



Dear Vincent,

## AAT News

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

- AAT COVID-19 Updated Webpage
- JobKeeper Monthly Declaration
- Where is the Cash Flow Bonus?
- ATO Stance on JobKeeper Compliance
- ATO Audits After COVID-19?
- Has Your Bookkeeping Business Been Affected?
- Health and Wellbeing for Business Owners and Advisors
- ATO Support for Tax Professionals
- Home Office Expenses Simplified for Employees Working Temporarily from Home
- TPB CPE Activities Expanded
- TPB FAQs – COVID-19 Stimulus Measures and Code Obligations
- And more!

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

## AAT COVID-19 Information

For those who may have missed our emails during the last month, there have been many updates to our [COVID-19 Information for Bookkeepers and Business Owners](#) webpage and resources.

In particular, we have updated the [COVID-19 Turnover Comparison Tool](#) and JobKeeper information and added some of the relevant information previously released in emails and newsletters. You will also find the authority templates, alternative test information and JobKeeper payment decline in turnover test Law Companion Ruling added to the [JobKeeper Process page](#).

## JobKeeper Monthly Declaration

The JobKeeper monthly declarations are now required in order to receive the JobKeeper payments.

Extensions were allowed for April, however in future months the ATO is currently advising that declarations must be made by the end of the month.

The ATO declaration page states: “You will not be eligible for and may be required to repay JobKeeper wage subsidy payments if you do not keep records to substantiate all information provided in your application. Penalties may be imposed for giving a false or misleading statement”.

- Keep records of all advice received from the business owner regarding turnover and eligible employees and business participants—also advise them to do the same.
- You must print or save the monthly declaration lodgment receipt, as this is **not available** after you have left the page and is essential for your records.
- This document contains the receipt ID and the specific information submitted for each employee or business participant in each fortnight period, as well as the actual turnover for the previous month and the estimated turnover for the following month.
- Use the print friendly version to download a copy for record keeping purposes.

Remember, if you are lodging on behalf of a business owner you must have a specific authority form for each lodgment.

See the [AAT JobKeeper Process](#) webpage for all things JobKeeper and authority form templates.

## Where is the Cash Flow Bonus?

There seems to be some confusion about how and when the cash flow bonus for PAYGW credits will be received.

The bonus is applied to the business owner’s ATO Integrated Client Account (ICA) once the activity statement has been lodged.

- If the activity statement total is less than the value of the bonus, the balance will be refunded into the client’s business bank account.
- If the activity statement total is more than the value of the bonus, the credit will automatically be applied to the activity statement total in the ICA. The ATO does not send messages to either the agent or the business owner to notify them of the allocation of the credit. The credit is usually applied on the same day of lodgment.
- The registered agent or business owner needs to check the ICA in the ATO agent online services or the ATO business portal to check the amount of the credit and the total payable against the activity statement.
- Remember, allocate the credit to an ‘other income’ account called PAYGW Credit or Cash Flow Bonus or similar.

See the [AAT COVID-19 Information for Bookkeepers](#) webpage for more details on bookkeeping for the COVID-19 credits, deferrals, refunds and JobKeeper.

## ATO Stance on JobKeeper Compliance

The ATO has published [Practical Compliance Guideline PCG 2020/4](#) to assist taxpayers and tax professionals in complying with the JobKeeper rules.

“Provided you follow this Guideline in good faith, the Commissioner will administer the law in accordance with this approach”.

For the majority of business entities and individuals who genuinely qualify for the scheme, there

is nothing to worry about. Once the entity has proved the decline in turnover they are in the system and simply need to report monthly to continue to receive JobKeeper payments.

However, for the few who are trying to defraud the system and receive payments they are not entitled to, there are additional measures allowed by the ATO to administer compliance. The [Coronavirus Economic Response Package \(Payments and Benefits\) Rules 2020](#) bill provides detailed administrative arrangements for the JobKeeper payment.

There are already a number of recognised schemes in play by unscrupulous business owners to falsely claim a reduction in turnover or an inflated number of employees in order to prove eligibility for the JobKeeper payment.

