

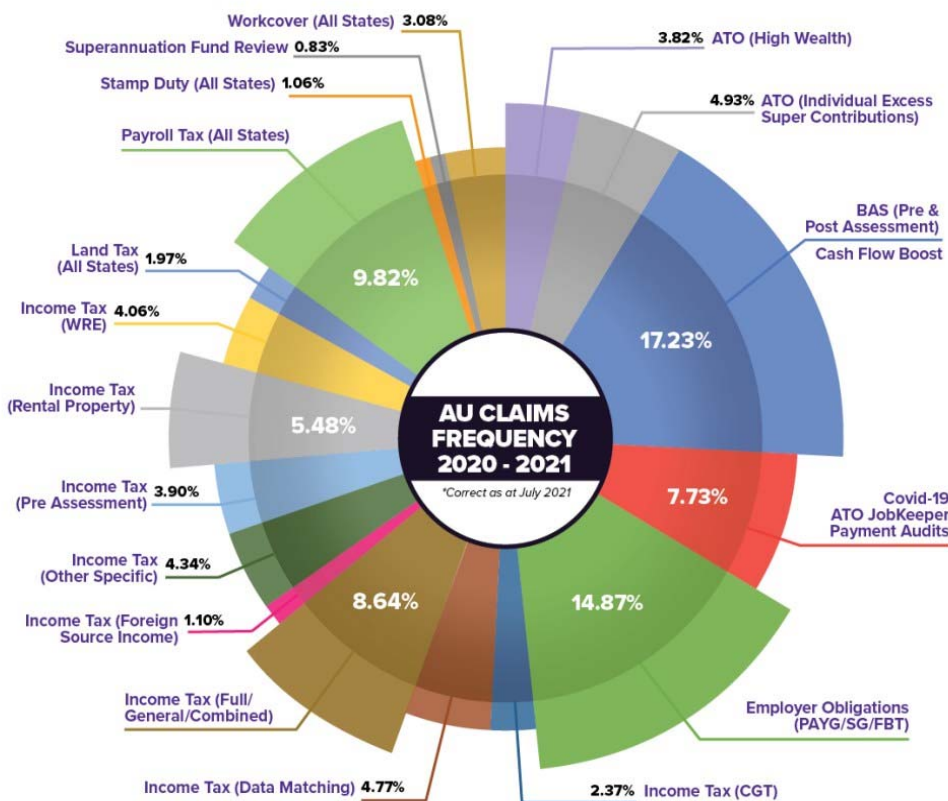


Newsletter – December 2021

Since our last edition, uncertainty about lockdowns was the number one pain point for businesses. It has now become an obligation on our part to obtain proof of identity documents for any new clients. This means we would need to sight a Drivers License, Passport or similar which is all part of the ATO's obligations to remove any possibility of fraud.

Covid Innoculations in the Workplace

I can report that all our team and extended family members are all now inoculated against the Virus. This means that you can be confident that we are protecting our clients and we can again host face to face meetings for those of you who are also vaccinated. Any clients who wish to have resumed this face to face personalized meetings are now confident that at our end, we have minimized the risk to transmit anything. While it was our employees' choice to do this off their own bat, we did allow for time out of the office to obtain their shots. Many companies are considering their options (including incentivizing) when wanting to mandate their workforce to be fully vaccinated. Some guidelines around addressing this issue may be found [here](#). Please note that once vaccinated, your certificate can be uploaded to your iPhone and a separate version containing barcode is required for international travel. This is necessary in future as you now require proof of vaccination for entry into business premises. All visitors are required to check in on arrival and display their vaccination status.



Predicted Audit Trends for 2021 & 2022

With so much cash in the system during Covid from the Government for Grants, JobSeeker, Job/Maker and ongoing business support, the ATO are anticipating overzealous claims over the next two years. Over the pages is a graph of the five of the most frequent claim types amongst accounting firms.

