

The Institute of Certified Bookkeepers

News

February 2008



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www.icb.org.au

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**Old Holden's may never die, but old bookkeepers loose their balance!!!!
(Rob Dalton, ICB Member)**

Training & Education

Certificate IV in Financial Services (Bookkeeping)

It has just been announced (Friday February 22, 2008) that the Certificate IV in Financial Services (Bookkeeping) has been approved as a Traineeship.

What this means for your employees who have been with you for less that 3 months full time and 12 months part time, is they can now apply to enter into a traineeship agreement with you.

A traineeship means that you can receive government funding to train your employees. The total incentive available to employers is \$4000.00, \$1500.00 is paid after the first 91 days and \$2500.00 is paid upon completion. The cost of the course is paid from these funds. The Office of Training and Tertiary Education (OTTE) has produced a brochure outlining the requirements and full details for employing a trainee, [download the brochure here](#) (the Certificate IV in Financial Services (Bookkeeping) is not listed in the brochure as it has only just been added to the list)

(Please note the OTTE is a Victorian Government agency, there are similar agencies in each state and the requirements for employing a trainee remain the same Australia wide as do the benefits)

ICB continue to work with RTO's and the agencies to seek full funding of all bookkeepers intending to undertake Certificate IV in Financial Services (Bookkeeping) courses. We have lobbied government directly and made submission to the Treasury pre-budget process. This isn't finished yet.....The new employee funding is the first step.

The Treasurer Emphasizes Education

A Modern Platform For Business
Address To The Business Council Of Australia
Melbourne 26 February 2008

Extract

Education, skills and training

The single most important thing we can do to lift the productive base of our economy is to invest in the education, skills and training of all our people.

Our Education Revolution recognises Australia must become a leader in developing human capital.

Increasing the quantity and quality of our human capital will meet the skills needs of business, increase the productivity of our workers and lift our capacity to absorb new technologies from abroad. In a competitive global economy, we also need to think smarter and work up the innovation ladder – this means providing more, and better quality, training.

Investment in skills and training will also boost the flexibility of Australia's labour market, helping to reduce inflationary pressures and complementing our flexible and fair industrial relations system.

That's why the Government's Skilling Australia policy will:

Deliver an additional 450,000 training places over four years;

Ensure that 90 per cent of the new places will be at the Certificate III level or above; and

Place industry and its demands at the heart of the training system – so training matches up with the needs of employers and the economy.

We will also address many of the issues the BCA has helped bring to the forefront of the national debate, such as lifting the long-term school retention rate; and delivering universal early childhood education.

A comment

Our philosophy remains that the move towards a Certificate IV in Financial Services (Bookkeeping) as a formal education platform for the accreditation of the yet to be defined nor announced nor pronounced nor declared "BAS Service Provider" is generally a good move. High end bookkeepers that wish to be business and technical advisers need to prove that they are competent to do so.

ICB believes that with the development of bookkeeping in Australia over the past 10 years in particular, there are many highly competent bookkeepers that operate at the Certificate IV or better level of competence.

We also do not believe that every bookkeeper needs to be a BAS Service Provider nor does every bookkeeper need to do the Certificate IV.

It Is ICBs' role in this current developing education environment to find the most cost efficient, process effective and relevant Certificate IV (Bookkeeping) courses for you our members. Our

“What to study” & “Where to study” pages of our website provide further information on RTO Certificate IV providers that are worthy of your consideration.

ICB remains of the belief that Recognition of Prior Learning and filling in the gaps of any possible areas of knowledge is the way that most of our member level bookkeepers should be considered. ICB is continually working on achieving this solution. Hence read below....

ICB membership process accredited towards Cert IV

In the first of what we foresee as many RTO's recognizing the credibility of ICB membership:

[Holmesglen TAFE – Moorabbin Campus](#) has now advised us that they have had their Cert IV (Bookkeeping) course approved and added to their scope. They are now taking enrolments for July 2008. The course consists of classroom based learning and runs two nights per week. This is excellent news for Melbourne based ICB members. For others, we will let you know as this trend increases.

If you are an experienced bookkeeper, they are offering Recognition of Prior Learning (RPL) on up to 75% of the course. The referee competency assessment provided by Accountants upon ICB member application will be accepted by the Holmesglen TAFE as a component to support your application for any RPL. ICB will only provide the referee statements following permission from both the member and the accountant.

The ICB assessments of bookkeeping knowledge are being considered together with the practical skills assessment of our shoebox practical bookkeeping test. A compulsory study unit is the subject related to BAS/IAS.

