



THE DEFINITIVE GUIDE

PROFESSIONAL BOOKKEEPING Including

NEW “BAS AGENT” registration

Being one
Becoming one
Remaining one
Where is this new law at

16 March 2009

www.icb.org.au

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This guide will be updated following each relevant development of the law and systems to do with BAS Agents.

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**The Institute of Certified Bookkeepers is a
Member based
Not-for-profit
Professional Association
of Bookkeepers
for Bookkeepers**

The vision of ICB is to provide Bookkeepers with the co-operative forum to be the best they can be. We are about bookkeepers: Recognition, Education & Resources

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Finally, Bookkeepers are recognised for their great contribution

Bookkeepers are the key to many businesses meeting their BAS obligations and coping with their GST obligations.

Finally the Australian Parliament is in the final steps of considering a piece of legislation that for the first time properly recognises the contribution and value of contract bookkeepers.

It is estimated that 500,000 small businesses use contract bookkeepers in some form to assist with their record processing, their payroll, their keeping of the books, the review and preparation of the BAS and their preparation of information for accountants year end and income tax requirements.

Since its inception in Australia, ICB have created the recognition that there are different levels of bookkeepers providing different levels of services, but more importantly ICB have provided the mechanism to ensure that good professional bookkeepers are creditable, that they are resourced & competent, that they are identified at their level of expertise. Finally, there will be recognition in law, of part of the bookkeeper community with the creation of the "Registered BAS Agent".

The Tax Agent Services Act 2009 has been passed through parliament as of 12th March 2009. Other sections of the law are not yet tabled before parliament. The impact and start date of the law is not due until the start of 2010.

The intention of the law was always to provide protection to the consumer i.e. create a legal framework that protects taxpayers in respect to the professionals (Tax Agents & now also BAS Agents) that they may use to assist them in meeting their obligations. The Bill as tabled has as its object 1) replacing the state tax boards (that register the current Tax Agents) with a National Tax Practitioners Board, 2) introduces a code of professional conduct for agents & 3) provides discipline sanctions upon agents. Through these mechanisms the law will move to positively develop the environment of professional assistance to business.

There are many professional bookkeepers who seek to be the best practitioners in assisting business in the many tasks required of them. Where a bookkeeper is being relied on to provide interpretation and advice to the client, provide certainty to the client about the BAS forms they are lodging or talking to the tax office on behalf of the client then they will need to register under the new law. The tasks of processing transactions, data-entry, payroll processing don't require the higher level of expertise and will not require the bookkeeper to be a registered BAS Agent. Many BAS Agents will provide a complete bookkeeping service from data-entry through to confirmation that their BAS reporting is correct and lodge that form with the tax office.

The legislation isn't all without concern:

- The new law fortunately requires formal bookkeeper practices, which in itself is fine, but the devil will be in the detail (which is yet to be released in any final form). The fear remains that the bookkeeper industry, while developing and improving in its professionalism and credibility, is made up by many part-time bookkeepers who work by themselves for a handful of clients and that they will not embrace the potentially positive changes and will further withdraw from any recognition or attempt to keep up-to-date. The increased regulation may be perceived as just too great to be worth it.
- Also, the new tax practitioners board has an immense amount of work to do in preparation for this new world for tax agents let alone them achieving an understanding of the bookkeepers world and creating the right environment for registration and regulation of the BAS Agent.
- The additional costs to a bookkeeper in being a BAS Agent amount to approximately \$3000 per year; while some already incur part of this cost in what they are currently doing, many will need to increase their charges to business.

Businesses already benefit from professional bookkeepers providing good competent service. This new law will create a formal recognition of those bookkeepers who do assist business with understanding and meeting their BAS obligations. This law does not apply to employed bookkeepers nor the do it yourself owner bookkeeper.

Businesses do not need this law to scare bookkeepers out of the industry. A smooth, timed transition program providing creditable steps into registration is a must.

ICB assists its members in planning for the new law, meeting the entrance criteria and maintaining their professional status. ICB recognises that not all bookkeepers will seek to be BAS agents and assists and guides those members in working with accountants and other BAS Agents to provide the complete service to clients.

Matthew Addison, Executive Director – ICB 16 March 2009



Not all Bookkeepers will be BAS Agents!

Not all BAS agents will do Bookkeeping!

When the new system is up and running what does it mean?

- 1) You must be registered to provide BAS Services
- 2) Registered BAS Agents must comply with law and the Code of Professional Conduct



Start of the New Law – The Predicted Timetable

From now until Start date

- BAS Services can be provided by non-tax agents BUT be legal (refer page 7).

