



Dear Member,

## AAT News

**Welcome to the April 2020 bumper edition of the AAT Australia's eNews & Views. In this edition you'll find out all about:**

- AAT COVID-19 New Webpage
- JobKeeper Law Passed and Rules Released
- Commercial Rent Relief
- Bookkeeping for COVID-19 Credits, Deferrals, Refunds and JobKeeper
- How to Offer Better Value to Clients in Distress
- TPB, ATO and Tax Professionals Working Together in Response to COVID-19
- Bushfire Relief Grants and Tax Exemptions
- New Employee Forms in myGov
- And more!

Check our eNews & Views [page](#) for previous newsletters.

## AAT COVID-19 New Webpage

We have emailed a number of communications with essential information and updates throughout the last month and have now gathered the resources in one place.

You will find it in the "Resource" drop-down menu; or search the website for COVID-19.

The flurry of government announcements has slowed, so we can now set about helping our clients to understand what applies to their business type and situation.

We will add more resources to this web-page so keep an eye out!

[AAT COVID-19 Information for Bookkeepers and Business Owners.](#)

## JobKeeper Law Passed and Rules Released

The JobKeeper law was passed on 8 April 2020, without amendments. This means the information already published by Treasury can now be relied upon, and the ATO has released details of the administration of the JobKeeper payment.

There are still more details to come and some aspects of the program yet to be clarified. Visit the Treasury [JobKeeper](#) webpage for details and download the [JobKeeper payment – frequently asked questions](#) document.

Eligibility for the JobKeeper payment depends on a range of criteria. The [ATO JobKeeper](#) webpage has been updated with full details and relevant information for [employers](#), [employees](#) and [tax professionals](#).

### The Process for Employers

- Register with the ATO.
- Read ATO information to confirm eligibility of the business to receive JobKeeper on behalf of employees.
- Read ATO information to confirm eligibility of employees. Note that a business may be eligible but not necessarily all employees will be eligible. Each must meet relevant criteria.
- Pay employees.
- If employee's usual pay is less than \$1,500 per fortnight, employer should make a top-up payment to the value of \$1,500 gross, from 30 March 2020.
- Notify your eligible employees that you intend to claim the JobKeeper on their behalf.
- Eligible employees must complete the [JobKeeper employee nomination notice](#) and return to the employer by 30 April. The employer must keep this form on file for five years to document agreement by the employee to nominate this employer as the primary employer for JobKeeper purposes. (Employees may only receive JobKeeper from one employer).
- From **20 April, employers can enrol in JobKeeper** using their business portal. Tax professionals can enrol on their behalf using ATO online services for agents.
- The ATO will reimburse the business monthly in arrears.
- Payroll and accounting software apps are being upgraded now to allow JobKeeper to be accurately processed. In the meantime, pay employees as usual, and the software companies will advise you how to make adjustments if necessary, for amounts already paid.

### The Process for Sole Traders and Others

There will be a different process for sole traders, partners, trust beneficiaries, shareholders or company directors. The ATO has not yet released administrative detail for these recipients.

## Commercial Rent Relief

A mandatory code of conduct for commercial leasing arrangements has been released by the Federal Government.

If a business qualifies for JobKeeper, (i.e., it can demonstrate reduction in turnover relevant to the entity type and size), then the business qualifies for commercial rent relief. Evictions are not allowed for the next six months.

The new code provides a combination of rent waivers and deferrals. The minimum rent waiver must be 50% and the balance offered in the form of deferral. Payment of deferred rent must be amortised over the remainder of the lease term and for a term of no less than 24 months, or more depending on what is deemed reasonable by both parties. A landlord may choose to waive 100% of the rent, equally a lessee may choose to pay the reduced rent without deferring any payments.

The code comes into effect from 3 April 2020 and will run for the same period as JobKeeper.

The code requires landlords and lessees to negotiate in good faith new arrangements for the period of the JobKeeper program in order to facilitate resumption of normal business once the pandemic business hibernation period is over.

