



Dear Vincent,

We are officially on the other side of 2021, and I welcome you all into the new financial year of 2022! This month's newsletter is filled with many of the resources you will need to get through your EOFY tasks.

I often reflect on how we used to do things before the technology we use today. Nowadays, it seems our scope of work and responsibilities are on a constant rise. However, legislation and technology never pause or stop for anyone, so that means we always need to have the capacity to continue learning and increase our skill sets knowledge bank.

From our last AAT Town Hall announcement with IPA CEO Andrew Conway and previous newsletters, many of you know that we have been developing a new certification program for Accounting Technicians.

Read more from **Chief Accounting Technician, Liette Calleja** [here](#).

In our newsletter this month:

- Update your engagement letters and STP annual authorisations for the new financial year.
- Check our [eNews & Views](#) page for previous newsletters.
- Your Future, Your Super legislation passed.
- FWO has started their employer advisory service
- Business.gov.au free employment contract tool.
- Common BAS problems and issues to check on the June BAS.
- Help your clients set a budget for the new financial year.
- Get ready now for TPAR due 28 August.
- High income threshold for 2021-2022.
- And more!

Take care!

Liette Calleja  
Chief Accounting Technician

## Time to Update Annual STP Authorisations and Engagement Letters

### Engagement Letters

The new financial year is an excellent time to update your engagement letters and authorisations if you are not already in the habit of doing this annually.

As a professional accounting technician, having an engagement letter for every client is an important aspect of your practice or business.

Many disputes between business owners and bookkeeping businesses could be minimised or

avoided altogether if an engagement letter was in place. Although it is not a legal requirement to have a letter of engagement, it is best practice to use this document.

An engagement letter protects you and your business, clarifies arrangements for your clients, explains services and scope of work, and sets out fees and terms.

It is a good idea to review engagements annually and adjust them where needed. It is quite common that services provided to clients change over time in response to their business needs, and this is a chance to document the added or changed services in your agreement formally.

Visit AAT - [Templates](#) for the engagement letter template you can use as a starting point. If you are a BAS agent, check the [TPB Letters of engagement for BAS agents](#) for more detail about essential elements to include.

### Single Touch Payroll Annual Authorisation

Although the ATO has removed the micro quarterly reporting concession for STP, agents can still obtain an annual authorisation for eligible businesses.

The STP engagement authorises agents to lodge pay events with the ATO for a whole year rather than getting a separate authorisation for each pay event.

There are strict criteria for eligibility for the annual authority. The business must not have overdue statements, outstanding debts (unless covered by a payment arrangement), recent ATO PAYGW compliance activity, or directors with a Director Penalty Notice.

Remember that the annual authorisation does not include the finalisation process and that this lodgement must be authorised separately.

Visit AAT - [Templates](#) for the STP annual authorisation declaration and STP finalisation declaration.

[ATO - STP Authorisations to act](#)

## Your Future, Your Super Legislation Passed

As part of the federal budget for 2020-2021, the government announced several super reforms.

[Your Future, Your Super](#) was passed as legislation during June 2021.

The main reform that affects employers is the ability for a super fund to follow an employee automatically until the employee makes a new choice of fund, eliminating the unintentional creation of multiple super funds.

This will make it easier for employers who engage new workers who already have an existing fund, as the fund will already be linked to the employee. However, when employees do not choose a fund, the employer must check with the ATO if the employee has an existing account to pay the super into, adding an extra obligation for employers before fulfilling their super obligations.

Employers are still required to pay into the default super fund for employees who do not have a fund and do not make a choice.

### Accounting Technician Process

- New employee requirements remain the same: personal details, tax file number declaration, super choice form, Fair Work information statement, employment agreement.

- The employee can complete the tax file declaration and super choice through their myGov account or provide forms to the employer.
- The employee should nominate their choice of superannuation fund.
- The employer must lodge a TFN form with the ATO before the existing employee MySuper funds become available for the employer to view.
- If the employee does not nominate a fund, the employer must search Online Services for Business to find existing MySuper funds. Registered agents may search Online Services for Agents on behalf of an employer they act for.
- If there is no existing MySuper fund listed, then the employer must pay into the business's default super fund.

### YourSuper Comparison Tool

This tool allows an employee to compare MySuper products before choosing a fund. The tool displays MySuper products ranked by fees and net returns and links directly to the super fund's website, making it easy to open an account.

If an employee accesses the tool from their myGov account, it will compare existing super products alongside MySuper products. The tool only shows MySuper products; it will not show self-managed super funds or other funds not part of the MySuper system.

