

CPA



# A.L.L. BUSINESS

Certified Practising Accountant

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## Data Matching & the ATO

The following is a segment of ATO Tax Commissioner Michael Carmody's online speech regarding the ATO's approach to data matching.

"Data matching has been a successful part of our strategy for identifying and dealing with non-compliance for a long time. By comparing external data with taxpayer records we can detect people who are failing to lodge returns or disclose income. For example, each year we run an extensive income matching program. Under this program information supplied by banks and other financial institutions, companies, Centrelink and employers is matched with taxpayers' returns to check that interest and dividends (including from managed funds), benefits and employment income is correctly reported.

Last year around 36 million records were matched raising additional revenue of \$176 million from some 320,000 taxpayers who had failed to report income. We expect to match 40 million records this year.

Our data matching work does not stop at our borders. We are improving our capacity to match foreign sourced dividends and interest supplied as part of our international exchange of information agreements.

Data matching is also an effective way to ensure people who profited from the recent property market boom correctly disclose any capital gains on the sale of investment properties. For this purpose we gather data from land titles offices and state revenue agencies, to identify purchase and sales data. Last year we matched data from more than 24,000 income tax returns with external real estate information. Using that information we conducted over 3,300 audits and raised an extra \$30 million where people had not reported a capital gain. We are continuing the program this year.

This year we will also match data on share market transactions to ensure capital gains realised are correctly returned.

Data matching allows us to manage compliance risks in various industries and professions."

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## General Interest Charge - GIC

The GIC is applied to late payment of taxes including income tax, fringe benefits tax, GST and PAYG.

The general interest charge is updated quarterly, and the following is provided for your information and to encourage you to settle any outstanding amounts as quickly as possible.

July - September 2005	12.68% pa
October - December 2005	12.62% pa

## Dates to remember October - December 2005

21 October	Annual PAYG Instalment Notices - Payment required and/or lodgement of form if varying amount payable - 2004/2005 income year.
21 October	Monthly BAS/IAS due for paper lodgment and payment of tax owing.
28 October	BAS/IAS due for paper lodgement and payment of tax owing.
28 October	Annual GST elections to be made.
28 October	Superannuation Guarantee Contributions to be paid.
31 October	Final date for lodgment of individual, partnership or trust returns NOT prepared by a tax agent. This is also the final date to be added to an Agent's lodgment extension lists without penalty.
21 November	Monthly BAS/IAS due for paper lodgment and payment of tax owing.
21 December	Monthly BAS/IAS due for paper lodgment and payment of tax owing.

## Avoid the Cash Crisis

Late payment by debtors is the primary cause for a small business cash crisis, according to a report released by CPA Australia.

Of the 62% of businesses which suffered a cash crisis, 34% blamed debtor delays, 15% on ATO/tax obligations and business downturn and other accounting for the remainder.

According to CPA Australia research, 85% of SME's (Small Medium Enterprises) and 70% of accounting practitioners agreed that good record keeping helps avoid a cash crisis. "Record keeping may not prevent it .... but it will help identify the source of the problem so that business can take corrective action."



The research also found that the group of businesses that suffered a cash crisis had a lower than average record keeping quality, had been in business for a shorter period of time and had lower business turnover.

Therefore, your business viability and profitability depends on good record keeping and regular monitoring of the results. Please contact us for your business records health checkup. Your business health may depend on it.

Phone: 07 4124 2220  
Fax: 07 4124 3690

### Email:

admin@allbusinesscpa.com.au

### Web:

www.allbusinesscpa.com.au



"Melory Place"  
53 Torquay Road  
PIALBA QLD 4655

PO Box 3162  
PIALBA QLD 4655

## Office Relocation

We are now enjoying the extra space our new office is providing. In August we made the extremely long, arduous journey east, all 10m of it, to our new location of Shop 1 "Melory Place."

We have been so busy attending to all of your accounting and taxation needs, we haven't been able to inform you personally, or even take a new picture for the newsletter or web. They do say that a change is as good as a holiday!

## Holidays

On the subject of holidays, I would like to advise that I will be taking a break in May 2006 for 4 weeks. As this will be my first decent holiday since commencing practice, I hope you will understand my absence.

In order for the office to function successfully, I would ask that you ensure all work required prior May is delivered to the office no later than 31st March 2006.

I will return with sufficient time to complete all tax planning prior to 30 June 2006.