Wednesday 12th March

- Australian Senate passed the Tax Agent Services Bill 2008 (TAS) final approval.
- Royal Assent is now required.
- Treasury will seek public nomination to positions on the Board (possibly April)

Thursday 26th March

- Closing date for submissions on proposed Transitional Bill (TB).

April 2009

- TAS enacted and receive Royal Assent
- New Tax Practitioners Board appointed.

April till December 2009

- New Tax Practitioners Board begins implementation of the new system

Late 2009

- The Transitional Bill (TB) to be tabled and processed by Parliament
 - this bill contains the detail that really effects the next 5 years)
 - The clock starts ticking on maximum 9 months before start date
- Hopefully the Regulations will also be finalised

January 1, 2010 (estimated could be 1 July 2010) – Start Date

- Transitional period starts (see below)
- First date that new “BAS Agent” exists
- Transitional notifications to be lodged – allows 2 years of continuing to trade
- Applications to register as a BAS Agent able to be lodged (possibly earlier but I doubt it)
- Code of Conduct as prescribed by the new law must be adhered to by all bookkeepers acting as transitional or actually registered BAS Agents
- All must have Professional Indemnity Insurance
- Government embarks on an advertising and information program to businesses about the new law (hopefully)

January 2010 till June 2010

- Notify Board that you are a Transitional Bookkeeper

January 2010 till no later than December 2011

- Act as a transitional bookkeeper
- Apply for your initial registration (see below)

Before December 2014

- Obtain educational qualification of at least Financial Services Certificate IV (Bookkeeping) or (Accounting) including a GST BAS taxation principles unit (refer page 9)
- Renew your registration

Please note, if the passing through parliament slips at any point then all other dates are likely to delay by the same period.

The 9 months to start date is the maximum period of time, however our information is that nobody expects to be ready before that date.

It is likely that the first and subsequent registration periods will be 3 years in length, however, this is the minimum period.



When it's law: what then?

Only registered “**BAS Agents**” may provide “**BAS Services**” for a fee.

“for a fee” means the law does not apply to employees of the business whose BAS is being considered or the business owners themselves. This law only applies to contract bookkeepers etc.

Therefore people or entities providing service to clients that fall within the definition of a BAS Service must have registered BAS Agents working with them.

An Individual must either be, or be supervised by, a registered BAS Agent.

Entities must have a sufficient number of BAS Agents involved in its supervision, systems and review.

Employees of an entity who provide BAS Services to clients where that entity/business is providing the BAS Services to the client must either be BAS Agents themselves or supervised by BAS Agents.

WHAT is a BAS Service?

Sn. 90-10 Meaning of *BAS service*

- (1) A *BAS service* is a *tax agent service:
 - (a) that relates to:
 - (i) ascertaining the liabilities, obligations or entitlements of an entity that arise, or could arise, under a *BAS provision; or
 - (ii) advising an entity about the liabilities, obligations or entitlements of the entity or another entity that arise, or could arise, under a BAS provision; or
 - (iii) representing an entity in their dealings with the Commissioner in relation to a BAS provision; and
 - (b) that is provided in circumstances where the entity can reasonably be expected to rely on the service for either or both of the following purposes:
 - (i) to satisfy liabilities or obligations that arise, or could arise, under a BAS provision;
 - (ii) to claim entitlements that arise, or could arise, under a BAS provision..
- (2) A service specified in the regulations for the purposes of this subsection is not a *BAS service*.

BAS Provisions can be understood to be completion of the Payable amount boxes on the BAS.

- GST amount collected or paid
- FBT Instalment amount or credit claim
- WET payable or refundable amounts
- Luxury Car Tax amounts
- Fuel Tax Credit amounts
- PAYG Withholding amount payable
- PAYG Instalments amount payable

Classroom or onsite training

- general training on the use of software is NOT a BAS Service
- general training around how GST works or is reported in the software is NOT a BAS service
- training that relates to exactly how GST works for a specific business – IS a BAS service

Install and configure software

- general software / bookkeeping / accounting configuration – No
- specifically determining what GST codes apply when – yes
- advising on legal compliance of the business tax invoice – yes
- configuring how a BAS like report is to be produced – yes
- implementing a default GST code list provided by a registered Agent to the business – No

If the client is relying on this install and configuration service to help that client ascertain their future GST/BAS obligations then it is a BAS Service.

Cont.