The Importance of Business & Personal Documentation

While we regularly remind clients to implement (or update) documentation for wills, powers of attorney and enduring guardianships, many also should seek legal advice with regard to

partnership or proprietorship agreements when in business with others. As an example - Two people are in a plumbing business partnership with the older one considering retirement after taking on his younger apprentice many years earlier. They called each other partners but no formal discussions were undertaken in the event of one of them leaving and as a result no documentation was ever drafted or signed. Over the years, the younger fellow was doing more than his fair share of the physical workload and when the idea of a buyout was raised, it became apparent he doesn't have the funds to take on the business. An external buyer presents himself with great terms and the older one begins negotiations with a contract being drawn

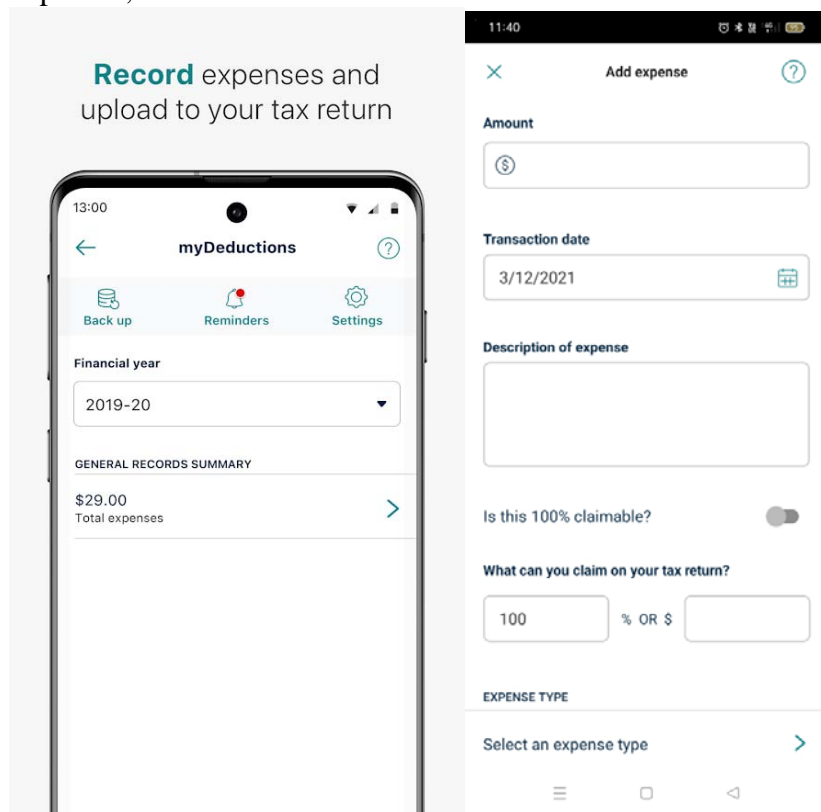
up. Unfortunately the older one catches covid requiring hospitalization for many weeks and not in a position to sign the contract. There was no Power of Attorney in place for the older fellow to implement his wishes. During this long recovery period the buyer finds another opportunity. Begrudgingly the older fellow had to work another five years before his younger partner was in a position to buy him out. It's very important to formerly document your business and personal arrangements and to revisit them regularly to ensure they remain current.

Tax and Accounting Apps

With mobile phones being used more and more as mini personal computers, there are number of apps being released to help access and record information relating to your tax, employment and business accounting. Here is a quick look at the ATO's app and some of the apps available with Xero.

The ATO app allows you to check you are up to date with your lodgements and payments, view your current year return, check your superannuation balance, and view your salary paid to date by your employer. To access this information you need to link it to your MyGov account but it also has a number of tools which can be used without accessing MyGov.

In the tools & calculators section, you can calculate the correct amount of tax to withhold from wages, check tax rates and look up ABNs. However the most useful tool is the my Deductions section because it allows you to record expenses as you go, including capturing pictures of receipts. This is great for stationery and equipment purchases, donations, car expenses, etc.



You can also record business trips or maintain your vehicle log book and there are three ways to do this.

- 1) Adding the starting and finishing address. The distance will then be calculated for you via Google maps. You can select if it is a return trip and how many times the trip was made making it easy to record recurring trips. There is also a text box to record the reason for the trips.
- 2) Using your phones GPS to record the trip. You need log in to the app and start recording at the beginning of the trip for this method.
- 3) Recording your opening and closing odometer reading for a trip.

For your logbook you can only record entries using odometer readings.

Your expense and logbook records can be emailed directly from the app to your accountant at the end of the year or uploaded into your tax return if you prepare it yourself.

Xero Apps

For those of you already using Xero, please note it has a number of apps for both employers and employees.

Xero Me – This is for employees and links to the payroll side of Xero. It allows users to view payslips and submit leave requests and timesheets. Payroll administrators can approve or decline leave requests and timesheets. To use this the employee must be invited to My Payroll by selecting the employee in the employees sections and clicking the ‘Invite to My Payroll’ button.

Xero Verify – This can be used for your two step authentication when logging into Xero rather than other apps like google authenticator.

