

Accurate information on returns a top priority

Getting the information on your tax return 100 per cent right is essential, writes Penny Pryor.

It's that time of the year again. When we dig out our shoeboxes of receipts and terrorise our accountants in the hope of a tax refund of a few thousand dollars.

If you're expecting a big one, and in need of cash, you may have already visited your tax agent with dollar signs in your eyes.

Those of us who use an accountant do so in the hope they will be able to maximise our (legitimate) deductions and get us the best possible refund.

Unfortunately, if they are wrong, they won't be in trouble - though they will probably lose your business - you will be.

To make sure you don't wind up on the wrong side of the Australian Taxation Office (ATO), Stephanie Caredes, tax counsel at the Tax Institute, says you should always use a registered tax accountant.

She says they have a lot of experience: "They will know the ins and outs of the tax law."

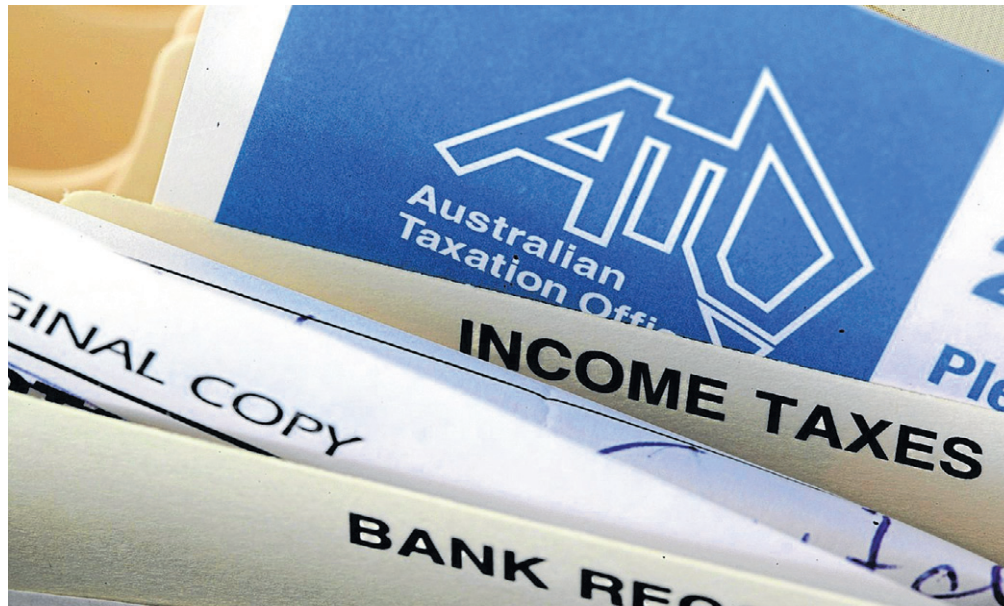
Registered tax accountants need to be registered with the Tax Practitioners Board and you can search their database to make sure your accountant is registered at tpb.gov.au/tpb/agent_register.aspx.

And how carefully do you look at what your accountant has done when they hand back your tax details to look at and sign?

Not too many of us go over every line with a fine-toothed comb unless, of course, we think they might be missing a vital expense we could claim.

"Individual taxpayers should check over, and make sure they are comfortable with, their tax return," Caredes says.

Each year, about this time, the ATO makes it clear what it will be focusing on in its "Compliance in focus" reports. It doesn't



mean that they won't be examining everything or everyone, just that these areas will get particular scrutiny.

Most of us try our best to work within the law - I hope - and endeavour to do the right thing all the time, but these are the areas of which you should be taking special notice.

The ATO is getting very good at data matching, or pairing up what you say on your tax return with the information they get from "banks, share registries, employers, merchants, states and territories and other government departments".

The ATO uses this information to pre-fill returns, which means they can detect anomalies pretty quickly.

It says that last year this practice resulted in a \$947 million gain from revenue adjustments from about 445,000 reviews

and audits. If you do make a mistake on your tax return, not only will you have to pay the extra tax but also, in some instances, you may have to pay fines as well.

Most false or misleading statement penalties are a percentage of the shortfall amount.

But if you and your accountant can show the ATO you took reasonable care, penalties may be waived under safe harbour.

"For safe harbour to apply, you need to prove that you gave all relevant tax information to your registered agent so that the statement could be made correctly," the ATO states.

So don't think you'd never get caught out by the Tax Office: you could, and the buck would stop with you, too.

Taxes on the go

TAX returns are going mobile.

Taxpayers will be able to submit their next tax return from their smartphone, tablet or computer through a new app.

MyTax will be available from the Australian Taxation Office from July 1.

On computers it will be fully online, rather than requiring people to download special software as is the case now.

Treasurer Joe Hockey expected MyTax would cut the time people spent lodging their tax return.

However, not everyone will be able to use the new platform.

People with more complicated tax returns will be ineligible to use it.

Help with tax debt

If you can't pay your tax debt on time, contact the Australian Tax Office immediately.

They'll work with you to solve the problem, often by making a payment arrangement.

If your debt is less than \$25,000, the ATO recommends you phone the automated self-help service on 13 28 65 and apply to make a late payment or pay the debt by instalments over a specified period.

This service operates 24 hours a day, seven days a week.

Alternatively, you can speak to a support staff member on 131 142 to discuss your circumstances.

Speedy returns

AFTER you lodge your tax return, the ATO processes it and issues you with a notice of assessment.

If you're owed a refund it will be issued at the same time.

The ATO usually processes tax returns that have been lodged electronically (including through e-tax) within 12 business days of receiving them.

Paper tax returns for individuals are usually processed within 50 business days of being received.

Your refund may take longer to process if you lodge returns for multiple years, you make a mistake on your tax return, your return needs further checking or you lodged your return before the end of the income tax year.

If you lodge your return electronically and the ATO is unable to finalise it within 30 calendar days, you will be informed.

Contact details

THE Australian Taxation Office website is www.ato.gov.au and it can be contacted for general inquiries by phoning 132 861 (individuals), 132 866 (business) or 137286 (registered agents).

Tips for businesses preparing tax returns

WITH the end of the financial year upon us, for many businesses it's time to consider how to prepare for the completion of their tax return and ensure they pay the correct amount of tax.

Good organisation and advice can translate into a better business plan for the future. The following tips from the Australian Taxation Office (ATO) could help your business become more productive, efficient and profitable in 2014.

Lighten your tax debt load The top tax tip from the ATO is, if you're in a tight spot and worried about a tax debt, let them know. They will work with you to figure out a solution. Successful small businesses can develop healthy habits that help manage their cash flow and can even avoid debt.

Give your business a health check It's a good idea to regularly check that your systems and records are in order to avoid mistakes on your BAS. If you still keep paper records, the ATO suggests you consider leaving paper behind and shift to electronic records. You can also use the ATO's business viability assessment tool to help assess the financial performance of your business.

Keep up to date with super changes We all know that there have been lots of changes to super in the past couple of years, including the introduction of a new data and e-commerce standard that will let you send super contributions to all funds in one electronic format. Businesses with 20 or more employees have until July 1, 2014, to adopt the standard and businesses with 19

or fewer employees have until July 1, 2015. You can keep up to date with all things super via the small business assist tool at www.sba.ato.gov.au

Get your GST right If your business's current or projected GST turnover is \$75,000 or more for any 12-month period, you must register for GST within 21 days. The ATO also recommends you keep the GST you collect separate from your business account, and don't forget to keep receipts for five years.

Try small business assist In 2013, the ATO released small business assist, an online service which provides easy access to information for both new and established businesses. You simply type in a question and it provides tailored information from a range of websites.

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