What is a BAS Service? Continued

Bookkeeping

- following instructions – no
- transfer data onto a computer program - no
- enter data – no
- code transactions (based on instructions) – no
- process payments – no
- prepare bank reconciliations - no

Advanced Bookkeeping

- If the client is relying on another registered BAS/Tax agent – no otherwise
- preparing an approved form – Yes
- lodging an approved form – yes
- giving advice about a BAS provision – yes
- “transacting” with the ATO on behalf of a client – yes
- Anything and everything where work is reviewed by another registered BAS agent – no
- Reconciling facets of the accounting records for a period – no
- Providing generic reports – no
- Preparing a report that is used to prepare the BAS – yes

When it's law: Action items from now - until - start date

In preparation for the new law but also in order to comply with the current law Sn. 251L(6) BAS Services may only be provided by:

- 1) Registered Tax Agents
- 2) Members of Recognised Professional Accounting Associations
- 3) If you are “Directed by a tax agent”

However various BAS like services are able to be provided by “Bookkeepers” who don't meet the above under current law (the requirements change under the new law):

- 4) Installing & configuring commercially available accounting software
- 5) Using commercially available accounting software to generate a BAS like report
- 6) Ordinary bookkeeping services

(for clarification refer to www.ATO.gov.au/bookkeeper or www.icb.org.au)

ICB members can download documents and precedents to assist with the establishment and conduct of the “Directed by Tax Agent” relationship with the clients respective tax agents.

ICB research has also resulted in a special program for ICB members to utilise Australian Bookkeeper Networks “BAS Wizard” program. This “Directed by Tax Agent” program provides a mechanism to comply with the Sn. 251L obligations.

When it's law: Action items from start date - until - you register

How to keep doing BAS Service work during the Transition.

There are two transitional methods of you being legally allowed to continue providing BAS Services after the start date:

A 2 year period is called the “Transition Period” during which you could be called a “Transitional BAS Agent” until you gain your registration.

- 1) If you comply with current law Sn. 251L(6) as at start date (Member of a Recognised Professional Association, Payroll service, Customs broker or Bookkeepers working under the direction of a registered tax agent)
Valid option is the ICB/ABN Strategic BAS Wizard Partnership.

or



- 2) If you currently “legally” provide a BAS service according to current law, including:
 - a. Installing and configuring software including GST codes
 - b. Using software to generate a BAS like report

And you provide these BAS services during the next 2 years

then for either (1) or (2) you are considered as though you were registered in the new system and you may legally continue doing that same BAS work for 2 years.

HOWEVER you must notify the Tax Practitioners Board of your status as a transitional BAS Agent within 6 months.

Alternatively

- 3) If neither of the above, you need to immediately apply for registration:
 - a. Within 3 years of start date (including straight away)
 - b. You may not yet have the required education qualification
 - c. You are a fit and proper person
 - d. You convince the board that you provide BAS services to a competent standard and have done so for a reasonable period.

Then you are eligible to be registered, but you have to apply before you do any BAS Service work.

When it's law: Action items during transition or after

1) Register immediately when possible if you are not able to be a “Transitional BAS Agent”
If you can't qualify under any of the above provisions during the 3 year transition period or following the expiry of the transition period then you are subject to the normal registration requirements.

A person must: Be aged 18 or more
Be a fit and proper person
Be qualified at least to Certificate IV Financial Services (Accounting) or (Bookkeeping)
Have successfully completed a course in GST / BAS taxation principles &
Undertaken at least 1400 hours of relevant experience with preceding 3 years

2) Register within 2 years if you are able to be a “Transitional BAS Agent”

A person must: Be aged 18 or more
Be a fit and proper person

Either Be qualified at least to Certificate IV Financial Services (Accounting) or (Bookkeeping)
Have successfully completed a course in GST / BAS taxation principles &
Undertaken at least 1400 hours of relevant experience with preceding 3 years

Or

Prove to the Board that you have “been providing BAS Services to a competent standard for a reasonable period” This 2nd criterion can apply to all registrations within the first 3 years of the new system.

3) Other registration matters

Companies and partnerships may register if

- Each director/individual partner is a fit and proper person
- not under external administration
- has not been convicted of a serious tax offence
- has sufficient no of individuals who are registered, to adequately provide BAS services competently and to supervise others

Individuals may register as a trustee

Pre 1988 tax agents and nominees get automatic registration



How do I apply to be a BAS Agent?

- 1) Apply to the Board
- 2) on the prescribed form (not yet available)
- 3) with the fee (non refundable after 30 days)
- 4) with additional paperwork the board may want

Registration details

- Apply
- Board must answer within 6 months or you must take action
- A Registration lasts for at least 3 years
- Conditions may apply
- Board may set a prescribed level of Professional Indemnity Insurance, if you don't have any
- Registration is conditional on remaining fit and proper

So what is "Fit and Proper"?

Good fame, integrity and character

NOT a fit and proper person if:

- (a) you are convicted of a *serious taxation offence;
- (b) you are convicted of an offence involving fraud or dishonesty;
- (c) you are penalised for being a promoter of a *tax exploitation scheme;
- (d) you become an undischarged bankrupt or go into external administration;
- (e) you are sentenced to a term of imprisonment.