Xero Accounting – This links to your Xero account and allows you to perform many of the normal functions from your phone or tablet. You can reconcile bank transactions, spend & receive money, view and create invoices, view and enter bills, and view and enter contacts.

Xero Expenses – Allows users to take photos of receipts and submit expense claims. Authorised users can also approve and reimburse expense claims. This requires the Expenses add-on to your Xero subscription which costs \$5 per month per user. For subscriptions through David J Gibney there is a 20% discount.

Xero Projects - Allows you to create project estimates and quotes, record actual project expenses, and track time spent on projects as you go. This requires the Projects add-on to your Xero subscription which costs \$10 for the first user per month and \$7 per month for each additional user.

Xero Add-ons

Additionally Xero also integrates with hundreds of other apps such as Spotify, PayPal, Stripe and Mailchimp which can be found in Xero’s app store. To view the app store click on your organisation name in the top left hand corner. In the drop down menu you will find the link to the app store in the section below settings.

As an example, Hubdoc (which is free with Xero starter, standard, and premium plans) allows you capture bills and receipts using your mobile, scanner, or email. Once the bill or receipt is uploaded, the app ‘reads’ and automatically extracts the information from the receipt ready to publish to Xero. It will pick up the date, amount, supplier name, invoice number, etc. and create a draft transaction in Xero which can then be reconciled to a bank transaction. A copy of the receipt will also be attached to the transaction.

You can read more about Hubdocs here: <https://www.xero.com/au/accounting-software/capture-data-with-hubdoc/>



What is a Director Identification Number (DIN) and why do I need one? (for Directors of Australian Companies)

Earlier this year ASIC introduced the requirement for all new and existing company directors to hold a director identification number (Director ID) to avoid fraudulent activity. It also aims to eliminate illegal phoenix activity which is when a company is liquidated, wound up or abandoned to avoid paying its debts. A new company is then commenced to continue the same business trade without the debt causing employees to miss out on wages, superannuation and entitlements; Suppliers & sub-contractors left unpaid as well as tax commitments abandoned. **From November 2022, all Directors will need to verify their identity as part of the new obligations.** These free DIN numbers are unique to each person who has verified their identity with the [Australian Business Registry Services](#) (ABRS) and the requirement includes alternate directors acting in that capacity. Similar to your Tax File Number, this detail follows you when you change companies, stop being a director, change your name and move interstate or overseas. If you don’t have one already, the process involves setting up a MyGovID and along with your tax File number, residential address, two documents to verify your identity (i.e. bank account, ATO NOA, Super account details, dividend statement, Centrelink Payment summary or PAYG payment summary) to complete the application. Going forward, if any personal details change, you have 7 days to notify your company. Should you become bankrupt, be subject to a personal insolvency agreement, be convicted of offences like fraud or breaching duties as officeholder, you cannot be an office holder. Warning signs of insolvency include: - low operating profits, cash flow issues, late meeting loan repayments, overdue taxes, inability to pay suppliers on time.

Instructions on How to apply for a Director Identification Number (DIN)

By November 2022 All Directors of any company must have applied for a Director Identification Number (Director ID). This process cannot be done by your accountant.

To apply you need to set up a MyGovID account for verifying your identity at

<https://www.mygovid.gov.au/set-up>. To clarify, this is not the same as your MyGov account which you use to access the ATO, Medicare and Centrelink. You then need to apply for a Director ID via the ABRIS website: <https://www.abrs.gov.au/director-identification-number/apply-director-identification-number>

When applying you will need:

- Your tax file number (TFN)
- Residential address as recorded with the ATO
- Two of the following documents to verify your identity:
 - ATO notice of assessment
 - bank account details (that the ATO has recorded for your tax refunds)
 - super account details
 - dividend statement
 - Centrelink payment summary
 - PAYG payment summary

If you fail to apply for a director ID by the relevant date you can face civil penalties of up to \$1,100,000 (Not a typo, it is 5,000 penalty units) and criminal penalties of up to \$13,200.

Christmas Dates

Please note that our office will be closed from the close of business on Thursday 23 December 2021 and reopen on Monday 10 January 2022. All end of year commitments will be attended to prior, however if you have something coming up that you would like to discuss, please make an appointment well before this. While you are having some down time on your holiday, please think about what financial goals you would like to achieve in the 2022 year. Together we can discuss how to make them happen on our return. Julie-Anne & I thank you for your support of our business during 2021 and together with Joedy and Jennifer, wish you and your family a very Happy and Safe Christmas break.



Our energetic, knowledgeable and caring approach gives peace of mind.

If you need further information or to discuss your specific circumstances, please call David at our office.

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