Tenants will need to provide accurate information to prove their financial position and eligibility for

JobKeeper. Likewise, landlords must be open and honest in passing on any relevant reductions in their costs, such as rates or taxes, or any other benefits such as deferred loan payments, to the tenants.

If the landlord and tenant cannot reach agreement, they will need to approach the relevant State or industry body for advice or mediation.

For full details of the code, download [SME Commercial Leasing Principles During COVID-19](#).

## PAYGW Cash Flow Boost Calculator for Small Business Employers

For a handy forecasting tool check out [d1g1t.business](#) webpage. This is an online calculator for you and your clients to get an idea of when the cash flow boosts will be available and how much the business will be eligible for.

This is based on the current advice from the ATO and is provided as a guide only, but it is a useful tool for a quick snapshot.

## Bookkeeping for COVID-19 Credits, Deferrals, Refunds and JobKeeper

A simple guide to bookkeeping principles for the different aspects of the economic stimulus. We understand there can be different ways of entering transactions in your accounting software to achieve the same result in the general ledger.

We offer some thoughts on the bookkeeping for the various credits, deferrals, refunds and JobKeeper payment.

What do you think? Have you already made changes in your software? What methods do you use? Have you had specific guidance from tax agents on how to enter these items in the software?

We encourage you our members to use the [AAT Facebook](#) page to discuss the pros and cons of different systems and share your thoughts on the best ways to account for these payments.

### **PAYGW Credit (or Cash Flow Bonus)**

Use a journal entry at end of period or an ATO bill dated the first of the following period. Either way use a liability account to track the ATO Integrated Client Account running balance.

- Use the [d1g1t.business](#) online calculator to assess the amount but remember the ATO has the final word!
- Enter the full amount of the PAYGW as it should be reported at W2 and finalise your journal or bill.
- Create an 'other income' account called PAYGW Credit or Cash Flow Bonus or similar.
- Receive the ATO PAYGW credit into the ATO ICA liability account, allocated to the 'other income' account above.
- If the payment results in the ICA being in credit and a refund is due, receive the funds into the bank account allocated to the ATO ICA.

### **Payroll Tax Refund**

Payroll tax is entered against an expense account. We advise leaving the full amounts already paid against this account so that businesses can use the figures for future planning and forecasting.

We are unsure yet whether the payroll tax refunds will be treated as a rebate and is assessable income for the business, or if it will be treated as a reduction in liability.

- Create a new expense account called Payroll Tax Refund or similar and enter as a negative against this GL account. This way business owners can see the full amount and the credit separately.
- For future months, even though no payroll tax is payable, enter the amount as if it would be due then apply a credit against the payroll tax refund account.
- Some states are offering deferral of payroll tax payments. In this case, create a liability account called Payroll Tax Deferred or similar, and enter the monthly amount against this liability account to track amounts owed to the State Revenue Office. When payment is made, journal the amount from the liability account to the expense account to show the expense correctly in the P&L, or simply use a bill as usual.

### **PAYG Instalment Variations and Refunds**

Instalments can be varied to a lower amount or to nil, (without incurring the usual penalties for incorrectly varied instalments), however it's important to remember if a business makes any profit, or if sole traders earn above the taxable threshold, income tax will be payable. There will of course be an option to enter into a low interest deferred ATO payment plan for income tax debt if needed.

- Check with the tax agent before varying an activity statement.
- In many cases, the best advice will be to leave instalments already paid with the ATO and to vary the March and/or June quarter.
- For those who apply for and receive a refund of PAYGI, the activity statement entry will show nil if it has been adjusted to nil, and if a refund for prior periods has been claimed, the amount will be entered in the journal or bill as a credit to the PAYGI account instead of a debit.
- Some bookkeepers prefer to use a different GL account for each financial year to track instalments and final amount of income tax payable. This may make it easier to track PAYGI refunds received for FY2020, in case all or some of this amount becomes due at a later date.

### **Activity Statement Payment Deferral**

The ATO is allowing deferral of activity statements by up to six months. The usual rules apply – if a business cannot make payment by the due date, either the business owner or a registered agent must apply for a payment plan. However, the COVID-19 economic response allows for a six-month deferral of payments without incurring interest or penalties.

