical compliance guideline PCG 2020/3](#) has now been extended.

The guideline covers working from home and incurring additional running expenses in relation to your income-producing activities during the COVID-19 pandemic.

As the COVID-19 pandemic continues to affect the community, the ATO has now announced that the date of effect of this guideline has been extended by three months from its original cut-off date of 30 June 2020. The PCG now applies from 1 March 2020 to 30 September 2020. However, the Commissioner reserves the right to extend this date past the September cut-off.

Taxpayers eligible to use this new shortcut method are employees and business owners who:

- work from home to fulfil their employment duties or to run their business during the period from 1 March 2020 to 30 September 2020; and
- incur additional running expenses that are deductible under s 8-1 or Div. 40 of the ITAA 1997.

The shortcut method provides a rate of 80 cents per hour for running expenses and only require taxpayers to keep a record of the number of hours worked from home. This could be in the form of timesheets, rosters, a diary or similar document that sets out the dates and hours worked. As with claims for the 2019-20 income year, a notation stating "COVID-hourly rate" will need to be placed next to a client's deduction for home office expenses in the eventual 2020-21 return.

Running expenses include: electricity, gas, computer consumable such as printer ink, cleaning expenses, telephone, internet, depreciation on computers and other equipment (e.g. chairs, desks, filing cabinets).

### Example

Jay is an employee who is working from home as a result of COVID-19. He purchases a computer on 5 April 2020 for \$900. He marks in his diary when he commences and finishes work each day and also the length on any breaks he takes. All told, from his records he calculates that he worked 495 hours through to 30 June 2020.

Provided he retains his diary entries and receipt for the computer purchase, Jay's 2019-20 deduction under the new shortcut method is \$396 (495 hours x 80 cents).

Claims for working from home expenses prior to 1 March 2020 cannot be calculated using the shortcut method, and must use the pre-existing methods as follows:

- **Method 2 the fixed rate method.** Under this method,

## NUTS & bolts CONT



you claim all of the following:

- » a rate of 52 cents per work hour to cover heating, cooling, lighting, cleaning and depreciation of office furniture;
- » the work-related portion of your actual phone and internet expenses, computer consumables, stationery, etc.;
- » the work-related portion of depreciation on a computer, laptop or similar device.

- **Method 3 – the actual cost method.** Under this method, you claim the actual work-related portion of all your running expenses, which need to be calculated on a reasonable basis.

## Personal and Carer's Leave Clarified

Many of you will of course recall the Mondalez case back in late 2019 where the Full Federal Court ruled that an employees leave entitlements for 10 days of personal or carer's leave was to be based on a "working day" (rather than the notion of the number of hours in a standard working week). For a recap of what was then a landmark decision, see our August 2019 edition of [Getting Technical](#).

So by way of example, in Mondalez case some employees were working 3 x 12 hr days for a total working week of 36 hours whilst some employees were working 5 x 7.2 hr shifts for a total of 36 hour week. Under the Full Federal court decision the 12 hour employee would be entitled to 120 hours (12 hrs 10 days) of personal leave, compared to the other employees receiving 72 hrs of personal leave (7.2 hrs x 10 days)

This decision caused all sorts of grief for business and payroll operators who under the Fair Work requirements had to follow the court ruling and, as such, payroll was thrown into chaos in trying to determine each individual employees' personal leave entitlements based on their working day.

However, in a High Court decision handed down on 13 August, they overturned the Federal Court ruling and reverted to the notion of 10 days personal leave being based on an employees ordinary hours of work.... which is 1/10th of an employees' ordinary hours of work in a 2 week period.

Returning to our earlier Mondalez example.... both the 3 day shift worker and the 5 day shift worker were each working 36 hrs a week or 72 hours in a 2 week period. So now, each is entitled to 1/10 of this figure (being 72hrs of personal leave accruing annually).

