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New Rules for Bookkeepers

Many small business owners and managers simply do not have the time to spend in doing the routine tasks of financial management such as paying bills, keeping the accounting records, and so forth. As a result, many engage the services of qualified or unqualified bookkeepers to do these things for them. In the days before the GST, such business would simply take all their records to the accountant each year, and if anything was wrong the accountant could “fix it” before lodging anything with the Tax Office. Now, however, with regular quarterly BAS being lodged by most enterprises, the government has decided to impose a bit more quality control on the process.

The result has been the “Tax Agent Services Bill 2008”, which provides a new set of rules for the entire tax compliance industry. For existing tax agents, and particularly those who are members of the major professional associations, not much will change. They will now be registered on a national register which will replace the various State based registers currently in operation. They will also be subject to a legislated code of conduct, however this will not be substantially different from the various codes which their professional organisations currently impose.

The situation which will change, however, is where bookkeepers who aren't tax agents are currently involved in lodging BAS statements for clients. If the service which they provide includes:

- calculations or advice concerning Fringe Benefits Tax (FBT), Goods & Services Tax (GST), Wine Tax, Luxury Car Tax or the “Pay As You Go” System (all of which relate to BAS preparation), or
 - dealing with the Tax Office on these matters,
- they will now be required to be registered as “BAS Agents” under the new law.

In order to be registered, such bookkeepers will need to meet the minimum educational and experience requirements which the new legislation imposes. Failing this, they will simply have to limit the services which they provide in order to remain within the law.

For business people who currently use bookkeepers for these sorts of services, there will be decisions to make, as those who obtain the new “BAS Agent” certification will no doubt end up charging more than those who don't. If deciding to use a BAS Agent, they will have the benefit of a greater level of certification, and the ability to obtain advice and assistance on BAS related tax laws. In addition, the new rules provide some protection against tax penalties where reliance is placed upon the advice of a BAS Agent.

If choosing to go the other way, and to continue to use an unregistered bookkeeper, a small business manager will now need to take personal responsibility for compliance with BAS-related tax laws, rather than being able to delegate.

In the end, you don't get something for nothing. What the new rules will do is they will create a new middle category of more professionally oriented bookkeepers; - providing a higher level of service than the unregistered practitioners, but still substantially less than the full service provided by registered tax agents.

The new rules will also clear up a couple of issues which were contentious under the previous laws for tax agents. One of these is the ability for tax practices to trade under a trust structure, which was previously not allowed. The new rules will also allow “limited scope” registrations which will suit tax specialists who may have a detailed knowledge on certain very specific areas of taxation law, rather than a broader knowledge.

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