Financial Services Certificate IV

JUST REMEMBER YOU DO NOT NEED TO RUSH OUT AND DO YOUR CERT IV - YET!

There are two types of Certificate IV courses mentioned in the Bill,

Your course must include a "successful completion of a course in basic GST/BAS taxation principles".

We do not yet know what the Board will approve but the only formal unit of competency in relation to this would be the Activity Statement unit currently included in the Cert IV Bookkeeping. This unit is not always included in Cert IV Accounting.

Which one should I do?

Certificate IV (Bookkeeping) has been around only for a couple of years but has been specifically created for the Bookkeeper / BAS Agent.. We believe this course is better suited for bookkeepers/BAS Agents. This qualification includes the Activity Statement unit of study by design. The units are more closely aligned to the role and skills of a Bookkeeper.

We are now informed by a number of Registered Training Organisations that they believe the Cert IV Bookkeeping is a better course as a precursor to Diploma or degree in Accounting. One RTO in particular offers 4 units of credit out of Cert IV Bookkeeping compared to 5 units of credit out of Cert IV Accounting. This is contrary to previous advice by others that "This course does not have a direct pathway into diploma or degree qualifications". However many of the units achieved in this course will provide credit towards any such further study.

The education system specifications about the Certificate IV in Bookkeeping:

This qualification is designed to reflect the role of contract bookkeepers and employees performing in the role of bookkeeper for organisations and who perform duties such as:

- establishing and maintaining accounting systems
- assisting with Business Activity Statements and other office taxes
- payroll
- developing management systems for organisations.

Industry Core Units

FNSICIND401B Apply principles of professional practice to work in the financial services industry

FNSICGEN301B Communicate in the workplace



FNSICGEN302B Use technology in the workplace
FNSICGEN304B Apply health and safety practices in the workplace

Sectoral Core Units

FNSBKPG401A Develop and implement policies and practices relevant to bookkeeping activities
FNSBKPG402A Establish and maintain a Cash Accounting System
FNSBKPG403A Establish and maintain an Accrual Accounting System
FNSBKPG404A Carry out Business Activity and Instalment Activity tasks
FNSACCT406B Maintain asset and inventory records
FNSACCT405B Prepare financial statements
FNSBKPG405A Establish and maintain a payroll system

Selecting electives for different work outcomes

Contract Bookkeeper

Industry Core Units plus, Sectoral Core Units plus
FNSICCUS401B Deliver a professional service to customers
FNSICCUS402B Maintain customer relationship

Certificate IV (Accounting) has been around for a lot longer. The Accounting certificate contains some units that are less relevant to the field of bookkeepers. Further details also on the website

This qualification is designed to reflect the role of employees who perform duties such as:

- completing Business Activity Statements (BAS) and other office taxes
- operational reporting
- producing of basic management reports
- producing basic job costing reports
- preparing budgets
- supervising the operation of computer based systems
- classifying, recording and reporting of accounting information
- maintaining inventory records
- managing a small office
- making decisions in a legal context.

Industry Core Units

FNSICIND401B Apply principles of professional practice to work in the financial services industry
FNSICGEN301B Communicate in the workplace
FNSICGEN302B Use technology in the workplace
FNSICGEN304B Apply health and safety practices in the workplace

Sectoral Core Units

FNSACCT401B Process business tax requirements
FNSACCT402B Produce job costing information
FNSACCT403B Prepare operational budgets
FNSACCT404B Make decisions within a legal context
FNSACCT405B Prepare financial statements
FNSACCT406B Maintain asset and inventory records

Selecting electives for different work outcomes

FNSICACC301B Administer accounts payable
FNSICACC307B Reconcile and monitor accounts receivable
FNSICACC401B Evaluate and authorise payment requests
FNSICORG516B Prepare financial reports to meet statutory requirements
FNSICORG517B Prepare financial forecasts and projections
FNSACCT407B Set up and operate a computerised accounting system
BSBADM408A Prepare financial reports
BSBCM406A Maintain business technology



Certificate IV - By when?

For existing bookkeepers who are legally providing BAS services in accordance with the current Sn. 251L(6) & (7) or under the ATO provisions relating to use of commercial software or “ordinary bookkeeping” duties; you may take advantage of the transitional provisions which mean you can continue doing what you do for the next two years and also that you can obtain your first registration without the Cert IV qualification.

You will need to obtain Certificate IV Bookkeeping or Accounting or better in order to renew your registration, 3 years after your initial registration.

For new bookkeepers,

- a) for the first 3 years after start date if you can satisfy the Board that you have been providing BAS Services to a competent standard for a reasonable period then you may be granted registration
- or
- b) following the start date of the new law, you will require the Certificate IV in order to obtain your first registration.

