

# INFORMATION FOR CLIENTS

## BE AWARE OF YOUR OBLIGATIONS TO THE ATO AND YOUR BAS AGENT'S OBLIGATIONS TO THE TAX PRACTITIONERS BOARD.

### Overview

As a taxpayer, it is important you:

- are aware of your obligations to the Australian Taxation Office (ATO)
- understand your BAS agent has obligations to the ATO and the Tax Practitioners Board (TPB).

### Your obligations

- Be truthful with the information you provide your BAS agent.
- Keep the required records and provide them to your BAS agent on a timely basis.
- Be co-operative with your BAS agent's requests, and meet their due dates.

### If you do not meet your obligations

- The ATO may impose administrative penalties (fines).
- Interest charges may be applied.
- In some cases, criminal prosecutions may be sought.
- The ATO may initiate debt recovery.

#### Further information

For further information, see [tpb.gov.au](http://tpb.gov.au) and [ato.gov.au](http://ato.gov.au)

### Your BAS agent's obligations

- Always act honestly and with integrity.
- Act lawfully in your best interests and advise you of any conflicts of interest.
- Take reasonable care to ascertain your state of affairs.
- Take reasonable care to apply the BAS provisions correctly.
- Provide their BAS agent services competently.
- Not knowingly obstruct the administration of the taxation laws.
- Advise you of your rights and obligations under the taxation laws on a timely basis and return funds due to you.
- Not make false or misleading statements to the ATO.

### If your BAS agent does not meet their obligations

- Their registration can be suspended or terminated, meaning they can't practice.
- They could receive written cautions or orders from the TPB – for example, undertaking education or working under the supervision of another registered tax practitioner.
- Fines may be imposed by the Federal Court.

### What you should expect from your BAS agent



They will ask you questions to better understand your situation.



They will ask you to substantiate and provide evidence of any claims you make under a BAS provision.



They will not act illegally, even if it is in your best interests.



They will advise you of your obligations under the BAS provisions.

## SCENARIO 1

### Situation

A client, a boutique wine bar operator, asked their BAS agent to claim the cost of some bar stools they purchased for their new home as a business expense in her accounts. The BAS agent claims the GST credit for the bar stools, despite not being provided with evidence of the expense being for business purposes.

### Consequences for the client

An ATO audit found the expenses were not deductible because they were private expenses and there was no evidence to support them. The ATO imposed penalties on the client for making false statements in their BAS return.

### Consequences for the BAS agent

The TPB found that the BAS agent failed to:

- take adequate steps to ensure the BAS was accurate
- take reasonable care to apply tax laws correctly
- sight the necessary evidence.

Because of these failures, the TPB:

- suspended the BAS agent's registration for 12 months, which meant they could not continue to operate their business
- ordered the BAS agent to complete and pass a course of education in preparation and lodgement of Business Activity Statements.

## SCENARIO 2

### Situation

A BAS agent is engaged by a new client to prepare and lodge their quarterly BAS. The client advises they have appropriate record keeping systems in place and that all their suppliers are registered for, and are charging, GST. The BAS agent takes this on face value and goes ahead and prepares the client's BAS.

### Consequences for the client

An ATO audit resulted in:

- the client's GST credits being reduced
- penalties and interest charges being applied.

### Consequences for the BAS agent

The TPB found that the BAS agent failed to:

- take reasonable care to apply tax laws correctly and ascertain the client's state of affairs
- exercise professional knowledge, skills and judgment and make further enquiries
- sight the necessary evidence.

Because of these failures, the TPB:

- issued a written caution, and
- ordered the BAS agent to complete and pass a course of education in preparation and lodgement of BAS returns.