- For those who use a GL account for the ATO Integrated Client Account to track payments made, it will be easy to see the liability for each activity statement and any payments made to the ATO, or the running balance if no payments are made.
- For those who use a bill to the ATO, simply leave the bill unpaid or apply part payments made.
- For payments that have been deferred until after 30 June, some tax agents have already advised they want to see the deferred amount in a new GL liability account called ATO Deferred Payments or similar. If this is the case, you will need to journal any unpaid amounts to this account at 30 June. This way the amount of current GST and other BAS liabilities is shown in the usual GL accounts, while unpaid amounts that have been deferred for later payment will show as a separate liability on the balance sheet. If a deferred liability account is not required, the outstanding balance will simply sit in the ATO ICA.

### **JobKeeper Payment for Employees**

JobKeeper needs to be tracked correctly in your payroll software and reported on the payment summary or Single Touch Payroll (STP) income statement.

- The ATO will reimburse participating employers for eligible employees monthly in arrears.
- Create a wage category called JobKeeper.
- YES, it is taxable.
- NO superannuation guarantee is payable.
- NO leave accrual.
- Check with your software provider regarding their recommended setup for JobKeeper.
- [Xero JobKeeper](#)
- [QBO \(KeyPay\) JobKeeper](#)
- [MYOB JobKeeper](#)
- [Reckon JobKeeper](#)
- Top-up payments made to employees who earn below \$1,500 per fortnight must be reported in STP as an 'Other' allowance type, with the exact description "JOBKEEPER TOPUP".
- Notify the ATO of all eligible employees via STP after the last day of the last full fortnight in the calendar month. Your software will manage the reporting process in accordance with the ATO JobKeeper fortnightly calendar.

### JobKeeper Payment for Sole Traders

- Tax will be payable on this income if the sole trader earns over the taxable threshold, so advise them to discuss with their tax agent whether they should put aside (if they can) a percentage for a future tax bill.
- Create an income account called JobKeeper and receive ATO payments against this account to track separately from ordinary business income.

## Superannuation Guarantee Amnesty Update

In the [March newsletter](#) we let you know about the superannuation amnesty that was passed as law on 6 March 2020.

The amnesty allows eligible employers to catch up with unpaid super obligations and have certain penalties and fees waived during the amnesty period, making the cost of meeting super obligations lower than if they had to complete a superannuation guarantee charge statement. Additionally, payments made before 7 September 2020 will be tax deductible.

Although penalties are waived, interest on the unpaid super is still payable.

### What Period Does the Amnesty Apply To?

The amnesty allows employers to self-correct any superannuation owing from 1 July 1992 to 31 March 2018 during the six-month window of the amnesty period.

For amounts that are unpaid since 1 April 2018, the usual penalties will apply.

The amnesty period is available from **7 March 2020** to **7 September 2020**.

An employer must apply for the amnesty using the [ATO SG amnesty form](#) which should then be uploaded via the business portal or registered agent ATO online services.

### How Does COVID-19 Affect the Amnesty?

The ATO has confirmed that despite the effects of the pandemic on business, the law does not allow

for alteration to the amnesty period or conditions.

However, they will work with a business owner to arrange a payment plan that takes into account changed business circumstances. Although they will allow payment plans beyond 7 September 2020, only payments made before this date will be tax deductible.

Visit the ATO webpage for full details of the [superannuation guarantee amnesty](#).

## How to Offer Better Value to Clients in Distress

Many bookkeepers and BAS agents have found the workload has increased in the last month as we field many queries from our clients. And this on top of trying to stay up to date with the announcements from the ATO and government (not to mention AAT!)

Whilst our workload may have initially increased due to the pandemic, we may find that some of our clients are already massively impacted financially and we are wondering if we will be paid for our time.