Certificate IV - How?

Registered Training Organisations “or similar” are designated in the proposed law as the appropriate issuers of the qualification. The RTO provision is consistent with the entire Australian Education Framework. The “or similar” statement requires clarification from the new Board.

RTO's provide their courses in a number of different ways

- Classroom (varying styles over varying times over varying periods)
- Distance (at home – or wherever you like, they send material and you work through it and then various assessment techniques)
- Assessment (different techniques of assessing that you have the skill or identifying gaps for further education)
- Recognition of Prior Learning (RPL) or recognition of prior competence (a variation on Assessments, it requires you to put together proof that you already have the skills required within each of the subjects)

As this is being written, we are being asked the question “How should I do the course?”

The answer depends on your personal thoughts and objectives that you wish to achieve out of the process!

- 1) If your aim is to learn everything from the base up: then “Classroom” or “Distance” would be the way to walk through the material in the course and have the RTO check that you learnt it.
If you wish to do it at your own pace as time (and motivation) permits then “Distance”
If you wish the discipline of having classes to attend and more rigorous deadlines to meet then “Classroom”
- 2) If your aim is to check your own knowledge and ensure for yourself that you do know what you think you know: then “Assessment” or an Assessment based RPL would test you, find any gaps, provide an education pathway to learn the gaps before reassessment
- 3) If your aim is to simply qualify because you do know: then “Assessment” is the way to prove it and be awarded the certificate
- 4) If you would like to get through the material quickly and be assessed then consider the Intensive workshop approach (ICB will be working with RTO's to bring intensive workshops to any location where we establish a sufficient number of candidates:

Certificate IV - Who?

For a complete list of providers of the Cert IV Bookkeeping and information on their respective courses refer to the ICB guide "Bookkeepers Guide to Cert IV providers: which can be obtained on our website.

ICB have found a limited number of RTO's prepared to engage with experienced bookkeepers in a creditable and understanding manner. While this number is increasing unfortunately many do not appear to be interested in embracing the experienced bookkeeper.

Research and review our Bookkeepers Guide to Cert IV: Each of these suppliers are able to provide the course through other methods and may be worth a discussion.

When you are evaluating which Certificate IV provider to use you should ask the following questions

1. Given my experience and qualifications, how would I now best approach obtaining my Cert IV with you?
2. What is that approach – Assessment? RPL (Recognition of Prior Learning)? Full course?
3. Is it a one type fits all course or is it tailored to work with who I am and what I can already prove etc?
4. What is the initial cost for entering that process? Assuming I follow through on any gap education with you what is the maximum amount I would need to pay to obtain Cert IV
5. Over what time period am I allowed to undertake the process?
6. How many hours both in the classroom and assignment or other hours outside of the classroom?
7. What style of Gap education – distance education or classroom or...?
8. If it is by assessment exactly what is the process if I don't pass some areas the first time?
9. Following initial assessment or RPL: Can I be provided with a "Certificate of Attainment" or similar and obtain that education elsewhere?
10. If by classroom – what style of classroom courses do you offer i.e. how many hours in how many days per week? (2 days per week for 16 weeks? / 1 day per week for 19 weeks? / 200 hours over 6 months?) any other options
11. Do we need to meet in an interview face to face or are we able to conduct any interview by distance?
12. What is your preferred method of providing Cert IV? Why?
13. How does your RPL process work? I may need to start and stop – how does that fit in?

The following organisations have joined with ICB in a program of positive promotion of the Certificate IV in Financial Services (Bookkeeping):

Cengage Education

Quality Training Solutions

Bookkeeping Institute of Australia

Australian College of Training & Employment

Workforce Training & Development

Recommendations as of today: (Based on discussions, feedback, observations, current course offerings, price & information available)

Classroom: Bookkeeping Institute of Australia (with partners throughout Australia)
Distance: Cengage or Quality Training Solutions
RPL: Cengage or Quality Training Solutions
Intensives: Aussie Accounts

The processes being put in place by the above organisations and others are improving and becoming more efficient and more effective for bookkeepers.

A number of TAFEs are beginning to address the delivery of this course for the Adult student with experience.

ICB will be bringing Cert IV workshops to you, working with one or more RTO's during 2009.

ICB will continue to work with RTO's in creating efficient and effective Recognition programs. Quality Training Solutions & Cengage have embraced the ICB Practical Assessments as an effective method of having your skills properly recognised at Cert IV level.



ICB have published a "Bookkeepers guide to Cert IV Providers". This is updated regularly for the information we are able to ascertain from all RTOs.

Certificate IV - What about me? - I have an old Cert IV or old degree?