## TPB COVID-19 Assistance

In response to the challenging circumstances tax practitioners have encountered this year as a result of COVID-19, the Tax Practitioners Board has offered support to tax practitioners through a range of initiatives which are summarised in a [just-released information sheet](#). The Board says these concessional arrangements are consistent with a whole of government approach to dealing with the COVID-19 pandemic.



## CLOUD UPDATES.

### All The Latest From the Software Companies

In our quest to bring you all the latest and greatest news from our partners in the software houses, we've gone straight to the horse's mouth and asked each of the major players to provide us with a quick summary of what's happening in the ever changing world of software! Jump in and have a look at all the latest offerings from software giants MYOB, Quickbooks and Reckon.

*Here's what they had to say:*



#### See QuickBooks latest updates in a live demo

We've arranged a number of live 45-minute QuickBooks demonstrations to show you why it's time to consider QuickBooks Online for your Small Business Clients

Save your spot! Click [here](#).



MYOB Showcase is a live, free, online event keeping accountants and bookkeepers at the cutting edge of product developments at MYOB.

MYOB Showcase will highlight the efficiency gaining developments from the Practice Solutions and SME product teams in a punchy, convenient session delivered directly to your device. MYOB Showcase is happening on Friday 2 October. Register today!

#### MYOB SHOWCASE

Friday 2 October 2020

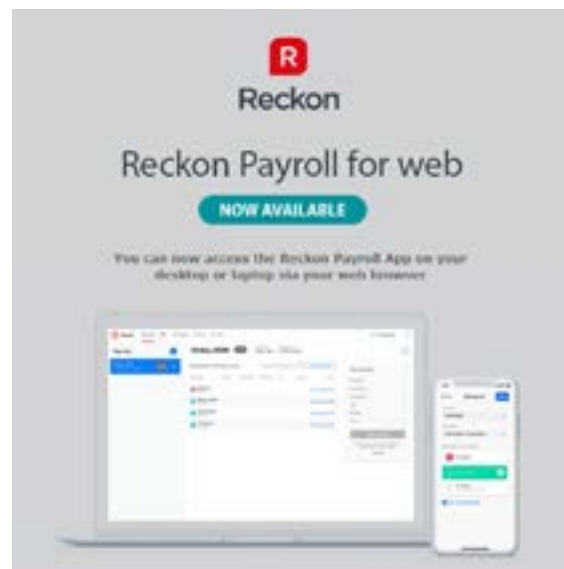
12 – 1pm AEST

12 – 1pm NZST

Free, online event

[www.myob.com/showcase](http://www.myob.com/showcase)

Note – registrations open in September so any planned activity should take place in September



We've just released the web companion to the Reckon Payroll App. This means you can now manage payroll using a PC or laptop via your web browser as well as your mobile. Log in with the same credentials as the app and any updates you make will sync across devices.

Get the ease and speed of the web with the flexibility of mobile – the complete payroll solution!

Try Reckon Payroll for Web [Here!](#)



recs, to payroll to BASs. I enjoy training my clients to perform the tasks they want to and help them with the rest.

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

Even 5 years ago, cloud accounting was not on my agenda. I would have to visit each client one by one. Not long after starting my business I was challenged to engage with cloud accounting. I was not keen. Fortunately, one of the Coffee Club members “encouraged” me to “get over it”. Thank you, Liz. Now, I provide better service to my clients without the need to travel.

**What does having an ABN membership mean to you?**

Someone to talk to when I run into a serious problem. I have requested help with ethical problems (clients, not me). More recently, help with ATO and JobKeeper issues have been greatly appreciated.

**What have you gained from your ABN membership?**

Support. The vast array of material on the portal of course. But also the ability to contact ABN when you run into a brick wall. Through Coffee Club I have met the most amazing people, where we help each other every time.

**What product or service of ABN have you found most valuable?**

The Coffee Clubs. I was roped into facilitating my local club 5 years ago when I contacted ABN to find one in my area. There wasn't one. So, you guessed it, I'm "it". I have only missed one or two meetings in 5 years.