For further details, please contact the Business Service Office on 03 9209 5868

Shoebox tests

The ICB is able to assess your practical real life bookkeeping skills through provision of a sample client information. Your role is to process that information in any manner using any software and provide the answers to us, online. We can then indentify any areas of omission or requiring improvement.

The 3 levels of shoebox include basic processing through to payroll and BAS completion.

We remain in discussion with RTO's who are considering the shoebox tests as a creditable basis for assessing RPL towards the Cert IV.

Keep watching this developing space.

For further information on undertaking the Certificate IV refer to [http://www.icb.org.au/Certificate IV](http://www.icb.org.au/Certificate_IV)

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What GST codes to use where?

February 2008 has been awarded the “What GST code do I use where award”. We have received 5 separate speaking invitations and many specific and general requests to answer the question: What GST codes are used where?

Participants in our regional network meetings over the next month or so will be provided with guided discussion and technical notes regarding this topic. As always we welcome feedback and comment in relation to material we provide.

In this newsletter we discuss the types of transactions – next edition revisits how to complete the BAS.

There are a number of types of transactions requiring classification around GST & the BAS;

- 1) Sale where GST has to be charged
*GST registered business that is selling an item that requires GST to be charged, then has to charge and collect GST and report this at G1 on the BAS.
(Software tends to use “GST” as the code to record and report these)
- 2) Sale where GST is not charged
*If you are not registered for GST then don't bother reading this as you don't have to code anything as anything. No GST is charged on your sale and you don't need to report on a BAS.
*GST registered business: the item you are selling is not subject to GST ie fresh food then report this at G1 but no GST to be charged. It is also reported at G3
(Software: “Fre”)
- 3) Sale where GST is buried in the price (Input taxed)
*most business earn or would like to earn interest income. This is valid reportable income as is residential rent. It is reportable at G1. What it means is that the sale price may have GST buried in the price charged due to the way expenses are handled (see #7 below). You do not have to pay the GST to the tax office. GST is buried in the price because your supplier ie the bank has dealt with the GST in your expenses.
(Software: “INP”) Note it really doesn't matter if this is coded as “Fre” as it makes no difference to the ultimate GST amount
- 4) Export Sale
*Government requires this amount to be reported separately. It doesn't matter what you are selling if it is sold offshore then you report it as an export sale at G2 and don't charge GST. There are a couple of bizarre cases where GST must be charged (therefore see #1 above) but they are 0.01% of the world.
(Software: “EXP”)

REMEMBER: The GST status of a sale normally has **nothing** to do with claiming back GST on expenses.

- 5) Purchase of an expense item where you paid GST and you are allowed to claim GST back.
*This item together with #1 above applies to most items and services of most GST registered businesses.
Must be reported at G11.
(Software: “GST” or “NCG” (the latter being **Non Capital GST**))
- 6) Purchase of an expense item where you did not pay GST.
*Some like to split this into two parts: “a” being where you buy from a business that is not registered and “b” being where the item you buy ie medical supplies or water or education has no GST charged to you.
*In either case it is reported at G11. On the full GST worksheet it is also reported at G14.
(Software: “a” GNR, “b” FRE. Personally I only use FRE)
- 7) Purchase of an expense item where you paid GST and you are not allowed to claim GST as an input tax credit – the GST is part of the cost of the expense.
*This applies when you buy items which are used towards making “Input Taxed Sales” such as residential rent. It also applies if you make significant interest income or other investment income ie 10% of your turnover. You are required to absorb GST as part of the cost of your expenses.
*It is reported in G11 and on the worksheet at G13.
- 8) Purchase of a capital asset where GST is paid and you are allowed to claim it back
*Government wants to know the Capital Expense amount of items over \$1000 in value.

*report this at G10
 (Software: "GCA" or "CAG", I now prefer CAG as it doesn't start with "G")

9) Purchase of a capital asset where GST is not paid and therefore no GST to claim back
 Similar to #9 above it is reported in G10 but would also be included at G14 on the worksheet.
 (Software: "CFR" or "CAF")

10) Transactions that are not reportable.
 *Mostly these are transactions to do with the shifting of money from one account to another. ie you are repaying a loan then it is shifting money from one bank account off the loan account – don't report this. If the owner is taking money out of the business then it is shifting money from the bank account to his personal loan account – don't report this.
 *Depreciation entries – no body paid money to anybody but it is an accountin gentry to adjust the value for book purposes – no GST effect and not reportable.
 *Payroll is not reportable for GST
 (Software: "N-T" or "No Code")

Ultimate Requirement: Ignoring all the above for a moment
a business is obligated to report and pay a net amount of GST. It is this requirement that you are penalized for getting wrong or you are charged interest for underpaying.

