

10 February 2009

Senator Hurley
Chair
Senate Economics Committee
c/- Mr John Hawkins
Secretary

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Via email

Dear Senators

We would like to raise a few points of clarification and perspective following the Senate Committee Hearing in relation to the tax agent services bill. These comments are made following our review of draft Hansard of all witnesses to the committee and the issues raised by the Senators. We have limited our comments to two major concerns.

Bookkeepers vs. BAS Agents

There are many contract bookkeepers who are NOT "relied on" for their level of expertise nor tax matters.

Many businesses choose to engage a contract bookkeeper to perform bookkeeping duties as it is cheaper than paying the accountant to do so but it means that they themselves do not have to spend the time performing bookkeeping duties rather than actually conducting their business activity. That same business then chooses to rely on themselves for the BAS preparation and lodgement or the accountant, but certainly relies on the year end accountant for reviewing the book work of whomever did the processing.

This legislation is aimed at creating a registration system for those Bookkeepers who are relied on for their level of knowledge or expertise or advice in relation to the area of tax referred to as BAS Services. These types of bookkeepers should be competent and educated to provide this service and should be registered.

If the legislation was to require all bookkeepers to be registered then people will exit the industry:

Some will become employees and hence we will have no better outcome nor better education and competence but the duties will be hidden under the veil of being an employee,

Some will continue to perform the duties but be even harder to find.

We see it as a major aim over the first years of this regime to have people brought into the regime and not to be avoiding it.

Because the legislation as drafted allows for an unregistered Bookkeeper to provide some services that are not relied on, and a Registered BAS agent to be relied on for their BAS

Service expertise, this creates a pathway for development. More importantly it brings all bookkeepers into the loop rather than seeking to hide.

Quality of bookkeeping

Many of the submissions both written and verbal have referred to "bad bookkeeping" being the cause of significant concern and significant cost. We acknowledge that there is poor bookkeeping performed but these are performed by all parties: Business owners, employees, bookkeepers and accountants. Many accountants perform bookkeeping.

You have heard from several submissions that accountants have to rework the bookkeeping. Please keep in perspective that most of that bookkeeping work is NOT performed by contract bookkeepers. If you had heard from as many bookkeeping organisations or bookkeepers themselves you would also hear of as many cases where the accountant does not understand the business, nor the bookkeeping software being used, nor the books themselves, nor do they provide meaningful or understandable information back to the business.

On behalf of bookkeepers we are really concerned that you have been left with an incorrect impression that all contract bookkeepers perform bad bookkeeping services and it is not correct.

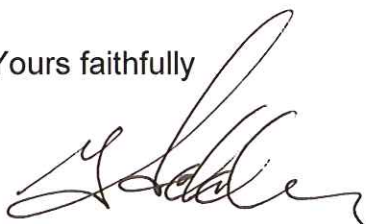
It appears to be outside the realm of this legislation to consider a system whereby every bookkeeper or everybody who uses the term "accountant" would have to be registered however if you were to seek to register all bookkeepers, equally you would have to register all accountants. This would increase the red tape and compliance burden of doing business in Australia which I understand is against government policy.

We believe many issues are embraced by the code of conduct that, among others, requires competency which deals with many of the issues raised in relation to the quality of bookkeeping, however we do not believe the code prescribes strongly enough the obligation for communication by the tax agent following their work on a clients records. (Refer to previous submission)

As a professional association of and for bookkeepers we require professionalism, competence, education, insurance of our members and are seeking on improvements in all these areas for the industry. We seek for legislation to be a step to assist in the improvements in the profession and not to create a significant number of costly barriers to entry that will result once again with insufficient resources to assist the business community.

Please contact us if we can assist further with any aspect of this matter.

Yours faithfully



Matthew Addison
Executive Director