- Deferring the making of supplies.
- Bringing forward the making of supplies.
- Transfer of assets to other entities.
- Engagement of fictitious employees.
- Questionable registration for PAYGW.
- Questionable change of business structure.
- Backdating and/or changing the nature of payments made to business owners.
- Employers seeking repayment in cash from recipients of JobKeeper.
- Employers reducing service fees.
- Parent companies reducing management fees or manipulating the timing of fees.
- Any other scheme that is contrived to make it look like the business has been significantly affected by COVID-19 to show a reduction in turnover or to increase the amount of JobKeeper payment received, i.e., in excess of pre-existing employment relationships.

The ATO will be particularly interested in businesses that are claiming JobKeeper payments that are in industries that are known to be not significantly affected by COVID-19. They are also using Single Touch Payroll data to check that individuals are not receiving multiple JobKeeper payments.

Once an individual or entity has been investigated, if the Commissioner is satisfied that an entity has participated in any actions to gain the benefit of the JobKeeper payment, then the Tax Commissioner may undo the effect of the scheme. For false and misleading statements administrative penalties of up to 75% of the amount incorrectly claimed will apply in addition to recovering the amount of overpayment. If the offence is deemed a criminal offence, hefty penalties will be applied, and imprisonment is a possibility. JobKeeper payment obtained by fraud will be recovered from wrongdoers even where the payment has passed through individuals not involved in the fraud.

If a business has entered the system in good faith based on reasonable estimates and is in an industry that has been obviously affected, the ATO is less likely to pursue compliance actions, however, assume they will be checking all data.

If the external operating environment of the business is affected by circumstances beyond its control; and the effect is significant; and the entity reasonably satisfies the decline in turnover test; and the JobKeeper payment is received for individuals who remain employed, then the Commissioner will not generally pursue compliance activity.

### **What Should You do if You Notice Something Questionable?**

Bookkeepers and BAS agents may be in a position to pick up anomalies.

- Ask questions without making assumptions first.
- Make notes and keep reports and documents to back up any doubts or suspicions.
- Keep notes of any conversations with the business owner about the topic.

- Consider advising the business owner *generally* of their obligation to participate in the scheme honestly and let them know of the penalty provisions that exist, without necessarily highlighting any of their activities that you are unsure about.
- Don't approach the business owner directly unless you are comfortable and confident to do so.
- Consider talking to the tax agent if you are comfortable and confident to do so.
- Consider notifying the ATO if you are concerned there is wrongdoing.

[Treasury – JobKeeper Payment – Protecting Integrity](#)  
[ATO – Tip-Off Form](#)

TPB Hotline – 1300 362 829 or [covid19tipoff@tpb.gov.au](mailto:covid19tipoff@tpb.gov.au).

## ATO Audits After COVID-19

Following on from the previous article about ATO compliance approach, some tax professionals are advising business owners to assume they will be audited down the track and to therefore keep detailed records of everything pertaining to JobKeeper eligibility and payments. The ATO has said it will be closely monitoring all businesses that claim JobKeeper and cash flow assistance measures.

The ATO will be looking at the overall picture of a business situation before deciding whether to take action and conduct an audit.

Was the business significantly affected by COVID-19? If so, then it is likely that the business, even if audited, will have little to worry about, particularly if they have good records and accounting systems in place. If not, then the business may be asked to provide proof of how they have arrived at their calculations and estimated projections.

The ATO will be using data from previous activity statement lodgements to match to current activity statements and turnover declarations. They will use this to assess the average or usual picture of business turnover in previous periods. The ATO will also use industry information to compare to each business situation in making their assessment.

