

# Are you on the ATO's radar?



**The Australian Taxation Office (ATO) recently released its targeted 'hit list' for the 2009/2010 compliance program. Are you on it?**

Once again, it makes interesting reading... Rising unemployment and falling business profits as a result of the global financial crisis, have severely reduced the government's taxation revenues.

Therefore, the ATO is increasing its audit activities in an attempt to maximise the government's take, and once again the ATO's perennial favourite, the building and construction industry (or at least parts of it), is in its sights.

## So, what are some of the target areas this year?

The ATO Commissioner has warned that they will be targeting electricians. This doesn't mean that other occupations will not be reviewed; rather electricians will be a specific focus.

## How and why does the ATO choose an occupation?

The ATO will concentrate on occupations with a pattern of large and/or rising claims over a series of, say, five years. In particular, returns that do not fit the pattern for a particular occupation. For example, if your deductions are 25% of your income, compared to an industry average of 10%.

The ATO also targets claims in returns lodged by tax agents that are outside the norm. For

example, where a single client within an agent's client list has a significantly higher claim as a percentage of that client's income.

According to the Commissioner, the most common incorrect claims by people in the targeted occupations include:

- Insufficient documentation available to support motor vehicle and travel expenses
- Claiming for the living away from home allowance when the claimant does not qualify for the allowance
- Motor vehicle expenses on the basis that the claimant is carrying bulky equipment required for work
- Home offices, mobile phone and internet expenses.

**The global financial crisis has greatly reduced the government's reserves, so this year expect the ATO to be even more aggressive in its pursuit of revenue.**

## ABBTF AUSTRALIAN BRICK & BLOCKLAYING TRAINING FOUNDATION LIMITED

Supported by the Brick & Block Manufacturers of Australia

### OPERATING RESULTS FOR 2008/2009

During the year to June 2009 Australian Brick & Blocklaying Training Foundation Limited (ABBTF) achieved the following:

- ABBTF support to employers of new apprentices is assisting the training and employment of 1,628 apprentices, 31% more than the previous year.
- Support for mature aged apprentices or their employers who are disadvantaged by income levels or higher costs in the early stages of the apprenticeship. 110 payments were made during 2008/2009.
- More than 3,000 secondary school students participated in the Step Out Programs to gain hands on experience in bricklaying.
- Support for pre-entry training in bricklaying which saw 635 enrolments in preparation for an apprenticeship.
- The introduction of travel and accommodation support for apprentices who need to travel more than 100 kilometres to attend their nearest off site training provider.
- Attendance at 124 careers events and promotions to inform people, promote the trade and the career paths offered through bricklaying. Try-a-trades in bricklaying were a feature of many of these events.

- Participation in the industry pathways research project for the CPSISC which produced the report "Barriers and Drivers for Bricklaying Apprenticeships". The project also included a status report on the industry and a report on innovative practices in bricklaying.
- Working partnerships with 50 TAFE colleges and registered training organisations to improve the quality and expectations of new apprentices through Step Out Programs in schools and support for pre-entry training.
- Publication of 15 editions of the ABBTF newsletter sent on a state basis to more than 44,000 stakeholders. Regular media releases also kept industry informed of ABBTF operations.
- A national radio campaign with specific messages to attract potential apprentices and to encourage bricklayers to sign on an apprentice.
- Assistance to bricklayers migrating to Australia under the General Skilled Migration Visa. Payments were made after three months working as a bricklayer in the industry.

The full Statutory Annual Report is available on the website or hardcopy on request.

OPERATING RESULTS (Nos.)	2008/09	2007/08
Apprentices Supported by ABBTF	1,628	1,239
Mature Apprentices Supported	79	42
Apprentices in Training	2,641	2,770
Step Out Program Students	3,027	3,667
Pre-Apprenticeship Enrolments	635	560
TAFE Colleges and RTO's	50	43
Group Training Organisations	70	71
Careers Events Attended	124	98
Newsletter Mailing List	44,000	37,000

FINANCIAL RESULTS (\$'000's)	2008/09	2007/08
Revenue	6,635	7,423
Total Expenditure	6,477	6,075
Operating Surplus	158	1,348
Training Reserve	4,424	4,266
Apprentice Subsidies to Employers	3,533	3,198
Training Support	1,012	1,294
Promotion	790	614
Development	649	621
Administration	442	323

Call 1300 66 44 96 or visit [www.becomeabricklayer.com.au](http://www.becomeabricklayer.com.au)  
 Australian Brick & Blocklaying Training Foundation Limited ACN: 097 159 914

### What else will the ATO be focusing on?

The other areas of focus will be capital gains tax on investments, so that capital losses are not claimed as a deduction against income but only offset against capital gains.

Additionally, 'dodgy' tax schemes designed to allow you a significant tax deduction for little initial outlay remain a permanent area of ATO focus.

The ATO will continue to match data records of property sales from the various state government registries, like the titles department, to insure that gains on property sales are declared.

It does the same with interest by matching files it receives from banks and financial institutions, as well as share dividends and trust distributions from companies to income declared.

### So why will the building and construction industry again be a focus?

Simply because it is perceived, especially where the business deals direct with consumers like households, to be an industry that forms part of the cash economy.

The ATO uses a mixture of techniques to audit this area, but increasingly it is using more

sophisticated techniques, such as comparing industry benchmarks against your business.

Another technique the ATO uses is monitoring the timely lodgement of income tax returns and monthly or quarterly business activity statements (BAS). If you do not lodge your returns on time, you are likely to be issued with a fine, and may be audited. So, if there is a good reason why you cannot lodge on time, call the ATO and ask for an extension – this will prevent the ATO from seeing you as a risk.

During economic downturns employers are more likely to avoid their employee super or PAYG withholding obligations. Therefore, the ATO will be much more vigilant with late super payments to ensure employee entitlements are not lost. They will also actively review all complaints received from employees – so make sure you pay on time.

As I mentioned above, the global financial crisis has greatly reduced the government's reserves – so this year you can expect the ATO to be even more aggressive in its pursuit of revenue.

Make sure you have your documentation in place and pay your obligations on time to keep yourself off the ATO radar.

*If you need help getting your affairs in order, call the team at MGI Brisbane on (07) 3002 4800 or email [info@mgibris.com.au](mailto:info@mgibris.com.au).*

## Work-related expense guides

The Australian Taxation Office (ATO) has developed new work-related expense guides for construction workers and concreters.

Work-related expenses are one of the most commonly claimed deductions, so it's no surprise the ATO plays close attention to these claims in tax returns.

The guides have been developed in consultation with employees in the building and construction industry and provide information on common claims you can and can't make. The guides titled 'Construction workers – claiming work-related expenses' and 'Concreters – claiming work-related expenses' are available on the ATO website at [www.ato.gov.au/occupations](http://www.ato.gov.au/occupations).

You can also subscribe to the ATO's *Workforce education news* – an email newsletter issued regularly to employers and professional associations to provide them with updates about tax entitlements and obligations that may affect them, their employees, and members of their organisations. To subscribe, go to [www.ato.gov.au/wen](http://www.ato.gov.au/wen).

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