

EOFY 2012 BOOKKEEPING TIPS FOR SME'S

1. WHAT DOCUMENTS DO I NEED TO GIVE MY ACCOUNTANT FOR 2011-12 YEAR TAX RETURN PREPARATION?

This is totally dependent on your personal situation and business structure so make sure you ask your accountant what is required before visiting him/her. Here is a list of some common items that you may require:

- Copy of your software data file or access to your online file e.g. Xero, Saasu or MYOB Live Accounts
- Details of all interest income for the year (from all of your accounts, not just business accounts)
- Bank statements - usually only business account but you may be required to show other account statements if they are in some way connected to your business operations.
- Payment summaries and/or Centrelink income payments (if applicable)
- Copies of all lodged BAS and working papers/reports used to prepare the BAS
- Superannuation Documents
- Shares statements
- Health Insurance statements
- Folder with expense receipts and invoices (see below "record-keeping")
- Details of any assets purchased and/or sold (or lost/damaged or made obsolete) during the year (usually referred to as an "asset register")
- Motor vehicle log books (if kept during 2011-12)
- Travel diaries (for SME's who travel a lot for their business) - showing details of flights (or other method of travel), meals, accommodation, conferences attended, business meetings held etc. (important if you wish to claim your travel expenses)
- Home Office Log - if you have a home office and you wish to claim utilities like power, telephone, gas and cleaning, it's a good idea to keep a log of business usage for all of these expenses for at least 4 weeks. This business-use percentage can be worked out from this log over 12 months and is then used by your accountant to calculate your expense claim.

2. WHAT IS THE BEST METHOD OF RECORD-KEEPING FOR TAX RETURN PREPARATION? WILL A SHOEBOX DO?

Well.....actually, no! Most accountants (and bookkeepers) will cringe if you walk into their offices with the proverbial shoebox! There are much better ways to keep your business records in order so that financial year end isn't a nightmare. Here are some of them:

- Keep all data in a folder labelled e.g. "Financial Year 2011-2012". Organise the folder by subject headings like this:
 1. Business Reports (for balance sheet, profit & loss, trial balance, accounts receivable, accounts payable etc.)
 2. Bank Statements (if too many, you may wish to place in a separate folder)
 3. Bank Interest - provide details of any interest income received during the year
 4. Cash Purchases (provide all receipts & a summary report of items purchased)
 5. Utilities (power, gas, telephone, cleaning; home office 4 week log if claiming home office utilities)
 6. Other Business-related purchases - provide copies of receipts/invoices as required

7. Motor Vehicle Data - supply all invoices/receipts for motor vehicle expenses; supply vehicle log book if required.
 8. Asset Register - provide details of assets purchased, sold, damaged and/or decommissioned.
 9. Superannuation - provide details of business owner's super; Also provide details of employees' super i.e. Super Guarantee.
 10. Shares - if shares were purchased and/or sold during the year, provide those details
 11. BAS & PAYG - provide copies of all lodged BAS and/or IAS.
 12. Drawings/ Director's Loan - provide details of any drawings taken (if sole trader or partnership). If a company or trust, provide details of director's loan account/s.
 13. Inventory - if stock is held as at June 30th, provide details of valuation of that stock and a copy of the stock-take report and/or method of valuation
 14. Donations - if any donations were made during the year, provide receipts as proof
 15. Memberships/Subscriptions - provide copies of invoices as required
- Supply data file on a USB or provide access to the online file prior to your visit so the accountant can familiarise himself with your accounts.
 - If your accountant is agreeable, you could scan all documents and create a tax folder in a sharing platform such as Dropbox or Google Drive and share that folder with him/her.
 - [Bookzkeeper](#) - Created by Alycia Edgar, herself an accountant, this product is much like the folder idea described above however, all the hard work is done for you regarding creating the folder - all you have to do is pop your data into it. Wonderful!

3. WHEN SHOULD I VISIT MY ACCOUNTANT TO HAVE MY TAX RETURN PREPARED?

At e-BAS Accounts, we believe you should be seeing your accountant at least quarterly to ensure that your business is tracking properly. However, we know that most business owners only visit their accountant once a year so if that's you then we recommend making the appointment only after the following items are completed at year's end:

- All accounts are reconciled to June 30th. This may not be able to be completed until you have received all bank statements and notices from your super fund which sometimes come a month or 2 after June 30th has passed.
- All BAS & IAS are lodged.
- If stock on hand, the stock-take is completed and a stock valuation has been calculated.
- Bad debts have been written off as at June 30th
- We would suggest October if you won't be receiving a refund but earlier if you are! Business owners usually receive an extension for lodgement if using a tax agent or accountant (ask your accountant or tax agent).