### Bookkeeper Obligations

- Document everything.
- If you are lodging monthly declarations make sure you have a signed authority for each lodgment.
- Document the actual turnover for the past month and the estimated turnover for the following month. If you get information from your client about projected turnover that doesn't seem right, question their reasoning and keep this on file also. Ask the business owner for more detail if needed on exactly how COVID-19 has impacted the business.
- Take backup reports for your own records. Online software can be breached, even if this is highly unlikely – make sure you always take backup reports and save them externally to the software. Right now, you should also be taking backups of reports of prior periods that are being compared to if you don't already have these saved externally from the software.
- Advise your client generally about their obligations to keep all business records for the statutory period. Although you may choose to keep records for your own information, remember that it is the business owner's legal responsibility to keep their business records.
- If you haven't already, work with your client to help them set up a dedicated file for JobKeeper. Store the employee and business participant nomination forms, authorisations, calculations, turnover reports, copies of emails and notes of any

discussions had in relation to JobKeeper. Recommend the file is stored outside the accounting software, in a secure online system such as Dropbox where you can be granted access and track edits and deletions from the shared folder.

Although the ATO and government are regularly updating information and rules as we have seen with the practice guidelines issued in early May, there are many legitimate situations that business owners will face that may be queried by the ATO and do not fit neatly into one of their example scenarios of eligibility or exception. The Commissioner has powers of discretion to make decisions about situations that are unusual or not directly addressed in the rules.

In these cases, work with your clients to document *everything* on the assumption that later the ATO will want justification of the claim for JobKeeper payments.

## Has Your Bookkeeping Business Been Affected?

It's not only our clients that have had their business affected by decreased turnover, but the accumulated ripple effect hits the shores of our own operations. Many bookkeepers have already had income reduced because of their clients' shrunken, hibernating or closed business, and even for those bookkeepers and BAS agents who haven't felt the effects immediately, it is highly possible that they will feel the impact in future months.

It's unfortunate that many accountants out there who have never had anything to do with their clients' payroll have nevertheless contacted clients and offered to manage the JobKeeper payments without regard to the fact that there was already a BAS agent managing payroll who was capable of managing JobKeeper for the business. Many clients on hearing from their tax agent assumed that this was something that could only be managed by the tax agent for the business, not realising that their existing BAS agent could manage it for them.

Bookkeepers have lost out as a result, and in some cases have even had the client hand over the entire payroll to the tax agent.

For other bookkeepers, it's not so much about JobKeeper management as it is about the clients' reduced business directly impacting what and how much they do on a daily, weekly or monthly basis.

### How to Charge?

There are different approaches you can take to invoicing clients. Some BAS agents are continuing to charge at usual rates, knowing that some clients will not be able to pay. In this case, the invoice or unpaid balance is allocated to a bad debt expense account.

In some cases, the clients are offered a deferred payment option, or a payment plan, in which case you can leave the invoice as it is and continue applying part payments as they are made.

Some BAS agents and bookkeepers have already negotiated reduced fees and are billing accordingly. Consider entering the rate or fee into your invoice as it would have been if charged as usual, zero it out, and then enter the rate or fee as agreed. This way the client can see what the cost would have been as well as the agreed cost. It gives them an indication of what the business expense would have been, in the same way for example they are tracking actual wages expense and subsidy received, or actual payroll tax and credit received.

This might also help in tracking your own invoicing as it would have been and as it is being offered now, so that you have good understanding of the impact of the reduced fees.

### What About Offering Services for Free?

It's important that you don't offer all your services for free. You are a professional and the business owner must have a grasp of real business expenses. You may choose to offer some time for free if that feels right. However, you can also offer payment plans, deferred payment, negotiated fees or even a pay-as-you-can option. You will need to consider whether the business will recover and make good on your invoice or if it is more likely that the business will never recover and therefore never pay you. This may govern how much you do for your client now.

### What can you do about it?

- Stay in contact with your clients! This is really important. If the clients don't know what you can offer them during this time, they may well assume it is easier to have everything handled by their tax agent.
- Let them know how important it is to keep their records in order even if there is reduced activity and transactions in the business, it still has to be correct and the June BAS is still important.
- During tough times business owners are more likely to stay with those they know who already support them. Ask your clients how you can best support them.
- Keep up your professional presence—whatever you usually do and more. Marketing is important as people will remember those who are offering help during challenging times.
- Put your face out there—perhaps you usually go to business marketing events and have just been too busy in recent weeks to do any online networking. Now is the time to get back into it. Don't hide behind a blank screen in online meetings, show your face and look professional.
- Update your website. Not all businesses have collapsed, and some business owners are still looking for bookkeepers and BAS agents. Make sure you appeal to businesses that need support during COVID-19 as well as those who continue to operate as usual. There are any number of business owners out there who have been doing their own bookkeeping and payroll but now feel they need extra help to deal with JobKeeper and the other government cash flow bonuses.
- Reread our previous article on [How to offer Better Value to Clients in Distress](#) for some negotiation suggestions and reminders on discussing savings rather discounts.

