



The interview checklist is a series of questions to assist clients and tax practitioners complete tax returns efficiently and consistently and to help identify relevant tax issues for special consideration.

The Code of Professional Conduct was introduced as part of the *Tax Agents Services Act 2009* and regulates a tax practitioner's personal and professional conduct. The Tax Agent Services Act came into force on 1st March 2010. Tax practitioners who do not comply with this legislated Code of Professional Conduct face certain sanctions which can include the termination of registration for serious breaches if they are investigated and found guilty by the Tax Practitioner Board. Members of the Institute of Public Accountants (IPA) are also subject to additional professional and ethical requirements. Complaints about the tax practitioner can be made directly to the Tax Practitioners Board (www.tpb.gov.au) and to the NIA if the practitioner is a member.

The requirement to use an engagement document is emphasised in the Explanatory Memorandum to the Bill that introduced that *Tax Agents Services Act 2009*. APES 305 Terms of Engagement also requires the use of engagement documentation by members of the National Institute of Accountants. The use of an engagement document allows an agent to advise clients of their rights and obligations under taxation laws, which is one of the requirements of the Code of Professional Conduct. The IPA therefore, recommends that an engagement letter is used for each assignment undertaken for a client. What follows are a few pertinent points that tax practitioners and clients need to be mindful of as part of new Tax Agent Services Regime.

Client's disclosure and record keeping obligations

Clients are required by law to keep full and accurate records relating to their tax affairs. It is the client's obligation to provide the tax practitioner with all information that one would reasonably expect will be necessary to allow the practitioner to perform the work contemplated under the engagement within a timely manner or as requested. This includes providing accurate and complete responses to questions asked of the client by the practitioner. Inaccurate, incomplete or late information could have a material effect on tax practitioner services and/or conclusions provided to the client.

Tax practitioners need not verify the underlying accuracy or completeness of information the client provides if it appears reasonable. However, if the tax practitioner believes information is missing, incorrect or misleading, the agent will need to seek further assurance from the client.

The *Taxation Administration Act 1953* now contains specific provisions that may provide the client with "safe harbour" from administrative penalties for incorrect or late lodgement of returns. These safe harbour provisions will only be available to the client if, amongst other things, the client provides "all relevant taxation information" in a timely manner (the safe harbour provisions apply from 1 March 2010). Accordingly, it is to the client's advantage that all relevant information is disclosed to the Tax Agent as any failure by the client to provide this information may affect the client's ability to rely on the "safe harbour" provisions and will be taken into account in determining the extent to which tax practitioners have discharged their obligations to clients. It is the clients responsibility to show that they brought all matters to the tax agent's attention if they want to take advantage of the safe harbours created under the new regime.

Client rights and obligations under the taxation laws

Clients have certain rights under the taxation laws, including the right to seek a private ruling from the Australian Taxation Office (ATO) or to appeal or object against a decision made by the Commissioner. Tax practitioners will provide further information to clients as relevant concerning their rights under the Australian taxation laws during the conduct of the engagement.

Clients have certain obligations under the Australian taxation laws, such as the obligation to keep proper records and the obligation to lodge returns by the due date. Tax practitioners must keep clients informed of any specific rights and obligations that may arise under the Australian taxation laws.

Tax Practitioners obligation to comply with the law

Tax practitioners have a duty to act in the client's best interests. However, the duty to act in clients best interests is subject to an overriding obligation to comply with the law even if that may require the tax practitioner to act in a manner that may be contrary to the client's directions. For example, the tax practitioner could not lodge an income tax return believed to be false in a material respect.

Unless otherwise stated, this opinion is based on the Australian tax law in force and the practice of the Australian Taxation Office (ATO) applicable as at the date of this letter.

Disclaimer

The attached document is intended as a guide only and does not purport to be comprehensive or to render tax or other professional advice. To the extent permitted by law, the Institute of Public Accountants expressly disclaims all liability for errors or omissions of any kind whatsoever (whether negligent or otherwise) or for any loss, damage or other consequence which may arise from any person relying upon this document.