Reporting on the BAS

Just remember the BAS form doesn't add up nor does it need to appear logical – just make sure the GST amounts are reported properly and the net amount is paid.

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Lodgement and information systems comparison table for BAS service providers

This table compares the ways you can lodge returns, view client information and communicate with the ATO.

This table is taken from recent ATO communications. We thought it was a useful summary and comparison. We believe that the BAS Service provider view of the portal is a great development, while various limitations are not logical. Please remember just because you are granted access to the portal does not mean you are "approved" nor "accredited" nor "authorised" by the ATO. It means that you have told the ATO that you currently comply with the law and they have given you access to the portal on that basis.

Functions	BAS Service provider view of the Portal	Business Portal	Electronic Commerce Interface (ECI)	Paper
Paper activity statements	Yes (optional)	No	No	Yes
Electronic lodgement	Yes	Yes	Yes	No
Receipt of Lodgement	Yes	Yes	Yes	NA
Two week lodgement deferral (Conditions apply)	Yes	Yes	Yes	No
Multiple lodgement of BAS	No	No	Yes	No
Real time processing	Yes	Yes	No	No
Client directory (add & delete clients)	Yes	No	Yes	NA
View client account details	No	Yes	No	No
Client registration details (view only)	Yes	Yes	No	No

Client preferences (view only)	Yes	Yes	No	No
Payment options (download payment slips)	Yes	Yes	No	Yes
Digital Certificate required	Yes	Yes	Yes	No
Primary & Secondary digital certificates	Yes	Yes	No	No
Secure Mail	Yes	Yes	No	NA
Online Access Manager (OAM)	Yes	Yes	No	No
Tools and calculators	Yes	No	No	No
Portal Help	Yes	Yes	No	No

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BAS Service Provider

The ICB will keep you updated and informed in all matters regarding the BSP legislation and you will be advised immediately (or maybe 5 minutes after we know!) of any important updates that may occur. We will also provide you with the support, advice and resources required to address all obligations which will be required by law.

The ATO BAS Service Provider Newsletters are extremely informative provided on a monthly basis. Due to the relevance of their content (so much so, that there are items covered in that newsletter that we will NOT duplicate in this newsletter. We consider the BSP Newsletter to be essential reading for each bookkeeper. Not every article to every one but in essence a recommended resource at this time). They are delivered monthly by email, to subscribe, [click here](#).

In the [January 2008](#) edition you will find

- [Assistance visits for small business](#)
- [Tax help for flood residents](#)
- [Tax help for farmers](#)
- [Three years jail for tax fraud](#)
- [BAS service provider Portal](#)
- [A free BAS service provider \(BSP\) advisory visit](#)
- [Bookkeeping essentials](#)
- [Links and technical updates](#)
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There is a dream! (Part 3)

From **part one**: "There is a Dream": "...business records are seamlessly accepted by each authority instead of a reworked set of numbers in yet another different format."

From **part two**: Bookkeepers should say "wakeup and stop dreaming" but they should be saying this to business!.. Bookkeepers can lead the way in helping businesses wakeup to a better way of doing business.

The Dream – Basic Future Business

Business interacts with business on the way to on selling a product or service.

Business interacts with banks to deal with the financial interactions.
Business interacts with government and authorities cause the law says it must.

All of this should be conducted easily efficiently and cheaply from one administrative hub.

Download the this complete concept paper – [click here](#)
To download the first concept paper – [click here](#)
To download the second concept paper - [click here](#)

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Payroll Tax

Does your business (or combined with other associated businesses) pay wages and benefits and super totalling more than \$500,000?

If so you better check your Payroll Tax obligation.

Payroll tax is the most missed obligation in the country. It just gets missed because people don't know they have reached the threshold. \$504k SA, \$550k Vic, \$600k NSW, \$750k WA, \$1m Qld & Tas, \$1.25m NT & ACT

Payroll tax should not be confused with the pay as you go (PAYG) withholding system. Payroll tax is payable to the state by an employer, based on the total wages paid to all employees.

Certain organisations may be exempt from payroll tax provided specific conditions are satisfied. These organisations may include religious institutions, public benevolent institutions, public or non-profit hospitals, non-profit non-government schools and charitable organisations.

