



With the world moving to electronic means, the ATO is moving with it and has introduced a policy of "digital by default, manual by exception". Basically, the ATO will deliver its services digitally where possible.

The first notable step of this change was from 1 July 2014, where the ATO changed the way it delivered many of their Activity Statements (BAS's & IAS's) to taxpayers. Once you lodged a BAS via an electronic medium (via your tax agent, the Business Portal, or the ATO's "Electronic Commerce Interface"), the ATO will stop sending you a paper BAS.

The TaxPack that you could freely find in every newsagent in the country is being replaced by an online version, and now you can only get it by paper if you need it that way.

With the introduction of MyGov, the ATO are starting to send letters and other correspondence directly to your MyGov inbox (if you sign up). Very soon (if you are registered for MyGov), you will get all of your letters this way.

Notice of Assessments will be fully digital in a year or two. By 2020 the ATO plan to be able to deliver everything they do digitally end-to-end.

To read more about the ATO's digital direction, start at <https://www.ato.gov.au/About-ATO/About-us/In-detail/Strategic-direction/IT-strategy/>.

This will pose difficulties for both us as tax professionals and you as taxpayers in adapting to the ATO's changes.

Below we will outline the impacts of some of these changes.

## Business Activity Statements

The biggest adaptation to electronic BAS's is that for many taxpayers, the paper BAS is a reminder that you need to do one. Without this physical piece of paper acting as a reminder, there is a chance that taxpayers will become less diligent and miss the due date.

There is also the issue that many taxpayers are not set-up to receive and submit their BAS's electronically.

So, what are the options going forwards? Basically, you need to make a choice between paper and electronic, and if you choose electronic, work out how you will do this.

### 1. You Wish to Always Receive a Paper BAS

Simple, never lodge your BAS electronically (and we mean never).

This means you cannot take advantage of the ATO's concession that some types of BAS's lodged electronically get extra time to lodge.

*We occasionally have clients that are late in lodging their BAS and ask us to lodge it electronically "just this time" to avoid the late fees - this option is no longer available to you if you wish to continue to receive paper BAS's.*

### 2. Bite the Bullet and Lodge Electronically

You can accept that the ATO is moving into the digital age with the rest of the world, and begin the inevitable process of not receiving paper BAS's. The next step is to work out if you will lodge your BAS's yourself, or whether you will engage MCA to lodge on your behalf.

*Please note: You can chop and change between the two below options ("Lodge Yourself" and "Request MCA to Lodge") at any time - you just can't go back to paper once you are electronic.*



## 2a. Lodge Yourself

If you want to lodge yourself, then you have three options of setting yourself up to do so:

- 1) The Business Portal;
- 2) The Electronic Commerce Interface; and
- 3) Other Software that is "Standard Business Reporting" capable (e.g. bookkeeping / accounting software that has this capability).

The ATO have details on how each of these work, how to set them up, and how to use them available on their website at <http://www.ato.gov.au/Business/Activity-statements/Lodging-and-paying/How-to-lodge-your-activity-statement>.

We would recommend the Business Portal because we know it is supported long-term by the ATO, and it will also give you access to payment slips to make paying the BAS easier.

Under this method, the ATO will email you when each BAS has been generated to remind you that you have one due shortly - to ensure you get this email, you will need to contact the ATO to ensure it has your email address.

*Important Note: To get the ATO's emails, the **first** electronic lodgment you make from 1 July must be via one of the above methods.*

*If your **first** electronic lodgment is via MCA (or any other tax / BAS agent), the ATO's system will not send you reminder emails (we're unsure why, we're just told that they won't).*

## 2b. Request MCA to Lodge on your Behalf

We can lodge your BAS on your behalf if you so wish.

We offer 2 services around BAS lodgments:

- 1) A flat \$44 fee if you tell us the figures to put into each label (i.e. you know what the BAS needs to say, you just need us to lodge); or
- 2) Engage us to calculate your BAS based on the data you provide us. This may be your MYOB / QuickBooks file, it may be a set of reports, it could be a shoe-box full of receipts. This will be charged based on our standard hourly rates.

When the BAS's are generated by the ATO, they make them available for us to import into our tax software. Once we download them, we will email you to inform you that you have a BAS due shortly - so you won't miss out on your reminder if you engage us to do your BAS's.

## MyGov

MyGov is planned to be a portal for all Government services - not just the ATO. Currently you can link several Government services to it, such as the ATO, Centrelink, Medicare.

Currently there are some "teething" issues with its implementation which we feel need to be sorted before we can recommend widespread adoption, such as:

- Only selected items will be delivered to your MyGov inbox - not all items. While its good to get some this way, it is often more difficult (not to mention confusing) managing two different ways of getting info from one source; and
- We, as your tax agent, don't get a copy of letters sent to your MyGov inbox. Yes, that's right, we get cut out of the loop entirely. At the moment, your ATO correspondence gets posted to our office, we review it to see if it needs any special attention, attach an explanatory covering letter, and post it out to you. With the way MyGov is currently set up, we can't assist you unless you come to us.



For more information on MyGov, start at <https://www.ato.gov.au/general/online-services/in-detail/transact-online/ato-and-the-mygov-inbox/>

## TaxPack

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This one is relatively simple. The TaxPack is being replaced with online instructions, and it works well.

You can currently get online instructions for the 2013 year onwards, with 2015 being available at <https://www.ato.gov.au/Individuals/Tax-return/2015/>.

The ATO gets a big tick from us on this one.

## Standard Business Reporting

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The concept of standard business reporting (SBR) is that all the information needed by the ATO (and other Government departments) is organised into a standard format that any software (upon being registered) can use.

This will include the obvious lodging of documents, but also "pulling" information from the ATO's systems into your software.

Using Business Activity Statements as an example, soon your accounting software will be able to:

- 1) "pull" the information on your BAS into your accounting software (such as due date, PAYG Instalment figure, etc);
- 2) Use the information in your accounting software to compile a BAS within your software; and
- 3) Send or lodge that BAS with the ATO direct from your accounting software.

With all the data standardised into one format, all your relevant data is easily transferable between different software vendors, entities, and Government departments.

Take setting up a new company for example. You must register the company with ASIC - which means entering the company details. You then need to re-enter the company details into the ABR website to apply for an ABN. You also need to re-enter the details into your accounting system. Finally, we need to re-enter all your details into our system.

With SBR, you only need to enter the information once and all the different software will be able to pull that info across and save all the re-entry.

Current functionality is limited and we are waiting on "version 2" before we see any real-world operability, but the future of SBR is improved efficiencies.

For more information on standard business reporting, head to <http://www.sbr.gov.au/>

## Disclaimer

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We have provided this document as a very basic guide which is intended to assist people in improving their understanding of the tax laws and how they operate. When considering what actions to take however, there are more factors that should be considered.

This is not intended to be a comprehensive document that can be taken as tax advice, financial advice, or any other kind of advice. The content does not take into account any of your personal circumstances and is only generic in nature.

This document is not to be taken as advice under any circumstances. If you are considering acting based on anything written in this document, we suggest you seek professional advice first.

If you have any questions, you can contact M.C.A. Accountants Pty. Ltd. by phone on 03 8689 9770, by email at [admin@mcaaccountants.com.au](mailto:admin@mcaaccountants.com.au), or by post at PO Box 8095, Carrum Downs, VIC, 3201.

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