Many are questioning now whether we should be reducing fees, doing work for free or giving discounts. We are not going to give you a definitive answer on this, as it is an important decision you each need to make for your own business situation, in accordance with your own values and what you are comfortable with. However, we will give you some essential ideas to consider!

Bookkeepers and BAS agents are running a business just like our clients are; we have overheads, subscriptions, registrations, professional development, hardware and website costs, not to mention our own superannuation and income tax expenses.

We are in the business of ascertaining and advising on government taxes and liabilities, business compliance, financial reporting and in some cases cash flow management and budgeting. These are vital services at this time of massive change to business. Many of our clients rely on us to give them excellent advice and that reliance has only increased in the last month.

Over the last ten years our industry has made great advances with increasing our standing in the accounting and tax practitioner world. We don't want to erode the developments in our industry where we are finally starting to charge appropriately for our services and get recognised as tax professionals.

It is important that we do not devalue the importance of our services, even if we do decide to reduce our fees in some way. When you have a conversation with your clients about your next bill, keep all these points in mind as you negotiate.

### Ideas to Consider

- Think about “discounts” before you offer them. Offering discounts can be a way of devaluing your services as if they were a cheap supermarket commodity. Instead talk about your value and offer “**savings**”.
- Talk about what tasks the business can do themselves to reduce your bill. This way you don't reduce your hourly or fixed fees, nor do you reduce the value of what you do provide, but the overall bill to the client is reduced by you doing less for them.
- Can you offer a certain amount of reduced cost or free training to the client as a way of helping them?
- Talk about a temporary reduction in your fee but make it clear that it will be revised at an agreed date. Offer this reduction on the understanding that fees will return to your usual rate at some point.
- Can you exchange services? If so, make it a formal barter arrangement. Check the [ATO barter and trade exchanges](#) webpage.

- Can you offer services that you would usually charge top consulting rates, for at a lower rate, to encourage clients to take advantage of cash flow planning and budgeting?
- Discuss the option of payment plans for your services but keep your fees the same as always.
- Another idea could be that you offer a discount for payment in full by a certain date, or the amount reverts to the usual fee.

We offer the above list as some ideas to think about before you have potentially difficult conversations with your clients. If you can decide where you stand on reduced fees before you speak with clients, then actually having the conversation is that much easier.

### Negotiation Suggestions

- Don't start explaining why and how you charge what you do. Don't let the client pick apart the value of different things you offer—you are the one who decides the value of what you offer. You are offering professional services and no one part is necessarily more or less valuable than any other unless you decide it.
- Keep your fees as they are but offer something extra, for example, you could provide certain financial reports or a weekly phone call for no extra charge.
- Don't dismiss any protests at your fees, be polite and acknowledge the concern and continue to try to work something out that suits BOTH parties. "What could you commit to?" Or "What would you be comfortable with paying for my professional services?"
- Always try to find a solution that works for both you and the client.
- Remember – talk about savings not discounts!

## TPB, ATO and Tax Professionals Working Together in Response to COVID-19

The [Commissioner of Taxation](#) and the [Tax Practitioners Board](#) (TPB) have released messages of support for tax professionals, to reassure us of their assistance as we do our best to support our clients in responding to the current crisis.

The Australian Government's relief measures are designed to help the economy survive the impact of the global pandemic and to encourage businesses where possible to continue to operate and retain employees.

Many announcements have been made by the ATO and the government and for some measures we are awaiting further details about how they will be applied. There will be many individuals and businesses for whom the blanket measures may not apply, and the ATO and TPB have said they will work with business owners and tax practitioners to tailor their help with practical advice and strategies.

The Commissioner of Taxation has a certain amount of discretionary power in applying tax law, for example, where a law will produce an unintended negative impact on an individual or business entity.

For any tax practitioners struggling with how to apply the information to specific businesses, please contact the ATO on the agent phone number 13 72 86 and check the [ATO fast key code](#) guide.