As requirements vary between states, employers should seek clarification from their local state/territory revenue office (click on the relevant state links in the table below).

South Australia	New South Wales	Victoria	Tasmania
Western Australia	Northern Territory	Australian Capital Territory	Queensland

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Tax Basics seminars

Tax basics seminars are run by the ATO in all capital cities and in some larger regional areas. You can also find out about local support and information networks.

Topics covered

- The difference between a hobby and a business
- Applying for an Australian business number (ABN)
- Business structures – sole trader, partnership, company and trust
- Income tax and deductions
- Paying your business tax
- Claiming business deductions
- Pay as you go (PAYG) instalments
- Budgeting for tax

- Goods and services tax (GST)
- Completing your activity statement
- Record keeping
- Capital gains tax (CGT)

[Click here for more information or to register for a seminar](#)

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Behaviour of the month

Professional bookkeepers should adhere to professional behaviour best represented to the community through the publicised code of conduct. ICB requires specific adherence to the code of conduct by its members. Insurance companies are increasingly accepting our code of conduct and our description of what a bookkeeper is and does as the basis for appropriate bookkeeper insurance policies.

We are presenting this section to you (and will continue to do so in forthcoming newsletters), our members, to highlight the Institute's Professional Code of Conduct.

In Society a bookkeeper has a special role. Trust in the accounts and books of businesses and individual's is dependent on the bookkeeper's truthful, careful and diligent making and keeping of records. The purpose of these rules is to provide standards of conduct for members of the Institute of Certified Bookkeepers which are appropriate to their conduct in their employment and practice and the preservation of the dignity of their profession.

Fundamental Principles

1. *A member may not engage in any activities which are likely to bring himself or the profession of bookkeeper or of the Institute into disrepute.*

A conviction for any criminal offence, other than a road traffic offence, shall, for these purposes, be deemed to amount to an activity which does or is likely to bring the member or the profession of bookkeeper or of the Institute into disrepute.

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Benefits of Membership

Be Your Best

A series of articles by Henry Blatman
Performance and Business Coach

Training – An effective tool to attract and retain high performers

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“Once a month I participate in a CEO syndicate meeting and three of the top ten issues confronting CEOs in this syndicate, and the many others across Australia at the moment (Surveyed January, 2008), directly involve the performance and skills of people, (or lack thereof). Not surprising you say. The surprising thing I have observed, however, is the way that people go about solving performance issues.

One approach is to offer more money or bonuses to stay. We have come to believe, (falsely from the evidence available!), that individual financial rewards are potent ways to drive desired behaviour. Bigger financial incentives may work in some industries and instances; however,

when seeking to improve performance it's not that simple. The reality is incentives cannot solve problems of how work is organised and led. Other approaches include sacking the person, finding ways to work around a lack of the required levels of skills or, my favourite, picking a training course from the latest brochure to quickly snuff out a performance management issue.“

[For the full article \(and more\), click here](#)

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Latest News Items

◆ [MYOB training](#)

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What's new on the ICB Website

◆ [Technical Resources](#)

A new section constantly being updated with Technical Resources in areas which will assist you in the day to day operations of your business, additions for January are:

- ▶ [Fringe benefits tax \(FBT\) rates and thresholds](#)
- ▶ [Superannuation seminars March 2008](#)

◆ [BAS Service Provider Newsletter](#)

The latest newsletter from the ATO, giving BAS service provider's relevant website updates, news and direct links and key dates for them and their clients.

- ▶ [January 2008](#)

◆ [Tax tips for students](#)

◆ [Depreciation Rates](#)

◆ [Your super questions answered](#)

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Membership Statistics

607 people maintain Affiliate, Associate, Member, Fellow status with 57 applications in progress.

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Renewals

If you are having any problems regarding your membership renewal, please contact us. By working together we can overcome most issues and assist you in retaining your hard earned membership.

Membership renewals can be made at any time, otherwise we will let you know in the month prior to your membership expiring. You can download a Member renewal form [here](#) and a Practising Certificate renewal form [here](#)

Return them to us by mail (Level 27, 525 Collins Street, Melbourne 3000), Fax: 1300 85 73 93 or you can renew your membership on line, click [here](#).

We now have a Direct Debit facility available for those wanting to pay their renewal monthly. You will need to download the [Customer Service Agreement](#) and the [Direct Debit Request](#). File the Customer Service Agreement for your records and return the Direct Debit Request to us with your renewal.

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