The tool also makes it easy to consolidate accounts into a single super fund.

[ATO - YourSuper comparison tool](#)

### Fair Work Ombudsman Employer Advisory Service

The FWO has released a free Employer Advisory Service (EAS) for small business employers to provide eligible businesses with free tailored advice on entitlements, award provisions and pay information.

The service allows employers to talk to an adviser to get specific written advice relevant to the employer's situation.

Employers must have less than 15 employees and be covered by the Fair Work system to be eligible for the service. Employers must first make an enquiry by ringing the FWO or lodging an online query through their FWO account. The FWO will refer the employer to the EAS if the business is eligible, and the EAS can address the question.

The EAS guarantees information provided to employers. If guidance has been sought from the EAS and followed by the employer, and that advice later turns out to be incorrect, the FWO won't take action against the employer.

[FWO - Employer Advisory Service](#)

### Business.gov.au Free Employment Contract Tool

Whether for your own business or your clients' this business.gov.au tool allows you to build an employment contract tailored to your business. This is a great service, especially for business owners new to employing people. It means they can get the proper agreement in place from day one of becoming an employer.

The free tool means you can quickly generate a contract that helps to protect your business and clarify the terms of employment to employees.

The tool is for small business employers who pay an hourly or weekly wage and don't need a more complex agreement to cover salaries.

You'll need basic information about the role, including position description, duties, modern award, hours, and pay rate.

Complete the details online, then generate a Word document you can provide to employees.

Visit [Employment Contract Tool](#) for more details.

## Common BAS Problems and Errors

The June BAS provides an opportunity to check that all transactions and tax codes have been correctly allocated for the entire year and pick up any adjustments needed for the year.

Even if you are in the habit of completing a full GST reconciliation each quarter, unlock the accounting file for the whole year so you can easily check transactions and edit where required.

There are so many rules to take care of that it is easy to miss something in a prior period. At the June BAS, take a little extra time to review the entire year of transactions and correct any errors.

Reconcile any account on the balance sheet that you can to ensure liabilities are reported correctly.

### Things to check before preparing the June BAS:

- Compare lodged BAS to current BAS reporting and note discrepancies against sales and purchases.
- Check all clearing and contra accounts are zero.
- Check payments to ATO are allocated to correct GL accounts.
- Check asset sales and purchases are entered correctly.
- Check accountant journals that affect control accounts.
- Check reversing journals are correct.
- Check insurance transactions contain stamp duty as not reportable.
- Check tax codes for overseas suppliers – many are now registered for GST in Australia, but many remain GST free.
- Check data imported automatically from other applications has correct tax codes and GL allocations.
- Check new suppliers ABN and GST registration against software.
- Check GL and tax code exception reports available in your software.
- Reconcile balance sheet accounts: accounts payable, accounts receivable, superannuation, PAYGW, wages and finance arrangements.
- Check payment gateway fees – overseas suppliers may be GST free.
- Check the ATO GST limit on purchased vehicles has been observed.
- Check inter-entity loans have the same balance in both entities' accounts.

### EOFY Resources

Remember to visit the [AAT EOFY Resources](#) page for Workflow Tracker, Payroll and BAS Reconciliation, and Tax Agent Information templates you can customise to your needs.

Help Your Clients Set a Budget for the New Financial Year

The start of the new financial year is a great time to implement a budget for your own business and your clients if there isn't already a budget in place.

There are many benefits to budgets for businesses of all sizes. Most small businesses do not use budgets as a planning tool. They are often perceived to be for large business only, or too much work.

Some business owners may be interested in using budgets but are daunted by the task, not knowing enough about the process to get started. AAT member to the rescue! Can you help your clients create budgets for different scenarios to add value and meaning to the financial reporting?

Budgets are essential to proactive business planning and management. For businesses that want to grow, they are a fundamental tool to assess performance and inspire action.

When business owners get into the habit of reviewing budgets and financial reports, it motivates them to consider the bigger picture and long-term growth rather than concentrating on managing day-to-day issues. They tend to examine business metrics, ask questions, assess risks realistically, make better business decisions, and manage cash flow fluctuations.

### Benefits of Budgets

- Forecast sales and expenses taking into account seasonal variations
- Evaluate business performance overall, in conjunction with specific departments
- Obtain useful detail in assessing income streams, direct costs and business expenses, including changes or observable patterns
- Gain awareness and control over all business financial activity – where the money goes and where it comes from
- Prepare for and cope with unexpected costs, for example, accidental damage to business assets
- Forecast cashflow
- Recognise potential problems early and take action
- Analyse relevant data to assist in business decisions
- Clarify targets and goals – focus on the most important

### Creating a Budget

A basic budget will include known expenses and income and make adjustments for the consumer price index while allowing for planned growth or reduction of costs.

