

Happy New Year and Welcome to 2010

Most of us take a couple of weeks off in December and January (if we're lucky) and before you know it we're well into February and regulatory requirements like Fringe Benefit Tax (FBT) Returns are already demanding attention. At Sothertons we thought it was an opportune time to share some information with you that may be relevant for you and your business.

New Requirements for Bookkeepers preparing BAS statements or giving Tax advice

From 1 March 2010, tax agents and persons providing business activity statement (BAS) services will be required to be registered with the Tax Practitioners Board (TPB) for the first time.

What is a BAS Service?

A "*BAS service*" is a 'tax agent service' that relates to preparing activity statements or providing advice in relation to any activity statement that is provided in circumstances where the entity can reasonably be expected to rely on the service for the purpose of satisfying liabilities or obligations that arise, or could arise, under a BAS provision and/or to claim entitlements that arise, or could arise, under a BAS provision.

A "BAS service" extends to more than preparing a BAS; it includes advice regarding GST issues and a range of other indirect taxes.

In most cases where a bookkeeper is employed, not under the direct supervision of a tax or BAS agent, registration may be required.

The new rules will impose strict codes of conduct on any person providing such services.

Sothertons wish to ensure that all business clients and their bookkeepers are acutely aware of these new requirements.

Fringe Benefit Tax reminders and warnings

With Christmas and New Year just past, businesses have just had their end of year celebrations. You need to ensure that you correctly account for any FBT that may have been incurred as a result of the year end functions. The rules regarding FBT and year end entertainment are not all straight forward and business needs to provide appropriate information to ensure FBT is neither overpaid nor underpaid and to ensure that your celebrations can be more tax effective next year because benefits provided to staff can attract fringe benefit tax.

By way of example it was possible if the year end function was held in-house, there may be no FBT even if food and drinks were served to employees. The FBT position for non employees (family of staff) is again different. If the party was held at a restaurant or separate venue, hopefully the cost was below \$300 per employee. In that case, the cost of a party may be considered as minor benefits and therefore exempted from fringe benefits tax, if those benefits are only provided to employees on an infrequent and irregular basis.

The other FBT issue common to most businesses in the “real estate” industry consistently revolves around the treatment of Motor Vehicles. Be sure to have all your records up to date to ensure the return can be lodged efficiently and correctly. With high business utilization the “log book” method would ordinarily provide a better result than the alternative method where a log book is not kept.

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Disclaimer: The above has been prepared by Sothertons Melbourne to provide you with general information only. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information only. We recommend you consult with your accountant to discuss your personal needs and situation.