It appears to be policy within the education sector that a qualification that is more than 5 years old is not considered relevant.

This is slightly clarified with concepts that, if evidence of continuing education or continuing practice of the skills is available then, the old qualification would be taken into account as part of the consideration of your current competence to match the current qualifications required.

The yet to be appointed Tax Board will need to provide some guidance on whether a person with older qualifications needs to be reassessed by an RTO or whether they can submit their older qualification together with other suitable evidence of continuing use of those skills to the board itself in order to evaluate a registration application. We just don't know.

Certificate IV - What price?

Each RTO sets their own prices and the prices vary dependant upon the style of Study. The ICB Guide to Cert IV Providers contains many of these details.

Government funding is basically not available for self employed adult students of the Cert IV at this time. In some situations we understand different states have different programs and different RTO's have been able to obtain funding for courses. There is no consistency in this system and we are unable to provide creditable guidance on obtaining funding for your Cert IV studies. ICB continues to pursue government action in relation to this matter.

1400 hours Relevant Experience?

You are required to prove 1400 hours relevant experience within the last 3 years at each renewal of registration (possibly at your first registration if you were not a transitional BAS Agent.

Quoted from the draft regulations

Relevant experience is:

- Work in the role of a BAS agent (or tax agent) or
- Work under the supervision and control of another registered "agent" or
- Work of a type approved by the new "Tax Practitioners Board" ("Board")

All of which includes substantial involvement in BAS Services

How do I build up 1400 hours of Relevant Experience?

We cannot yet know (until the board tells us more detail) exactly what this means however, enhancing your record keeping behind the work you are doing for your clients, especially in relation to the BAS, is now essential

The 2nd Draft of the various pieces of legislation (released in June 2008 and subject to change) allowed the following: for experience to be recognised as 'relevant' the individual's work must have included substantial involvement in one or more of the kinds of BAS services described in section 90-10 of the Act, that is, advice or compliance work, or representing an entity in dealings with the Commissioner of Taxation

Recommended possible actions

- A: work for a Tax agent doing BAS Services
- A: work under the Direction of a Tax Agent while providing BAS Services
- A: work for a client in accordance with the ATO guidelines as to using computer accounting systems to assist clients with the GST & BAS bookkeeping and reporting leading to the preparation of the BAS (ICB opinion that this service should be allowed)
- A: Keep records of your client work
- A: Register and use the BSP view of the portal
- A: Document your "Directed by tax agent" relationships
- A: Utilise the ABN's BAS Wizard Program

Does this include everything I do for a client?

There is a fair chance that it may include everything you do for a client if a significant part of that work results in that clients BAS form being prepared.

Where is the line? I am not sure there will be a precise definite distinction between what is in and what is out as all the types of work you do and how you go about it will be taken into account in the Tax Practitioners Board making their assessment.

Over what time period does this apply?

The documents speak of a 3 year period, so in theory the timing has already started.

However, based on the draft transition period for experienced bookkeepers, the time frame is described as "Reasonable Period".

Your first registration may not need the Relevant experience

THERE IS ANOTHER PROVISION WHICH MEANS YOU MAY BE ABLE TO REGISTER WITHOUT THE 1400 HOURS:

The 2nd draft of the Transitional Provisions (released in June and not likely to be released in final form until late 2009) stated the following:

"If...the Board is satisfied that the individual had been providing BAS services to a competent standard for a reasonable period before making the application; then, despite paragraph 20-5(1)(b) of the new law, the individual is eligible for registration."

How do I prove the alternative "competent Standard"?

Maybe the unit of study, GST / BAS taxation principles, that is contained in the Certificate IV.

Maybe an alternative method of proving your competence (ICB will be providing a testing mechanism to prove practical and theoretical competence that we will be submitting to the Board)

Professional Indemnity Insurance

Must be in place as of start date

- In order to comply with the transition provisions, you must adhere to the code of conduct The provision requiring positive practical action by you before start date is to ensure you have appropriate Professional Indemnity Insurance in place.
- Under the proposed law, the new Board will need to stipulate the minimum level of insurance. Until that time we have no legal guidance.
- ICB have established a series of questions to ask your potential insurance provider to ensure you know what you are getting. Fortunately, not all Professional Indemnity Insurance policies are the same but, unfortunately, you don't always get told the differences.

Professional Indemnity Insurance is about covering you and providing some certainty to your clients that if damage is caused then you are insured for any financial consequence:

PI must cover you for

- 1) The actual types of work you do
- 2) The financial damage you may cause (i.e. the fines & penalties, but not the actual difference in GST that may have resulted)
- 3) The costs you will incur in being represented in an inquiry or other legal action



Top questions to ask about potential professional indemnity insurance policies

These questions are aimed to provide you with the information to know the answers and be comfortable with what you are getting!

