

CLERP 7 - Submission to Economics Legislative Committee (Dated 25 March 2003)

Do the new forms simplify document lodgment and compliance procedures?

In our view, the new forms have increased the level of complexity, compliance and reporting and in fact the processing time actually spent reading the instructions, collecting and providing the information has significantly increased. The following example demonstrates the increased level of compliance and reporting requirements.

Key issues:

The small business owner would need to lodge 13 forms with the ASIC according to the new rules compared to existing rules requiring 6 forms. It is also noted that the each time a form 484 is completed, the company director needs to review 19 pages compared to 5 pages (Forms 203, 207, 284, 304).

Example:

Smith Family – Small Business

ABC Pty Ltd – Business 1 (Incorporation Date 20/3/01)

XYZ Pty Ltd – Business 2 and part shareholder of ABC Pty Ltd and BBK Pty Ltd
(Incorporation Date 1/6/00)

BBK Trustee Pty Ltd (Incorporation date 15/6/00)

Smith Family Trust – Shareholder

Mr Jim Smith - Director

Mrs Judy Smith – Director

Mrs Sally Smith – (Mother) Shareholder of ABC Pty Ltd, XYZ Pty Ltd and XYZ Pty Ltd

Greg Smith – Shareholder of ABC Pty Ltd, XYZ Pty Ltd and XYZ Pty Ltd

Cindy Smith – Shareholder of ABC Pty Ltd, XYZ Pty Ltd and XYZ Pty Ltd

Changes during the 2003/2004 year

Date	Description	Current Legislation		CLERP 7
		Report when change occurs Y/N	Report Annually Y/N	Report when change occurs Y/N
1/8/03	Sally Smith changed her address	N	Y	Y
20/8/03	BBK Trustee Pty Ltd was nominated trustee for the Smith Superannuation Fund	N	N	Y

ATTACHMENT 1

Date	Description	Current Legislation		CLERP 7
1/9/03	XYZ Pty Ltd – 10 B class shares (\$1 per share) issued to Cindy Smith	Y (Ltd Info)	Y	Y (Detailed)
1/11/03	XYZ Pty Ltd – Changed its name to XYZ 2 Pty Ltd	Y	Y	Y
1/12/03	XYZ Pty Ltd – 10 Ordinary shares (\$1 per share) transferred from Sally Smith to Greg Smith	N	Y	Y
1/1/04	XYZ Pty Ltd – Beneficial ownership Sally Smith to George Smith	N	Y	Y
2/1/04	XYZ Pty Ltd – Issued 10 Ordinary shares (\$1 per share) to Greg Smith	Y (Ltd Info)	Y	Y (Detailed)
20/1/04	XYZ Pty Ltd – Issued 5 Ordinary shares (\$1 per share) to Greg Smith	Y (Ltd Info)	Y	Y (Detailed)
25/1/04	Barry Green appointed director of XYZ Pty Ltd	Y (14 days Prior to AR due date)	N	Y

Existing Legislation – Reportable Changes**Company XYZ Pty Ltd**

*Must be lodged within 14 days of change

*Date	Reportable changes	Ref Attached
1/9/03	Form 207, Information required – 10 B Class shares, amount \$10	A1 – Form 207
1/11/03	Form 205 Resolution; XYZ Pty Ltd changed to XYZ 2 Pty Ltd	A2 – Form 205
2/1/04	Form 207 Information required – 10 Ord shares, Amount \$10 to Greg Smith	A3 – Form 207
20/1/04	Form 207 Information required – 5 Ord shares, Amount \$5 to Greg Smith	A4 – Form 207
31/1/04	Lodge Annual Return (Includes appointment of Barry Green)	A5 - Form 316

Company ABC Pty Ltd

*Date	Reportable changes	Ref Attached
31/1/04	Lodge Annual Return	A6- Form 316

CLERP 7 Comparison – Reportable Changes**XYZ Pty Ltd**

**Must be lodged within 28 days of change

**Date	Reportable changes	Ref Attached
1/8/03	Form 484 Change of Company details (Section A1 p2) Change of member address for Sally Smith	B1 – Form 484
1/9/03	Form 484, (Section C1 p2 and page 3) Issue Shares Cindy Smith Note: Additional information required	B2 – Form 207
1/11/03	Form 205 Resolution; XYZ Pty Ltd changed to XYZ 2 Pty Ltd “Change of company name”	B3 – Form 205
1/12/03	Form 484 Transfer of shares (Section C1 p2, Section C4 p5 and 6) Sally Smith to Greg Smith Note: Additional time needed to complete the form	B4 – Form 484
2/1/04	Form 484 Issue shares. Note: Additional information required (Section C1 p2 and page 3) Issue shares to Greg Smith	B5 – Form 484
1/1/04	Form 484 Change in Beneficial ownership (Section C4 p5) Sally Smith to George Smith	B6 – Form 484
20/1/04	Form 484 Issue shares. Note: Additional information required (Section C1 p2 and page 3) Issue Shares to Greg Smith	B7 – Form 484
25/1/04	New officeholder appointed (Section B1 p 2) Barry Green	B8 – Form 484
1/6/04	Company Statement (Extract of Particulars) – Reviewed by director, No changes required	

ATTACHMENT 1

Reportable Changes – ABC Pty Ltd

**Date	Reportable changes	Ref Attached
1/8/03	Form 484 Change of Company details (Section A1 p2) Member address changed Sally Smith	B9 – Form 484
1/11/03	Form 484 Member name change; XYZ Pty Ltd changed to XYZ 2 Pty Ltd (Section A2 p3)	B10 – Form 484
20/3/04	Company Statement (Extract of Particulars) – Reviewed by director, No changes required	

ATTACHMENT 1

Reportable Changes – BBK Pty Ltd

**Date	Reportable changes	Ref Attached
1/8/03	Form 484 Change of Company details (Section A1 p2) Member address changed Sally Smith	B11 – Form 484
20/8/03	Form 484 Change of Company details (Section B3 p5) Change to special purpose company status.	B12 – Form 484
1/11/03	Form 484 Member name change; XYZ Pty Ltd changed to XYZ 2 Pty Ltd (Section A2 p3)	B13 – Form 484
15/6/04	Company Statement (Extract of Particulars) – Reviewed by director, No changes required	

Notes:

Section C is a very complex section, a small business owner would find it very confusing to review and complete p2 and pages 5-9. Please refer to the attached forms.

Form attachments will be forwarded to you as a separate email.

ATTACHMENT 1

Additional reporting requirements

Two new forms (489 and 490) have been introduced for foreign companies and registered schemes. As a result, if there is a change of office hours, address or change to officeholders the company secretary/ director will need to complete up to 3 section of the for 484 or one or both of forms 489 and 490 for companies affected.

Form 362 increases the workload for agents, as they need to lodge a separate form for all new appointments. Previously Form 361 allowed agents to be appointed as an agent for multiple companies on the one form.

Ultimate Holding Company information

Increased workload for reporting Holding Company changes. Example. ABC is a holding company for 30 subsidiary companies. If a holding company changes its name then the company secretary/ director must complete and lodge 30, 484 Forms.

Other new forms

Form 482 Return of Particulars (Draft forms have not been received from ASIC)

Form 483 Response to Return of Particulars (Draft forms have not been received from ASIC)

Form 485 Relation to Company Solvency

Form 486 Nominate, Change or Cease Contact address for a company

Form 492 Notification of corrections

Form 2505 Vary review date of company or registered scheme