

EOFY OVERVIEW AND RESOURCES FOR BOOKKEEPERS

End of financial year can be daunting, especially if you have a range of clients across industries or a new client’s accounts you’re still familiarising yourself with. You may also have anomalies that need final resolution before passing the figures to the tax agent for income tax preparation.

Standardised procedures including checklists and templates can help ease the pressure and improve efficiency and accuracy. Below is an EOFY overview including pro tips and links to practical resources on the AAT website\*. Also included are relevant EOFY reports and links in the three most popular programs, QuickBooks Online, MYOB and Xero.

The main areas of focus for reconciliation and reporting are:

* Banks and balance sheet – reconcile bank and cash accounts and relevant balance sheet accounts.
* Payroll – reporting payroll and other reportable payments.
* GST – reviewing GST actual vs reported and making any necessary adjustments before the financial year is closed.
* EOY for tax agent – preparing and organising files, notes and queries.

*\*Resources available* [*www.aat.org.au*](http://www.aat.org.au) *for full members*

**RECONCILE BANKS AND OTHER ACCOUNTS**

Are all your bank and cash accounts reconciled up to 30 June? Run a reconciliation report and check all outstanding items are correct.

Reconcile debtors, creditors, inventory value and asset register. Beneficiary or director loans also need to be reconciled, as well as inter-entity loans.

Do the **opening balances** for the current financial year match the closing balance of the accountant’s financial statements of the previous year? If not, have **adjustment journals** for end of previous year been entered in the file? If not entered, check with the accountant if they can provide adjusting journals.

See AAT EOFY resource: **Workflow Tracker** and customise to your own practice and each client’s individual needs.

**PAYROLL**

Single Touch Payroll (STP) is now mandatory for all but businesses with approved exemptions. Closely held employees must be reported from 1 July 2020. Salaries and wages, PAYG withholding and superannuation information is reported directly to the ATO through your accounting software on the day of each pay run.

[ATO – Single Touch Payroll](https://www.ato.gov.au/business/single-touch-payroll/)

STP finalisation is required by 31 July for small employers (with 19 or fewer employees) and 14 July for large employers (with 20 or more employees).

Once the employer has finalised the payroll year, employees will see their income statement in their myGov account listed as ‘tax ready’.

[ATO – Finalising STP Data](https://www.ato.gov.au/Business/Single-Touch-Payroll/In-detail/Single-Touch-Payroll-employer-reporting-guidelines/?page=7#Finalising_your_Single_Touch_Payroll_data)

For non-employee workers the business has withheld PAYG for, a payment summary must still be issued to the payees and a payment summary statement submitted to the ATO.

[ATO – PAYG Payment Summary](https://www.ato.gov.au/Forms/PAYG-payment-summary---individual-non-business/)

[ATO – PAYG Payment Summary Statement](https://www.ato.gov.au/Forms/PAYG-payment-summary-statement/)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| TASK | XERO | MYOB | QBO | AAT |
| Reconcile Wages   * Gross * Net * Salary Sacrifice * Allowances * Deductions * PAYG * Superannuation | <https://central.xero.com/s/topic/0TO1N0000017kmIWAQ/payroll-employees#business> | <https://www.myob.com/au/blog/the-first-time-employers-guide-to-payroll/> | <https://quickbooks.intuit.com/au/resources/product-updates/end-financial-year-payroll-procedures/> | EOFY Payroll and BAS Reconciliation  EOFY BAS Annual Reconciliation  AAT Payroll Resources |
| Activity Statement review for PAYG | Reports>Payroll>Payroll Activity Summary | Reports>Payroll>Activity Summary | Reports>Payroll>Detailed Activity Report |  |
| TPAR | <https://help.xero.com/au/Report_TPAR> | <http://help.myob.com/wiki/pages/viewpage.action?pageId=5669219> | <https://community.intuit.com/articles/1283919-how-to-run-a-taxable-payment-annual-report-tpar-australia-only> | N/A |

Regardless of STP, it is necessary to reconcile the wages expense and liability accounts at the end of the financial year, monthly or quarterly even better.

**GST**

Reconcile GST paid and collected accounts and/or the GST liability account. Look out for common issues or errors such as journal entries to the control accounts instead of transactions, end of year journals from the previous year or GST adjustments.

PRO TIP: Confirm if client is cash or accrual based before running reports and check date ranges!

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| TASK | XERO | MYOB | QBO | AAT |
| Reconcile GST accounts   * GST paid * GST collected * GST (for combined GST paid and GST collected) | Reports>Tax>GST reconciliation | Reports>GST/Sales Tax>Summary  Reports>GST/Sales Tax>Detail  Reports>GST/Sales Tax>Tax Code Reports>Tax Code Exceptions | Reports>Accountant Reports>Transaction Detail by Account | EOFY BAS Annual Reconciliation |
| Reconcile ATO Integrated Client Account (if used) | Reports>Accounting>Account Transactions (select ATO ICA) | Find Transactions (select ATO ICA) | Reports>Accountant Reports>Transaction Detail by Account | EOFY BAS Annual Reconciliation  EOFY Payroll and BAS Reconciliation |

**BAS COMPARISON AND REVISION**

* Compare current reporting figures to figures previously lodged for each quarter and identify any discrepancies.
* Once you have ascertained the correct GST balances, make any necessary amendments to transactions in the ATO ICA.
* You can opt to revise the relevant quarterly BAS or make any adjustment in Q4 if within allowable limits.