A more sophisticated budget may include allowances for leave entitlements, training and development, marketing campaigns, investment, asset purchases or finance.

Ideally, use your accounting software budgeting tool to populate the budget with actual figures automatically, and you can then manipulate the budget figures as needed. There are advanced budgeting programs you can use with the accounting software if needed, but for most small businesses, the budget tools and reports within the software is more than enough.

It may be worth creating several budgets: worst case, best case and status quo. You can then run financial reports against all budgets to see where business performance is sitting.

A budget should be reviewed quarterly or at least annually for small businesses. Assess whether the assumptions and predictions you made about the figures are approximately correct or if significant adjustments need to be made in the budget for unexpected events.

Once you have an active budget in place, use it as an operational tool to assist business planning and decisions.

Can you offer budgeting to your clients as an advisory service if you don't already? Arranging a

budget planning session is a chance to sit with the business owner and ask questions that may prompt reflection by the business owner and further assist their business success.

## Get Ready Now for Taxable Payments Annual Report

The Taxable Payments Annual Report (TPAR) is due by 28 August.

Reporting is required for building and construction, cleaning services, courier services, some government entities, road freight services, information technology services, and investigation or surveillance services. There are no new industries to include this year.

Contractors that must be reported include subcontractors, consultants and any other independent contractor who is not an employee, regardless of the business structure.

Remember, you may have clients that have made a substantial income from deliveries in the last financial year, which may be new for them. Therefore, they will be required to submit a TPAR for freight services if they meet the criteria, even if this is not their primary business activity. Check the amount of delivery income against turnover to assess whether the business must submit a report.

### Essential Information for the TPAR

- Contractor ABN
- Contractor name
- Contractor address
- Total for invoices relating to services only or a combination of services and materials
- Total GST included
- Business to business transactions only
- TPAR is based on invoices paid from 1 July to 30 June (do not include unpaid invoices)
- If the business provides mixed services, then if payments to contractors total 10% or more of GST turnover in any of the required industries, the business is required to report

Set up your software now to capture all contractors that must be included in the report. If in doubt, include the contractor.

Run a test report to check that you have all the required information for all contractors.

[ATO – Taxable payments annual report](#)

## High Income Threshold Increase 2021

The Fair Work Commission has increased the high-income threshold for 2022 to \$158,500 (up from \$153,600).

Earnings that contribute towards the high-income threshold include wages, fringe benefits and salary sacrifice arrangements, but not super. Some other types of payments may be excluded from the calculation, such as bonuses or commissions.

Employees who earn more than the threshold and are not covered by an award or agreement cannot file an unfair dismissal claim against the employer.

Employees who earn more than the threshold and are covered by an award or agreement may enter into an arrangement to guarantee annual earnings in exchange for waiving the provisions of

the award. These award covered employees may still file for an unfair dismissal claim.

Maximum damages in such a claim are set to 50% of the high-income threshold.

## Important News

### ATO BAS Agent Lodgement Program 2021-2022

The ATO has updated the **BAS agent lodgement program** with due dates for the 2022 financial year. It has also updated the **BAS agent Fast Key Codes** – bookmark this page if you haven't already!

### ATO Fuel Tax Credits Rate

Updated **FTC rates for July** with a link to the FTC calculator.

### TPB Proof of Identity Requirements

Although the **TPB guidance on proof of identity checks** is still in draft form, it has released answers to frequently asked questions based on its current advice. Until the guidelines are finalised, use the guidance on this webpage.

### More Time for STP Finalisations

On 29 June, the ATO announced employers could have up to 31 July to complete the STP finalisation process. It is encouraging employers to finalise by 14 July if possible. Employers should notify employees once the finalisation is done and their income statement is available for their tax return.

### Sharing Economy Reporting

The government plans to introduce reporting for the sharing economy from July 2022, similar to the taxable payments reporting system. This means operators of platforms offering resource sharing will have to report identification and payment information of participating sellers to the ATO for tax return data matching. Anyone earning extra income from share platforms will need to upgrade their record-keeping to ensure correct figures are reported in the tax return.

## AAT Australia Member Events

### July Tech Talk: Practice Management for Work, Clients, Planning and Communication in One Place with Karbon

Discover Karbon's practice management software and what it can do for your bookkeeping practice. Richard Snell will give a complete overview of the major features and functionality and demonstrate the most powerful ways other firms are using Karbon to boost efficiency, drive automation, collaborate as a team, and have full firm visibility.



