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14th March 2003

Senator G H Brandis
Chairperson
Economics Legislative Committee
Department of Senate
Parliament House
CANBERRA ACT 2600

By Facsimile: (02) 6277 3552

Dear Sir,

Corporation Legislation Amendment Bill 2002

We recently attended a meeting detailing the proposed implementation of the Corporations Legislation Amendment Bill 2002 (CLEW 7) and are very concerned with the proposed changes.

While the express intention of CLEW 7 that was to simplify ASIC lodgements and reduce the cost of ASIC compliance to business, the proposed changes in their current form would have the opposite effect.

We understand that CLEW 7 will remove the need for companies to lodge an Annual Return as we have done every year. However the introduction of a raft of new forms that are seemingly asking a lot more questions in several forms will make the job a whole lot more laborious. Many questions appear quite ambiguous and unclear as to what that question really wants answered. Also the compliance work involved in the proposed Annual Review process and these new forms far exceeds the amount of work required to prepare the present Annual Return and will lead to cost increases for our clients.

In our view, the present proposals on which CLEW 7 is based leave a lot to be desired. CLEW 7 was supposed to simplify the lodgement requirements for companies whereas, it is doing the opposite as it is making the corporate compliance system more complicated than it needs to be.

There is also a further issue with the timing of these changes. ASIC has indicated that CLEW 7 will come into effect on 1 July 2003. While it is appreciated that ASIC sees some benefit in spreading its work load over the whole year the concept of reverting to the date of incorporation in reality will mean that the present January deadline for Annual Returns will change to a date around September for many companies and we are already very busy at that time of year with taxation compliance issues, in this Practice, and probably in many others around Australia, most



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company incorporations take place in the month of June each year as clients set themselves up ready for commencing on July 1st. That would require the lodgement of the relevant documentation by the end of September under CLERP 7. For this practice using the date of incorporation for the end of the year is not smart idea as there will undoubtedly be lodgement problems stemming from that decision.

The CLERP 7 proposed change from 30th June in any given year to the date of incorporation for the Annual Return preparation will now require us to maintain a 365 day of the year focus on which companies are coming up for their individual returns. At present we deal with this work only once a year when we schedule that to happen any time after -1st July, and given that a reasonable amount of time is necessary to follow up, we have ensured that all returns have been lodged progressively in the period up to 31st January in the following year. In our way we have been spreading the workload for ASIC over a longer period of time rather than lobbing all the returns in by the 31st January deadline.

A further practical problem that has already come to our attention stems from the fact that individuals can already access and change ASIC data over the internet without any advise or reference to us at the Registered Office. This uncoordinated scenario is a further recipe for disaster and should be discouraged. The range of penalties that can be applied for non-lodgement of relevant documentation would make it costly for the inexperienced person involved corporate compliance matters.

June, July and August are the busiest times in this firm and we are already overloaded with the ever changing tax system and tax return deadlines. Introducing these changes at this time will add significantly to our workload on top of the enormous amount of additional work resulting from the introduction of the GST and resulting administration problems with the Australian Tax Office. Even with the extensive public education programme that accompanied the introduction of the new tax system/ business activity statements/ goods & services tax, not to mention the very significant cost of it, there is still a long way to go with the general public adequately understanding what their obligations are and them being able to get it right without professional assistance and have it lodged on time.

In our view, the CLERP changes in their current form, will be just as disastrous and impracticable as the GST legislation when it was introduced and we request that you seriously consider referring CLERP 7 back to the government for review and amendment to achieve the objective of simplicity and practical application.

Yours sincerely



CREAGH BARKER ASSOCIATES PTY LTD

cc Senators J Collins, H Chapman, A Murray, J Watson, R Webber