We'll have more on marketing in tough times in the June newsletter.

## Health and Wellbeing for Business Owners and Advisors

Feeling stressed by the massive amount of information you've had to absorb in the last six weeks, the long hours, the client questions and the responsibility of advising about things that you've never had to think about before?

You are not alone. Many in the bookkeeping and accounting profession are feeling the overwhelm and are now starting to feel exhausted as a result of the workload of recent weeks.

Clients are relying on us to advise them about situations which we have barely had time to learn and understand, in addition to dealing with the impact on our own businesses.

We hope that you can take some time for yourself if you haven't already, now that the systems are in place, the ATO payments are rolling out, there are less questions to deal with and business owners are getting used to the current business and work environment.

The next few months will continue to be demanding so we urge you to block out some time for your own wellbeing. Turn off the phone and computer and leave the emails for a few days. Your clients will cope if you take a little longer to answer emails and phone calls!

## Need Support?

If you need extra support during this time, there are excellent free resources for business owners and advisors.

- [Ahead for Business](#) has separate pages dedicated to business owners and [small business advisors](#).
- Business owners (including bookkeepers!) can take the [Business Stressors Screen](#) survey to gauge how they are managing business stress and get links to other resources based on the results.
- Ahead for Business also has a self-assessment questionnaire ([Mental Health Screen](#)) business owners or you can take, giving you a snapshot of your overall mental health and levels of stress. It also recommends resources to assist you based on your results.
- Heads up (part of Beyond Blue for workplace mental health) also has separate pages dedicated to [small business owners](#) and those who [support small business](#). There is a PDF download you can use to assist you in supporting business owners.
- Australian Small Business and Family Enterprise Ombudsman has [My Business Health](#) for those affected by COVID-19, with resources and links to other support agencies.
- Remember, you are not expected to suddenly be a counsellor for your clients. Whilst they may approach you as a trusted advisor with their stresses and concerns, do not feel you have to advise them about their worries, as you possibly have enough of your own to be dealing with! However, you can and should let them know of the above sources of free professional support available to them.

## ATO Support for Tax Professionals

The ATO has released a [Support for tax professionals](#) webpage outlining lodgment deferrals and payment deferrals with information relevant for both tax and BAS agents.

For agents experiencing longer-term difficulty with meeting lodgment deadlines, the ATO offers a 'managed lodgment program', which is a tailored program for agents who need assistance.

There is also a [COVID-19 frequently asked questions](#) webpage that is being regularly updated; this has information relevant for business owners and tax professionals.

## Home Office Expenses Simplified for Employees Working Temporarily from Home

The ATO has released a simplified method to claim for home office expenses for those working temporarily from home.

The new procedure allows employees to claim a flat rate of 80 cents per hour for time worked at home, without the need to have a dedicated workspace. It is currently allowed for the period 1 March 2020 to 30 June 2020, although this may be extended into the following financial year. In the 2020 tax return, this claim must be noted 'COVID—hourly rate'.

The fixed hourly rate covers all deductible running expenses including utilities, heating and cooling, cleaning, stationery, home phone and internet and use of home computer and furniture.

Employees must be able to substantiate the claim with timesheets or other method of recording work time and should relate to the hours they are being paid for.

For more detail visit [ATO Working from home during COVID-19](#).

## TPB CPE Activities Expanded

The Tax Practitioners Board has acknowledged that it is important for tax practitioners to manage health and wellbeing in order to continue to provide services to clients. They are temporarily allowing a small amount of educative health and wellbeing activities such as attending webinars on managing stress and self-care. However, the majority of CPE time must still be relevant to the tax or BAS services being provided to clients.