**What essential advice do you have for other bookkeepers?**

Join ABN. Join a Coffee Club.



**FIVE MINUTES WITH...**

*Renae Marshall*

**BUSINESS NAME**

The Niche Bookkeeper

**LOCATION**

**FIVE MINUTES WITH...**

*Phil Diefenbach*

**BUSINESS NAME**

Stay Balanced Bookkeeping

**LOCATION**

Ipswich, QLD

**PROUD ABN MEMBER SINCE**

2015

**FAVOURITE ABN SERVICE**

Coffee Clubs

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

I have been keeping books as a volunteer, employee and self-employed for about 25 years but have been full time self-employed for about 5 years.

**How did you get started in the bookkeeping industry?**

By accident. My church needed a treasurer, so I found myself having to learn MYOB. The rest...

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

Most of my clients are small businesses. One-man tradies and those with a few employees. I service quite a few not-for-profits and churches. I have a few larger clients with in-house accounts teams that like outside help with BASs etc. Depending on the needs of my client, I provide everything from data entry to bank



Wangara, Perth WA

**PROUD ABN MEMBER SINCE**  
2017

### **FAVOURITE ABN SERVICE**

Website - Pillars of Public Practice. For the Tool and Templates.

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

I am from Perth and grew up by the beautiful beaches of Scarborough. I still live in the northern suburbs with my husband, 2 daughters and our beloved cat Milo. My favorite things are caravan holidays with family and friends, watching my girls play weekend sport, coffee, wine, and the Fremantle Dockers!

### **How did you get started in the bookkeeping industry?**

When I was not long out of high school I got a job as an office allrounder. It was for a distribution agency and part of my daily tasks was to invoice out all orders. From there I continued to have similar positions until I was employed as a bookkeeper for a small business. From there my husband started his own business 14 years ago in the Security Industry which I took on all of the administration duties. Perfect when we had a young family. Once my youngest daughter was at full time school it was time to look at getting back into the work force. However I found this very difficult to find the positions I was after without a qualification. I then took the next step and obtained my Certificate IV in Bookkeeping and Accounting which I completed in November 2017. By December 2017 I was a registered BAS Agent with a new business ready to take on clients.

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

As a sole trader, I only have small business with some very loyal and amazing clients. I have clients in hospitality, retail, however mainly I specialise in businesses in the Trade Industry. With my background working in my husband's Security business I can relate well with "Tradies" and help them get their accounts in order. I offer services from weekly bookkeeping for payroll, accounts payable and receivable to quarterly BAS lodgments for clients who process their own daily accounts.

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

From when I was first employed, there was no need to have a qualification or registration. I think this has been a valuable move to keep the industry regulated. There are so many small businesses that are starting out that need a registered BAS Agent that knows the correct requirements for their business.

### **What does having an ABN membership mean to you?**

As a sole trader, I have someone I can contact for advice and support. It is very daunting when you are trying to run a business all by yourself. I appreciate that the ABN are there to support our industry.

### **What have you gained from your ABN membership?**

When I first became a member, the Pillars of Public Practice with all the Tools and Templates were invaluable. It helped me set up my business correctly with all the legally required forms such as Engagement Letter and Client Authorities. Also with changes to legislation they continue to keep us informed with new procedures and requirements.

### **What product or service of ABN have you found most valuable?**

Just recently I had an issue with the ATO regarding Jobkeeper declaration which I couldn't resolve with them. I actually had no idea how I was going to work through it. Then it occurred to me to contact the ABN. Lightbulb moment! I was put in contact with Kathy Crew who understood my situation and helped me resolve the issue for my client. I couldn't be more appreciative of the assistance ABN has given me regarding this.

### **What essential advice do you have for other bookkeepers?**

Use the resources that the ABN have available. They have incredible knowledge and will go out of their way to assist you.