See AAT EOFY resource: **GST and BAS Reconciliation** template including PAYG comparison.

**EOFY CLIENT AND TAX AGENT NOTIFICATIONS**

Email your client about preparing for end of year by mid-May, to let them know how you are planning for their end of year accounts and to address any queries you have for the business owner.

Once you have reconciled the BAS-related accounts and prepared the relevant reports, it’s time to organise it all into a neat package for the tax agent. You’re probably wondering **when** the best time is to get cracking on all this. You’ll need to consider deadlines for income tax lodgement and any applicable audit requirements or other matters relevant to each client. Tax agents need some insight into the final quarter of the financial year to advise on deductible expenses, salary packaging entitlements and/or beneficiary (or director) loan accounts.

We recommend you go through this EOFY process for YTD at end of Q3, inform your client of YTD figures and contact the accountant. This will leave a relatively small remainder of the year to repeat the process for Q4.

See AAT EOFY resource: **Email to Client Template**

**Communication with Tax Agent**

* Do you have permission from the client to contact the tax agent directly?
* Do you have current contact details – email and phone?
* Does the tax agent have access to the accounting file? If not, get client’s permission to add them as an advisor to cloud files.
* Can you share documents by Dropbox, or do they offer an in-house server for sending files? Are there size limits for attachments with emails?

See AAT EOFY resource: **Tax Agent Information and Checklist**

**Provide Information to the Tax Agent**

For clear organisation of prepared reports, templates and checklists, set up electronic client folders and have subfolders for each financial year. Within each year, the following reports are recommended:

1. Accountant report – this is an overview or notes for communication with the accountant. A word document will be a clear record that can jog the memory and be duplicated with edits in subsequent years. Use to report anomalies and request follow up or advice from accountant.
2. Financial reports – Trial Balance, Balance Sheet, Profit & Loss.
3. Balance sheet Items –debtors, creditors, inventory and assets. Identify bad debts and include details of these and any issues in the Accountant Report. Beneficiary or director loans also need to be reconciled.
4. Payroll– prepared as per payroll section.
5. Progress checklist and templates – customise resources, checklists and templates and refer to accounting software for EOFY steps.
6. Data file – backup of the file if necessary.

PRO TIP: Request and enter adjustment journals once this year is completed by tax agent and LOCK FILE as at 30 JUNE of completed financial year.

**REPORTS**

This table lists relevant reports, links and other resources:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| FOLDER | XERO | MYOB | QBO | AAT |
| Accountant Report | N/A | N/A | N/A | EOFY Tax Agent Information and Checklist |
| Financial Reports | Reports>Accounting>Trial Balance  Reports>Financial>Balance Sheet  Reports>Financial>Profit & Loss | Reports>Accounts>Accounts>Trial Balance  Reports>Accounts>Accounts>Balance Sheet  Reports>Accounts>Accounts>Profit & Loss | Reports>Accountant Reports>Trial Balance  Reports>Accountant Reports>Balance Sheet Comparison  Reports>Accountant Reports>Profit & Loss |  |
| Balance Sheet Items | Reports>Sales>Aged Receivables Summary  Reports>Purchases>Aged Payables Summary  Reports>Accounting>Account Transactions (select Directors or Beneficiary Loan) | Reports>Sales>Receivables>Reconciliation Summary  Reports>Purchases>Payables>Reconciliation Summary  Find transactions (select)Directors or Beneficiary Loan account | Reports>Recommended>A/R Aging Summary (Customise if necessary)  Reports>Recommended>A/P Aging Summary (Customise if necessary)  Reports>Accountant Reports>Transaction Detail by account |  |
| Payroll and STP Finalisation | Reports>Payroll>Payroll Activity Summary  Payment summaries  STP | Reports>Payroll>Activity Summary  Payment summaries  STP | Reports>Payroll>Detailed Activity Report  Payment summaries  STP | EOFY BAS Annual Reconciliation  EOFY Payroll and BAS Reconciliation |
| Progress Checklist and Templates | <https://help.xero.com/AU/Q_YearEnd> | <http://help.myob.com/wiki/display/ar/End+of+period+procedures> | <https://quickbooks.intuit.com/au/resources/product-updates/end-financial-year-using-quickbooks-online/> | EOFY Workflow Tracker  AAT Templates  AAT Checklists |
| Accounting Data | Invite as advisor  Backup reports | Invite as advisor  Backup data file | Invite as advisor  Backup reports | N/A |