

# The Institute of Certified Bookkeepers

## SPECIAL Newsletter

### BAS AGENT law progresses & what it means

November 2008

A PDF copy of this newsletter is available, [click here](#)

[www.icb.org.au](http://www.icb.org.au)

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#### Keep watch as ICB brings you the pathway to the new system

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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 about to consider 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 Bill has been in the House of Representatives and been through its first and second reading. It is scheduled to be debated in that House on Wed 26<sup>th</sup> November. It is likely to be passed and then proceed to the Senate for its consideration in March 2009. 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.

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  
20 November 2008

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## Start of the New Law – The Timetable

### Wednesday 26<sup>th</sup> November

- House of Reps debates two elements of the new system – likely to pass it through to the senate

### March 2009

- Senate to consider the Bill

### April 2009

- Law enacted and receive Royal Assent – The clock starts ticking on 9 months before start date

### Late 2009

- The Transitional Bill and the Regulations to be tabled and processed by Parliament (these bills contain the detail that really effect the next 5 years)

### April till December 2009

- New Tax Board appointed and undertakes all implementation work

### January 1, 2010 (estimated) – Start Date

- Transitional period starts (see below)
- First date that new “BAS Agent” exists
- 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
- Must have Professional Indemnity Insurance
- Government embarks on an advertising and information program to businesses about the new law (hopefully)

### January 2010 till December 2011

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

### Before December 2014

- Be certified to obtain educational qualification of at least Financial Services Certificate IV (Bookkeeping) or (Accounting) including a GST BAS taxation principles unit (refer below)
- 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

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## When it's law: what then? The requirements to keep doing BAS Service work during the Transition

Two methods of you being legally allowed to continue providing BAS Services after the start date:

This 2 year period is called the "Transition Period" during which you would be called a "Transitional Bookkeeper" 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 BAS services during the next 2 years
    - then you are considered as though you were registered in the new system and you may legally continue doing BAS work for 2 years.

or

- 3) If neither of the above and you apply for registration
  - a. Within 3 years of start date
  - b. You don't yet have the required education qualification
  - c. You are a fit and proper person
  - d. You convince the board you provide BAS services to a competent standardThen you are also eligible to be registered, but you have to apply ASAP.

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## Financial Services Certificate IV

There are two of them mentioned in the Bill,

### 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.

For a list of the units required for the Certificate IV in Bookkeeping, [click here](#)

**Certificate IV (Accounting)** has been around for a lot longer and sits in the stream of education relating to Accounting. If you are wishing to further advance your education through diploma/degree levels etc in this field then the Accounting qualification is currently immediately more suited as it directly feeds into the further accounting course of study. However the Accounting certificate contains some units that are less relevant to the field of bookkeepers.. The entire course outline is

For the required units for the Certificate IV (Accounting), [click here](#).

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## 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 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, following the start date of the new law, you will require the Certificate IV in order to obtain your first registration.

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## 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: [Click here for more information](#).

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## Certificate IV - Who?

For a complete list of providers of the Cert IV Bookkeeping and information on their respective courses refer to the ICB whitepaper guide to Cert IV which can be [downloaded here](#)

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.

For a list of questions to ask potential providers of your cert IV, ICB has developed a set of questions to ensure you obtain most of the information you require, [click here for the list](#).

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 & information available)

**Classroom:** [Bookkeeping Institute of Australia](#) (with partners throughout Australia)

**Distance:** [Cengage](#) or [Quality Training Solutions](#)

**RPL:** [Quality Training Solutions](#)

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

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

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 have embraced the ICB Practical Assessments as an effective method of having your skills properly recognised at Cert IV level.

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## **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.

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.

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## What do I do now?

### Be legal

The absolute must for bookkeepers in practice is to be legal in the work you do today, for HOW to be a legal bookkeeper today, [click here](#).

Comply with Sn. 251L(6) & (7). This refers to being a member of a Recognised Accounting Association (which we don't see the benefit in for bookkeepers) or being directed by a Tax Agent. ICB members can gain documents and precedents to assist with the establishment of this relationship with the clients respective tax agents, Members can download the "[Working under the Direction of a Tax Agent](#)" [document here](#).

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.

The ATO guidelines in relation to compliance with this Sn. can be found at <http://www.ato.gov.au/businesses/content.asp?doc=/content/40604.htm&page=3&H3>

### Keep experience records

Various provisions in the proposed law require a record of "Relevant Experience".

*Quoted from the drafts:*

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

Bookkeepers wishing to apply for registration will need evidence of 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

### How do I build up 1400 hours of Relevant Experience?

The complete answer is we just don't know for sure yet! The yet to be appointed Tax Practitioners Board has that final provision of "Work of a type approved...."

The 2<sup>nd</sup> 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

### Therefore what is BAS Service?

For the drafted provisions behind these [click here](#)

### **How can I build up my 1400 hours?**

- 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".

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

The 2<sup>nd</sup> 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)

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### **Stay up to date**

The proposed law is not law yet. During 2009 it may be amended or just passed into law. During 2009 we will get the Transitional Bill and the Regulations. At some point we will have the next version of clarity about what our new world will be and how to get there.

### **Stay up to date by being a Member of ICB.**

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## 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 (more information and explanation on this at a later time).

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. For the questions, [click here](#).

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 in addition to that indemnity amount.
- 3) The policy should not be an accountants policy but should describe your business activity specifically
- 4) Ensure the policy includes work performed at any location and also that performed by employees or contractors who work with you.

[Click here for full details](#) on Professional Indemnity Insurance available through Willis Australia.

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## BAS Agent Information Sessions for Bookkeepers

The Institute of Certified Bookkeepers will be holding information sessions in major cities - Melbourne, Sydney, Brisbane, Darwin, Canberra, Adelaide, Hobart and Perth - for bookkeepers during March 2009.

These sessions will help you understand the BAS Agent legislation, it's benefits and how it will impact upon **you**, the bookkeeper who provides the BAS preparation services, including what your obligations will be and how ICB can assist you.

The BAS Agent Information Sessions will be a full day - it is expected the times will be 8.30am - 5pm. Lunch, morning and afternoon tea will be included.

### Understand

- The New Law
- Certificate IV in Financial Services (Bookkeeping)
- PI Insurance
- And much more

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## Membership Statistics

**967** in total: 856 people maintain membership, and a further 111 applications in progress.

((ICB continues to be the fastest growing, most relevant association for the bookkeeper industry))

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