We are aware of some advisors giving out incorrect or questionable advice to business owners. The TPB has requested that people confidentially report any tax practitioners who may be doing the wrong thing by ringing 1300 362 829 or emailing their dedicated mailbox: [covid19tipoff@tpb.gov.au](mailto:covid19tipoff@tpb.gov.au)

The AAT encourages our members as trusted professionals in the tax and super systems to maintain professional integrity and to work together with the ATO and your clients' tax agents where

possible, in the best interests of your client.

[AAT – Code of Ethics](#)

[TPB – Code of Professional Conduct for BAS Agents](#)

## TPB CPE, Annual Declaration and Renewal Concessions for Agents Affected by COVID-19

The Tax Practitioners Board (TPB) has temporarily relaxed some of the usual requirements for continuing registration.

The Continuing Professional Education (CPE) cap on 25% technical and professional reading is removed until 30 September 2020. Other CPE conditions continue unchanged at this stage. This means that agents are still required to undertake 45 hours over a three-year period, complete at least five hours per year, maintain a CPE logbook and complete CPE relevant to the services provided by the agent.

For agents whose annual declaration is due by 31 December 2020, they can make the declaration at a later date, during 2021 or 2022, depending on renewal date. However, agents are still required to meet CPE requirements, maintain professional indemnity insurance, meet fit and proper requirements and to meet personal tax responsibilities.

If your ability to meet the TPB's obligations as a registered agent is affected by COVID-19, [contact the TPB](#) to discuss your situation.

## TPB Register Expanded

The [TPB register](#) has recently been improved and expanded to display more details of practitioners listed on the register, with the aim of increased transparency for consumers who want to check an agent's details. The new register will reveal agents who have been sanctioned for misconduct, resignations and surrendered registrations.

## Bushfire Relief Grants and Tax Exemptions for Disaster Relief Payments

Businesses affected by the 2019-2020 bushfires are able to apply for state government assistance in the form of grants and concessional loans. Check the Australian Government Business information on [Bushfire grants, events and assistance](#) for links to relevant state and territory funding information.

Payments made to individuals as a result of the bushfires are now tax exempt in recently passed treasury law. This includes support payments to volunteer firefighters, relief and recovery payments and benefits provided by the Australian Government, disaster recovery allowance and payments made by state or territory funding arrangements.

For full details visit [ATO Tax exemptions for disaster relief payments](#).

## New Employee Forms in myGov



New employees of a business now have the option of completing some of the required forms online. These forms can then be accessed by their myGov account.

#### **Forms currently available:**

- Tax file number declaration
- Superannuation standard choice form
- Withholding declaration
- Medicare levy variation declaration

Information is pre-filled into the online forms automatically from the identity information within the individual's myGov account.

The forms are then directly linked to the ATO, without the employer having to send in the forms.

Employees should talk to their employer first before completing the online forms, as they will need to know the employer ABN, their employment basis and the employer default super fund details (even if they are providing a super choice form).

Once the forms are complete, the employee can print and provide to the employer. Some employers can link their payroll software to the ATO online services, which means that employers provide a link to employees who can then fill in the forms online via the payroll software.

For full details visit the [ATO New employees](#) webpage.

## AAT Australia Events

- [Tanda - April 2020 Tech Talk](#)

## What is on in the industry?

### **ATO Open Forums**

Upcoming ATO Open Forums, which to date have been run face to face, have been postponed, although the ATO is optimistically showing June open forums as available.

Check the [ATO Open forums](#) webpage for future dates.

### **The Bookie & The Beano Podcast**

Join Intuit QuickBooks resident bookie, Diane Lucas, and favourite beano, Kane Munro, for the latest episode of their podcast, which deals with many aspects of the relationship between accountants and bookkeepers. Check out the latest episode [here](#), Episode 41: What a COVID-19 shutdown could mean for our businesses.

## Join our Facebook Discussion Group

Feedback from members indicates that community is very important to accounting technicians. In response, the AAT Team has established a Facebook group especially for AAT members to join in an online community and discuss your successes and your not-so-successes, ask questions, give support to your colleagues and enjoy networking with your peers. We will be posting articles, information pieces, event details plus more. Click through here to join in today:

[AAT Facebook Group](#)

## 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](#)



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