For more detail visit [TPB CPE Activities](#)

## TPB FAQs – COVID-19 Stimulus Measures and Code Obligations

The Tax Practitioners Board has released an excellent frequently asked questions page addressing common concerns from tax professionals about issues relating to the [Code of Professional Conduct](#).

We are hearing concerns that BAS agents may be liable for a breach of the code if they mistake a client's projection or get it incorrect. This is not necessarily the case, because if the agent has acted in good faith and taken reasonable care to apply the law and ascertain a client's state of affairs then the agent will have followed the code of conduct.

If a projected turnover later turns out to be wrong, the initial projection will be accepted unless there is evidence of fraud. The ATO may investigate and ask for proof of the basis of calculations and estimates.

The FAQs page reinforces the message that an agent should retain all records pertaining to the JobKeeper enrolment and declarations.

There is also a good reminder that agents must not disclose information to a third party (which the ATO is considered to be), without the consent of the client. Lodging monthly declarations on behalf of the client requires the agent by law to have a signed declaration authorising the agent to do this.

Visit the TPB webpage [Frequently asked questions – COVID-19 stimulus measures and Code obligations](#) for more details.

## ATO Scam Alerts

It's unbelievable, but scammers are now trying a scheme that claims individuals won't receive the JobKeeper payment unless they provide bank details.

Stay on top of [ATO identity and security scams](#) and let your clients and their employees know of the current scam in play.

## AAT Australia Events



### Online social and trivia event

Just for fun! Grab a glass of wine or a cup of tea and forget JobKeeper and BAS for an hour of trivial fun with your colleagues. You could win a \$100 Visa Debit card!

This online event will be hosted by trivia night professionals.

**When:** Thursday May 21st

**Time:** 5:00pm to 6:00pm AEST, 4:30pm to 5:30pm SA and NT, 3:00pm to 4:00pm WA

**Where:** Online live event (not recorded)

**Cost:** \$15 for AAT members and \$25 for non-members

**Book:** [Online social and trivia event](#)

### Courage in the face of adversity

Join Michael Crossland, an inspiring and uplifting speaker, in this IPA and AAT joint event. Hear his remarkable story which tells of overcoming extreme adversity to becoming highly successful to then throwing it all away to follow his true passion and purpose.

**When:** Tuesday May 26th

**Time:** 12:00pm to 1:30pm AEST, 11:30am to 1:00pm SA and NT, 10:00am to 11:30am WA

**Where:** Online live event (not recorded)

**Cost:** \$30 for AAT members and \$75 for non-members

**Book:** [Courage in the face of adversity](#)

### EOFY Preparation Training Sessions

We are conducting the **2020 End of Financial Year** workshops differently this year. We know it's not quite the same as attending a face to face workshop with your colleagues, but we hope that this year's format will allow you to keep your knowledge current, stay connected with us and your colleagues, and to pick up some new tips and inspiration for approaching your end of year workload this year.

#### Presentations

Rather than conduct a full one-day workshop as we have done before, we are this year going to offer five separate online sessions over one week. This will allow you to keep your workflow processes functioning uninterrupted, but at the same time will give some continuity to your learning and networking.

**When:** Monday June 1st to Friday 5th June

**Time:** 10:30am to 12:30pm AEST, 10:00am to 12:00pm SA and NT, 8:30am to 10:30am WA plus extra half hour for questions

**Where:** Online live event

**Cost:** \$66 per session for AAT members and \$110 for non-members or all five session \$198 for AAT members and \$385 for non-members

**Book:** Visit our [events page](#) to book for individual sessions or select the option to book for all sessions

**CPD:** 2 hours per session

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 indefinitely.

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 and current topics of interest. Check out the latest episode [here](#), Episode 44: Deductions, paying staff, MyGov and George Colombaris.

### ATO TaxinVoice Podcast

Keep updated about the latest tax and super information. The latest instalment is [Episode 21: JobKeeper Payment for employers, not-for-profits and charities](#).

## 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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