1. Does the policy cover every aspect of your bookkeeping/consulting business?

It needs to include that you provide all aspects of bookkeeping work from set up and install of accounting software and systems, both manual and computerised. Setup may include debtors, creditors, stock, chart of accounts and payroll. It needs to include that you provide processing services being everything from entering invoices and payments into the system, performing payroll calculations and making payments. It needs to include that you may set up the format of sales invoices and then create invoices. It must include that you perform bookkeeping reconciliation duties in relation to bank accounts, loan accounts, credit cards, petty cash, inter company loan accounts. It must include that you perform end of month or quarter reporting work including provision of information that may be used for preparation of the Business Activity Statements. It must include that you provide services preparing the information at the end of the year for provision to the accountant. It must include work you do to reconcile the payroll records and prepare payment summaries for the employees.

It must include work you do as a "BAS Service Provider" or providing "BAS Services" under the current legal obligations of Sn 251L.

It must include work you will do as a BAS Agent under the proposed revised law.

2. Is there any bookkeeping/administrative/accounting duty or role you may do for a client that the policy does not cover?
3. You have employees that work for you providing these services to the clients – are they covered? How do I get them covered at what cost?
4. You have contractors that work for you providing these services to my clients – are they covered? How do you get them covered at what cost?
5. You may work at your premises or your home or at the clients premises – are all these locations covered including any employees or contractors?
6. How is the premium calculated i.e. on level of turnover or on what other factor?
7. Given your level of turnover of \$_____ what is the all up all costs included total premium you will pay. (i.e. don't exclude stamp duty or any levies etc)
8. At what level of turnover do I need to advise you and therefore if there is a premium adjustment what is that adjustment likely to be?
9. Is this policy just your personal policy or is it linked to others in some way? (i.e. is it a grouped, pooled or master policy and what do each of those mean? How are they different from a standalone policy issued to just you?)
10. Are all and every type of legal costs and any persons charges to you for helping you in defending any action or investigation, and any penalty, interest, damages claim covered by this policy and to what extent?
11. You could be sued for penalties and interest charged by government or for damages to a client – are all these covered in every extent? Is there any limitation to what is covered?
12. Are your costs of defending an action included in the cover level or are they in addition to the level of cover? (i.e. You have a \$250k level of PI cover, does that include legal costs or are legal costs also covered by the insurance but are paid in addition to the \$250k level)

As you consider taking out PI Insurance, we recommend that your policy should be as follows:

- 1) Be a stand alone policy issued to you as the sole policy holder (i.e. not a master policy nor a group policy)
- 2) As well as the level of indemnity, all costs of all legal action in relation to a claim should be covered at least up to a limit of \$50,000
- 3) Ensure the excess for a claim is not more than you can bare – recommend max excess of \$5,000
- 4) Ensure the excess for the costs of any investigation or legal costs is not more than \$5000
- 5) The policy should not be an accountants policy but should describe your business activity specifically
- 6) Ensure the policy includes work performed at any location and also that performed by employees or contractors who work with you.

ICB recommended Professional Indemnity Insurance: available through Willis Australia.

www.ICB.org.au/insurance

Now I am a BAS Agent – what does it mean?

- One national Tax Practitioners Board, independent of the ATO, administers and registers tax agents, BAS Agents and specialist (restricted) agents
- Tax Agents are able to advise, interpret and work with all elements of Tax Law
- BAS Agents are able to advise, interpret, and work with clients completing the BAS Provision obligations.
- Restricted Agent licences will be granted to specialist advisors such as Payroll, customs and Research & Development.
- Agents will have access to the ATO tools and resources and preferential contact points.
- BAS Agents will have been; recently formally qualified, experienced and competent to assist with the BAS Provisions.
- BAS Agents will have Professional Indemnity Insurance
- BAS Agents must continually update their knowledge and competence through continuing education. (Min. 15 hours per year)
- People who are not registered as Agents must NOT: advise, represent the client, interpret the legal application of tax for a client, provide tax advice or assistance, be relied on for their tax advice or assistance.
- A person may be in a business where they are subject to necessary supervisory arrangements by another registered agent
- Non-BAS Agents can provide bookkeeping services but not GST or BAS Expertise

You must adhere to the Professional Code of conduct

How to behave

The Legislated code of professional Conduct requires the following

Honesty and integrity

Includes personally complying with tax laws and have correct trust accounts for any clients money.

Independence

includes acting lawfully in the best interests of your client and must have in place adequate arrangements for the management of conflicts of interest. Avoid conflicts of interest between clients otherwise written consent of the relevant clients is required.

