Sample - EOFY preparation email to client 2020

Instructions for EOY preparation advice email

* Delete any sections not applicable.
* Review all sections for relevance to each client and edit as appropriate.
* Insert date(s) for payroll requirements if applicable.
* If you don’t have a letter of engagement giving permission for you to liaise with the tax agent, seek permission in this letter (paragraph 2).

Please see template on the next page and edit as required.

Hi Client,

I/We would like to take this opportunity to thank you for working with me/us and I/we are looking forward to another great year supporting you in the 2021 financial year.

I/We acknowledge that 2020 has been unusual and difficult. I am/We are committed to continuing to assist you [INSERT IF RELEVANT – DURING YOUR BUSINES HIBERNATION AND/OR YOUR CHANGE OF OPERATIONS].

There are a few items of housekeeping we will need in order to finalise 2020 and some information that will be required by your tax agent. Per our engagement letter, we will be contacting your tax agent in the next fortnight to discuss requirements for this year’s income tax return and ask whether there are any transactions or considerations that should executed prior to the end of this financial year. Please let us know if have any queries or comments related to this planning.

PAYROLL

June 30 this year falls on a Tuesday; please confirm your last pay run for the 2020 FY will be [INSERT DAY AND DATE OF CLIENT’S LAST PAYROLL DATE].

Remember that modern awards are reviewed each year and new pay rates may apply from 1 July. Please check relevant award details on the Fair Work Ombudsman website for changes.

For any closely held payees not already reported through Single Touch Payroll, you will need to enter the STP system from 1 July 2020. Closely held employees may be reported quarterly at the same time as your activity statement. We will discuss with you prior to registering you for STP as we will need to provide reasonable estimates of amounts paid.

Micro employers can continue to report on a quarterly basis at the time of lodging the activity statement until 30 June 2021.

I/We will provide an authority form to allow us to lodge STP on your behalf for the 2021 financial year.

SUPERANNUATION

For superannuation guarantee contributions to be tax deductible for this financial year the payment will need to be processed within [CLIENT’S ACCOUNTING SOFTWARE NAME OR ATO SMALL BUSINESS SUPERANNUATION CLEARING HOUSE] by [INSERT DATE] in order to be received by the employee’s superannuation funds by 30 June.

Please advise me/us if any extra contributions need to be made to be included in this financial year.

Remember that the statutory rate for superannuation guarantee is set to increase from 1 July 2021 to 10%. The rate increases by 0.5% each year until 1 July 2025 when the rate will reach 12%. Although it is a year until the increases begin, you may want to start planning now for the impact this will have on future payroll costs.

BANK AND FINANCIAL INSTITUTION STAMENTS

Please provide statements and documentation for finance agreements at 30 June. Some finance companies may need you to request these documents be sent as not all institutions provide these automatically.

BAD AND DOUBTFUL DEBTS

Please review your debtors list and let us know of any customers you have followed up for outstanding payments and/or debt collection so that we can write the debt off and adjust income and GST collected accordingly.

INVENTORY

Please complete a stocktake at June 30 to ensure the accuracy of stock on hand figures allocated in the balance sheet. Also take note of any damaged or obsolete stock for stock adjustment purposes.

TAXABLE PAYMENTS ANNUAL REPORT

Check all contractors paid during this financial year and whether they need to be included in the taxable payments report due by 28 August. If we are preparing the TPAR for you, we will check with you that all contractor details including ABN are correct before lodging.

OR

As your business is in the [ROAD FREIGHT or IT SERVICES or SECURITY SERVICES INDUSTRY] this is the first year that the TPAR is required for this industry. Talk to me/us if you need more information about this. Your first report is due 28 August 2020. If we are preparing the TPAR for you, we will check with you that all contractor details including ABN are correct before lodging.

DIRECTORS LOAN ACCOUNT

Under Division 7A of the Income Tax Assessment Act (ITAA) 1936 loans to directors may incur a Fringe Benefit Tax (FBT) liability if there is an outstanding loan to a director. To avoid complications, you should discuss the treatment of this loan with your tax accountant and consider:

* Paying out the loan
* Establishing a loan agreement meeting the minimum provisions required

These actions *must* take place prior to 30 June to avoid any potential issues.

DIRECTOR’S DRAWINGS, WAGES AND SUPPERANNUATION

Seek direction from your tax agent as to whether any additional wages or superannuation will be paid to directors or transferred from drawings accounts.

PRIVATE USAGE

Where motor vehicles, stock or other expenses have been used for personal purposes and have been paid for by business funds, an adjustment will be required to reduce that expense.

COVID-19 MATTERS

We have already been in communication with you about [INSERT RELEVANT ITEM/S E.G. PAYGI VARIATION, PAYROLL TAX REFUND, JOBKEEPER, GOVERNMENT GRANTS] pertaining to cashflow assistance and financial relief due to the effects of COVID-19 on your business.

We recommend booking time with your tax agent to discuss business continuity planning for the coming year.

I look forward to talking with you in the near future to ensure an easy completion of this financial year.

Kind regards,

**[INSERT SIGNATURE HERE]**

[Your Name]

[Your Business name]

[Your contact details]