4. WHAT SORTS OF EXPENSES CAN A SMALL BUSINESS CLAIM ON A TAX RETURN?

Once again, the answer to this question is dependent on your personal situation so please get advice from your accountant. However, the following list will provide most business owners with a good starting point:

- **Advertising** - marketing costs, selling trading stock, to hire staff
- **Bad debts**
- **Loan interest**
- **Business travel** - flights, accommodation, meals, conferences attended etc. You need to keep a diary or log of the travel & note when, where, how long, the purpose of the travel etc.
- **Motor vehicle expenses** - dependent on business structure - ask your accountant first. In general, companies can claim most expenses for vehicles either leased or owned. Sole traders and partnerships can claim a percentage of expenses based on business usage. Things to claim include fuel, registration, maintenance and insurance.
- **Home Office** - telephone, gas, electricity, cleaning (only business use); office furniture, computer expenses (hardware/software), stationery, books, etc.
- **Other Office** - as for home office but all 100% deductible.
- **Insurance** - workers compensation, business, professional liability, public liability
- **Repairs** - to machinery, tools, general office maintenance
- **Equipment Hire** - computers, tools, machinery etc.
- **Salary & wages** - companies & trusts can claim wages paid to employees & to owners. Sole traders & partnerships can't claim wages paid to owners (sole traders usually make personal drawings rather than wages), however, partnerships can claim wages paid to all other employees.
- **Accountancy & bookkeeping** - all claimable. If you have a tax audit, all costs relating to that process are claimable.
- **Telephone** - fixed line and mobile. All claimable but if used for both business & private, you can only claim for business usage. Keep a log for 4 weeks and work out a percentage of use which you can then use for the whole year. Keep the log as proof of your calculations for your accountant.

5. WHICH BOOKKEEPING JOBS NEED TO BE DONE BY JUNE 30 OR SOON AFTER?

At end of financial year, there are several jobs that need to be completed. Here are some of them:

- Employee payment summaries need to be processed (after the last pay is processed on or before June 30th)
- Reconciliation of all bank accounts
- Review bad debts & create a report to give to your accountant
- Do a stocktake on June 30th (if stock is held). Write off any stock that has been lost, damaged or cannot be sold.
- Ensure all BAS & IAS are lodged.
- Backup your data file (if using desktop software)
- Prepare the financial year end folder (see record-keeping above)

6. EMPLOYEE PAYMENT SUMMARIES - WHEN DO THESE HAVE TO BE DONE?

*You must process and supply payment summaries to your employees on or before **July 14th 2012**. Also you will be required to complete a form for the ATO - the "PAYG Payment Summary Annual Report". This must be completed and sent to the ATO by August 14th 2012*

7. WHAT CAN I DO TO REDUCE MY TAX LIABILITY?

Here is a list of things you can do now to help reduce tax payable (please obtain advice from your accountant before proceeding with any of these tips):

- Pay Q4 super contributions before June 30 - don't wait until July 28th
- Pre-pay some expenses like rent, loan interest, business insurance, motor vehicle insurance, memberships and subscriptions. Pay these before June 30th.
- Contribute to your super fund (check with your accountant regarding allowable amounts etc.)
- Purchase office items before June 30th (that you actually need!)
- Make charitable donations
- Review your accounts receivable and write off any unrecoverable bad debts
- Review inventory (if held) and write off any lost, damaged or unsellable items

8. WHAT SHOULD I DO NEXT FINANCIAL YEAR THAT WILL IMPROVE THE BOOKKEEPING FOR MY BUSINESS?

There are lots of things you can do to improve the bookkeeping side of things in your business. Here are some of them:

- Get a professional to review and/or process your accounts for you whether this be a bookkeeper or your accountant. This will ensure that your accounts are done correctly so that there aren't any hidden surprises at the end of the year. If possible, employ or contract a bookkeeper to process your accounts for you on a regular basis.
- Open a separate high interest account to transfer funds for GST, super, PAYG & other tax liabilities. This will ensure you always have funds to pay your liabilities and will also provide some small passive interest income.
- Start using the new tax tables as at July 1 2012 (available from ATO website).
- Use accounting software to process your business accounts and choose whichever one suits your needs. Don't be bullied into using any particular platform. If online makes sense for you & your business, then go online. If you have no need for online accounting, then MYOB, QuickBooks and even a simple Excel spreadsheet are just as valuable. The worst thing you can do is not use anything - don't wing it - it doesn't work!
- Set aside one morning per week to update your accounts or get your bookkeeper to do this for you. Review accounts payable and receivable, payroll and inventory.
- Review your accounts reports every month with your bookkeeper, accountant or business partners and ensure you act on the outcomes. Use the data to plan ahead, make decisions and to set goals for your business. These may be increasing sales, reducing specific costs, employing more staff, opening more stores, expanding product lines, training staff, franchising etc.

9. WHAT DO I NEED TO BE AWARE OF FOR THE 2012-13 FINANCIAL YEAR?

The tax arena is changing significantly beginning July 1st 2012. Here are some changes you need to be across as a business owner:

- Asset instant write off increases from \$1000 to \$6,500
- The first \$5000 of a motor vehicle (new & second-hand) purchase is an immediate write-off (the rest to be depreciated)
- The Government super co-contribution for those with taxable income up to \$61,920 is being halved to \$500
- The entrepreneur's tax offset is being removed (currently 25% of business income for businesses grossing \$50,000 and reducing for every dollar up to \$75,000)
- Businesses in the building and construction industry need to start capturing payments to contractors from July 1st as the ATO will require this data to be reported annually as of July 2013
- The Flood Levy no longer applies - start using the new tax tables as at July 1 2012
- The carbon tax begins.
- The tax-free threshold increases from \$6000 to \$18,200
- The minimum wage increases
- Employee payslip requirements change regarding super reporting. Employers must report not only how much is to be paid but also the date when the payment will be made to the super fund.