

NEWSPAPER ARTICLE – JUNE 2001

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The last 12 months has seen the greatest level of change ever seen in Taxation Law. Many businesses have suffered under the weight of paper generated by the GST and the never-ending demands for more and more statistics from the Taxation Office. What we all now need to understand is that the impact of the change process is not over yet.

Now that we are coming to the end of the tax year, businesses need to start getting their house in order. We have reached the stage where the Taxation Office expects businesses to make sure that GST and Income Tax Return figures are reconciled. This means that errors in previous BAS forms need to be corrected.

Those business people who have prepared their own BAS forms and have chosen to seek limited support from an accountant should not underestimate the time that may be necessary to tidy up the inevitable loose ends.

The 'nice guy' image portrayed by the Taxation Office to this point is going. The Taxation Office has already conducted thousands of GST audits and the error rate on BAS forms is staggering. Near enough will not be good enough in the future.

Further change yet to fully impact on business is the introduction of the Simplified Tax System (STS). Don't you just love it when they attempt to simplify our lives? Joining the STS is optional for most small businesses who will need to talk to their accountant about whether the business should be brought into the STS or stay under the existing rules.

Another major feature of the changes we are facing for the current year is the introduction of laws concerning what is called 'Personal Services Income'. What this means to a number of subcontractors is that the ability to split income with a spouse who performs clerical and administrative duties has just about finished. These new laws also limit the type of tax deductions allowable if you do not meet Taxation Office guidelines. These laws do not affect all subcontractors but be aware that the Taxation Office is attempting to cast its net over a wider group than was intended by the legislators.

When you see your accountant this year please be gentle. The pressure in the last 18 months has been enormous.