Thursday 29 July



12:30pm - 1:30pm AEST



Karbon



Free for AAT Members  
(Recorded)



Online



Total CPD Hours: 1

BOOK NOW

### **In Case you Missed it: June Tech Talk: Better Tools for Productivity with Dext Prepare and Dext Precision**

Formerly Receipt Bank, Dext puts powerful tools at your fingertips for real-time and accurate insights, helping accounting professionals be more productive and profitable.

The Dext suite of products is designed to free up your team to spend more time adding value to clients.

Let Prepare extract every line of data to free up your team, whilst Precision provides error-free data and proactive insights to increase revenue through more billable advisory services to grow your business.

WATCH NOW

### **AAT Australia Bookkeepers Support Group**

Join the [AAT Australia Facebook](#) group for sharing information and getting help from colleagues. Talking with colleagues can really help us work things out, whether it's a curly bookkeeping question or whether it's needing a sounding board for help with a difficult situation; you don't have to operate in total isolation.

## What is Going on in the Industry?

### **IPA Group Podcast – The State of Small Business Post-JobKeeper**

Worrells Partner Chris Cook joins host Maja Garaca Djurdjevic to discuss the state of small business post-JobKeeper and the probability of an oncoming tsunami of insolvencies.

Chris shares his thoughts on how the ATO will react to the growing mountain of small business tax debt and the government's insolvency reforms.

Listen [here](#).

### **Accountants Daily Insider Podcast – Diving into the tax watchdog's latest report on undisputed tax debts**

Inspector-General of Taxation Karen Payne joins host Jotham Lian to discuss her agency's latest report on undisputed tax debts in Australia.

Karen reveals which industry accounts for the highest debt levels, the breakdown of taxpayer groups responsible for the growing debt, and how just a minority owes a majority of collectable debts.

Listen [here](#).

### **Accountants Daily Insider Podcast – Community not Competition**

Accountants Daily Excellence Award Winner Aly Garrett joins host Jotham Lian to relive a night that saw over 400 practitioners coming together to celebrate a momentous year for the profession.



Listen [here](#).

### **Lunch & Learn with Accounting Apps**

Heather Smith presents free online interactive sessions to help accounting and bookkeeping professionals stay updated with the vast number of accounting apps available.

More details [here](#).

### **ATO Tax Professionals Conversations Webcasts**

- Thursday 26 August 2021, 2.00pm AEST

No need to register – select the webcast page link at the start time to join. Recordings and transcripts of previous conversations are available.

### **ATO Open Forums**

Upcoming ATO Open Forums are now offered online.

Check the [ATO Open forums](#) webpage for sessions focussing on:

- Digital services and system updates.
- Newly registered tax professionals.
- BAS agent updates from the Tax Practitioners Board.
- The ATO focus for 2021.

### **ATO Tax in Voice Podcast**

Keep updated about the latest tax and super information.

Latest instalment:

- [Episode 34 – Getting ready for Tax Time 2021](#)

### **ATO TV**

Handy [ATO TV videos](#) on a range of topics that may be useful for you or your clients. Includes short videos on many topics, including managing authorisations in RAM and longer videos on more complex subjects such as WET or GST at settlement.

### **TPB Webinars**

Upcoming Tax Practitioners Board free webinars for registered agents.

- Wednesday 21 July 11:00am (AEST) - For all tax practitioners
- Wednesday 21 July 2:00pm (AEST) - For tax and BAS agents

Visit the TPB webinars [webpage](#) to register for the webinars.

Visit the TPB YouTube [channel](#) for recordings of all previous webinars.

### **IPA Introduces Uprise for Mental Health Clinical Support for Members**

AAT members now have access to a digital mental health assistance program called [Uprise](#). We encourage you to install the Uprise app on your mobile or other devices. The cost of the app will

be waived for IPA Members if you enter the special code **ipa-aus**. For more information on how to engage the Uprise service, [click here](#).

## ATO Upcoming Scheduled Maintenance

- **Saturday 7 August** 10.00pm AEST to **Sunday 8 August** 10:00am AEST
- **Saturday 4 September** 10.00pm AEST to **Sunday 5 September** 10:00am AEST
- **Saturday 24 September** 11.30pm AEST to **Monday 27 September** 7:00am AEST

[ATO – Upcoming scheduled maintenance](#)

## Feedback

AAT welcomes your feedback. Please share your thoughts and ideas, let us know what your concerns are as well as the support and CPD that you need, so that we can deliver the best possible outcome for all of our AAT community. [Contact us](#)