

Rad Bookkeeping February 2015 Newsletter

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Can All Employee Related Documents be Stored Electronically?

In short, the answer is YES

FairWork specifically allows for providing and recording the FairWork Information Statement, timesheets, payslips and payment summaries electronically. The Electronic Transactions Act 1999 makes provision for the legal communication and storage of information and documents to be electronic or digital.

As stated in the introduction of the Electronic Transactions Act 1999, part of the aim of this act is to facilitate the use of electronic transactions and to enable businesses to use electronic communications in their dealings with government. For the purpose of this act, "transaction" means anything in the nature of a contract, agreement, statement, declaration, offer or acceptance of an offer.

Therefore all 'transactions' between employer and employee may be conducted and recorded electronically. An employer must meet their record keeping obligations, regardless of format.

The following extracts from the outline of the Electronic Transactions Act 1999 are relevant to FairWork and employee related documents:

- For the purposes of a law of the Commonwealth, a transaction is not invalid because it took place by means of one or more electronic communications.
- The following requirements imposed under a law of the Commonwealth can be met in electronic form:
 - a requirement to give information in writing;
 - a requirement to provide a signature;
 - a requirement to produce a document;
 - a requirement to record information;
 - a requirement to retain a document.

Signatures

If under the law, the signature of a person is required, the employee's identity must be clear from the method and nature of the communication or transaction. This may mean the employee physically signing the document which is then stored electronically, or it may mean they sign digitally, or it may be that the exchange of electronic communications is enough without a

ATO Lodgement Dates

These dates are from the ATO website and do not take into account possible extensions.

You remain responsible for ensuring that the necessary information is with us in time.

BAS/IAS Monthly Lodgement

– January Activity Statement:
21st February, 2015 final date for lodgement and payment.

BAS/IAS Monthly Lodgement

– February Activity Statement:
21st March, 2015 final date for lodgement and payment.

2nd Quarter of FY 2015: BAS Lodgement – December Quarter 2014(including PAYGI) 28th February, 2015 final date for lodgement & payment

When a due date falls on a Saturday, Sunday or Public Holiday, you can lodge or pay on the next business day.



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specific signature if both the identity of the employee and intention of the transaction are clear.

Other relevant points from this Act include

- If, under a law of the Commonwealth, a person is required or permitted to give information in writing, that requirement is taken to have been met if the person gives the information by means of an electronic communication.
- If, under a law of the Commonwealth, a person is required or permitted to produce a document that is in the form of paper, an article or other material, that requirement is taken to have been met if the person produces, by means of an electronic communication, an electronic form of the document.
 - the method of electronic communication or recording must be relevant to the purpose of the communication or transaction
 - the method must be reliable and easily accessible
 - the integrity of the information must be maintained; that is, the document must be a copy of or the actual original, (if it was generated electronically), in complete and unaltered form.

Employee Records

All employee related records can be provided and stored electronically.

- Tax File Number declaration
- Employee contact details
- Superannuation Choice form
- Employment letter
- Employment contract
- Timesheets
- FairWork Information Statement
- Payslips
- Payment summary

Related References

- Electronic Transactions Act 1999
- FairWork Act 2009
- FairWork Information Statement

Record Keeping for Capital Gains Tax

There are many types of Capital Gain Tax (CGT) events - the business owner should check with their accountant if in doubt about any possible events throughout the year. There are certain concessions available for small businesses

A Capital Gain or Loss is the difference between what it cost to purchase the asset, and what was received when it was disposed of. Capital gains tax is applied to 'profit' made on the disposal of an asset, although it is considered to be part of income tax.

All assets (including any held overseas), acquired since 20 September 1985 are subject to CGT unless specifically excluded or otherwise included.

A business owner must keep records of every transaction or event that may be relevant to the accountant working out whether the owner has made a capital gain or loss.

Records relating to CGT events must be kept for five years after the relevant event. Noting that the records relating to the purchase of a capital asset are required to be retained until 5 years after the lodgment of the tax return relating to the sale of that asset.

Usual record keeping obligations apply:

A public holiday is a day that is a public holiday for the whole of any state or territory in Australia

Due date for super guarantee contributions, for **2nd Quarter of FY 2015**, October to December 2014 - contributions to be made to the fund by 28th January, 2015.

Due date for super guarantee contributions, for **3rd Quarter of FY 2015**, January to March 2015 - contributions to be made to the fund by 28th April, 2015.

The super guarantee charge is not a tax deduction if not paid by these dates.

Refer to the ATO for details regarding any SGC charges applicable if not paid by due date.

- Keeping business records is a legal requirement for the statutory period of up to 7 years
- All records of all transactions must be kept, including:
 - Payroll records
 - Purchases and expenses
 - Sales and income
 - Investment records
 - Banking records
 - Business and other registrations
 - Stock adjustments
 - Director dividends or other payments
 - Sale or purchase of any assets
 - Records relating to personal use of business assets
- Records must be in English and legible
- Records can be in paper or electronic form, but must be easily accessible
- Records must be secure and maintain integrity, completeness and accuracy

Types of CGT Events

For businesses, CGT most commonly applies to the sale of buildings, shares and goodwill. CGT does NOT apply to depreciable assets used solely for taxable purposes, for example, business equipment.

However, if you use a business asset partly for personal use, then any gain or loss from the disposal of that asset may be subject to CGT for the personal use portion.

Note that although intellectual property is defined as a depreciable asset, it is treated differently for the purpose of CGT. If the business owner has assigned any intellectual property to another entity, the accountant should be notified.

Record keeping for Capital Gains Events

A capital loss may be carried forward to offset against a capital gain in future years. There is no time limit on how long you can carry forward a capital loss; however, you will need the records to prove the loss and to enable the accountant to calculate and offset the amount correctly. If there has been any loss event, you may need to keep the records for longer than the statutory five years, until the loss has been applied to a future gain.

What you must keep:

- Date of the event—related to any purchase, sale, transfer, assigning of rights or gifts
- Details of the nature of the event
- Details of the entities or parties related to the event

The records can specifically include:

- Receipts of purchase, sale or transfer
- Any details of money borrowed relating to the asset
- Records of agent, accountant, legal and advertising costs relating to the event
- Receipts for insurance costs, rates and taxes related to the asset, for example land tax for property
- Market valuations of the asset
- Receipts for costs associated with repairs, maintenance and improvements to the asset
- Broker fee details
- Tax records showing if and when the item was claimed as an expense

Related References

- ATO - Capital Gains Tax
- ATO - Record Keeping for Small Business

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