Confidentiality

All client information is to be confidential and not made available to any other person without the clients specific instruction.

Competence

You must maintain knowledge and skills relevant to the services that you provide.



You must take reasonable care in ascertaining a client's state of affairs, to the extent that ascertaining the state of those affairs is relevant to a statement you are making or a thing you are doing on behalf of the client.

You must take all reasonable steps to apply the *taxation laws correctly to the circumstances in relation to which you are providing advice to a client.

If you don't know then don't pretend to know, obtain expert advice.

Professional Indemnity Insurance, as prescribed

Other

You must not knowingly obstruct the proper administration of the *taxation laws.

You must advise your client of the client's rights and obligations under the *taxation laws that are materially related to the *tax agent services you provide.

You must respond to requests and directions from the Board in a timely, responsible and reasonable manner.

If you don't behave

- you may be cautioned in writing
- suspend your registration
- terminate your registration
- direct you to undergo a course of education or training
- direct you to be supervised
- restrict your level of service

If you really behave badly

If you are a BAS Agent:

- 1) Making false or misleading statements is a no no. If you make or prepare a statement that you ought to know is going to the tax office and you recklessly allowed it to be false, incorrect, misleading or omits anything (\$27500 or \$137500 for companies)
- 2) Use the services of a deregistered entity to provide BAS services (same)
- 3) You sign a tax declaration relating to BAS Services and it wasn't prepared by you or another BAS agent or someone under the supervision and control of you or another BAS agent (Same)

What if I ignore this law?

If you provide a BAS service for reward then Civil penalty of currently \$27500 units (\$137,500 for companies)

If you advertise that you provide a BAS Service and you aren't legal or you pretend to be a BAS Agent and you aren't then Civil penalty of \$5500 (\$27,500 for companies)

Does my client care?

Your client will not pay penalties if they have used a Registered BAS Agent and

- false or misleading statement is made carelessly, provided the taxpayer has taken reasonable care to comply with their tax obligations by giving the tax agent or BAS agent the information necessary to make the statement;
- where a document (such as a return, notice or statement) is not lodged on time in the approved form due to the tax agent's or BAS agent's carelessness, provided the taxpayer gave the agent the necessary information, in sufficient time, to lodge the document on time and in the approved form.

These penalties do not revert, as such, back to the Agent but if an agent is at fault they may be referred to the Board for further action.

What role do Professional Associations have under the legislation?

In respect to BAS Agents: The Board “may” accredit professional associations for purpose of recognising qualifications and experience that are relevant for registration.

However membership of recognised BAS Agent Associations will not give you automatic registration as a BAS Agent.

You should join a Professional Association that actually represents and assists you in your role.

ICB comments

ICB believes this new system will assist in raising the profile and recognition of the bookkeeping profession. Too many bodies in the accounting and bookkeeping sector, as well as too many facets of government have not understood the important role contract bookkeepers have in assisting businesses to meet their compliance obligations.

ICB believes this system will also help formalise the professionalism of bookkeepers. Creditable, competent, professional bookkeepers should be recognised as such and distinguished from those who are not.

We also believe that Treasury has recognised that there are many good bookkeepers doing good work in a system that has not been regulated as tightly as now proposed. Treasury have allowed a suitable time for established and competent bookkeepers to have their knowledge and skills appropriately assessed to the required standard to permit their inclusion in the new system.

If a bookkeeper is providing interpretation of legal compliance obligations to a business then they need to be competent to do so. This is the realm of the registered BAS Agent.

A bookkeeper can perform bookkeeping, processing tasks including processing day to day sales and purchase transactions, which captures the amounts of GST and not be required to meet all the obligations of being a BAS Agent. This is Bookkeeping.

A bookkeeper can be responsible for period end and year end accounting reconciliations and reporting without being a BAS Agent. If however that contract bookkeeper begins to interpret the law as applied to a business and complete ATO forms on behalf of that business then it is reasonable to assume the business is relying on them to be competent to interpret the records of the business in conjunction with the law that applies to that business and hence they need to be a BAS Agent.

Enquiry / Response information to Institute of Certified Bookkeepers

Title Mr Mrs Miss Ms Other

Surname

First names

Address

Postcode

Date of Birth

Email Address

Business trading name

Phone: Mobile

Home

Daytime

Employment status:

- Self Employed
- Employed to provide contract bookkeeping to clients
- Employed as a bookkeeper in the Business

Nature of Enquiry:

- Please supply application for membership information
- Application for assessments information
- Subscribe to the Newsletter
- Other _____

Send to

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Level 27
Rialto South Tower
525 Collins Street
Melbourne 3000

Fax: 1300 85 61 81

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The Institute of Certified Bookkeepers

Supported by