Contact Details

Freecall (from within Australia): 1800 625 625. Please direct all enquiries regarding this application to your Divisional Office as listed below:
NSW: Locked Bag A6090, Sydney South NSW 1235 ACT: Level 1 The Realm, 18 National Circuit, Barton ACT 2600 TAS: GPO Box 244, Hobart TAS 7001 QLD: GPO Box 2578, Brisbane QLD 4001 SA/NT: PO Box 3056 Rundle Mall, Adelaide SA 5000 WA: Locked Bag 9, South Perth WA 6951 VIC: GPO Box 1637, Melbourne VIC 3001
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- This will guide the completion of the business and professional items schedule.
- 2010/2011 refers to the period from 1 July 2010 to 30 June 2011.
- Unless otherwise stated, this checklist refers to events occurring in 2010/2011.
- All figures need to be net of GST (unless input tax credit restrictions apply) or client is unregistered for GST.
- This checklist is designed to complement the individual checklist and the two documents should be read together.
- This checklist is designed for business run by a sole trader. Other business structures may find this checklist helpful.

Client Details

Tax File Number of Business (if applicable) _____

Australian Business Number (if NO, obtain reason) _____

Name of the proprietor _____

Business address _____

Postal address _____

Has postal address changed since lodging a tax return? Yes No _____

Business phone _____ Business Fax _____ Mobile _____

Business email _____

Trading name _____ ASIC Registration No _____

Does your business use the internet to buy or sell any goods or services? Yes No

Type of business structure/s (e.g. company, trust, partnership, sole trader)

- If business is run through a company, trust or partnership, complete the relevant form and consider alienation of income rules, if income is earned from personal exertion services
- If a service arrangement is used, consider TR 2006/2 and the guide

Income (Obtain information where applicable)		Yes	No	N/A
P1.	Did you earn Personal Services Income (PSI) as a sole trader? – if yes, seek information on business arrangement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
P2.	What is the main business activity? _____ ANZSIC code _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
P3.	How many different types of business activities do you undertake?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
P4.	Did you cease or commence business in 2010/2011 – if yes, seek information on business arrangement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
P5.	Business name of main business _____ ABN _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
P6.	Business Address _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
P7.	Did you seel goods over the internet	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
P8.	Business Income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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Income (Obtain information where applicable)	Yes	No	N/A
P8. (cont.) – Business income where ABN not quoted	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
– Business income subject to foreign resident withholding	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
– Business income from voluntary agreements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
– Business income from labour hire arrangements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
– Assessable government industry payments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
– Obtain details of any government grants received, such as export grants.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
– All other income (reconciled cash) – obtain documents for the following:	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
– Bank statements indicating the nature of each deposit and interest received			
– Reconciled cash book including drawings taken from the business before banking			
– Debtor's listing for sales on credit			
– Rental income received (prepare a rental property schedule)			
– Shares bought, sold and held throughout the 2010/2011 period, including: Original purchase price, date of purchase, date of sale, price on sale and costs associated with sale and purchases such as brokerage and stamp duty. Also provide any dividend statements received (prepare a share trading account).			
– Details of any disposal of any business property or plant (in the below format).			
– Asset Description			
– Date of purchase			
– Date of sale			
– Purchase price			
– Sale price (incl insurance recoveries) or NIL if scrapped			
– Details of any other personal use or business assets, acquired since 19/09/1985 that have been sold in 2010/2011.			
– Details of any of the active assets of the business (including shares in a company or trust carrying on an active business that you or your spouse controls)			
– Have you carried forward any capital losses?			
– Other income: provide documents such as bank statements, receipts, invoices or cash book records of any other unusual income			

Business Expenses	Yes	No	N/A
• Opening stock as at 1 July 2010	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Add purchase of stock	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
– Do you have receipts, invoices and creditors listing for such purchases of stock?			
• Less Closing stock as at 30 June 2011	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Sub-total	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Foreign resident withholding expenses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Contractor, sub-contractor expense	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Superannuation expenses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
– Obtain information relating to contributions on employee's behalf			
– Obtain details of name of fund, policy #, contributions paid for the operators of the business and if the fund is complying			

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Business Expenses	Yes	No	N/A
• Bad debts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Lease expenses – Obtain a separate detailed list of all leased plant and motor vehicles (including private use) and the leasing expenses for each item	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Rent expenses – Obtain details of any expenditure incurred	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Interest expenses – Australian – Overseas (Include details of any tax withheld from interest or investments)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Depreciation – Obtain a list of all business assets showing date of purchase, description and purchase price, and if the asset is under hire purchase or lease (asset register) – Separately identify all assets depreciated for the first time in 2010/2011 (Detail any purchases that would come under the small business and general business tax break)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Motor vehicle expenses – Obtain the following information if client is operating a business as a sole trader or partner and used a motor vehicle for business purposes: I. Log books II. Odometer readings as at 1 July 2010 (or acquisition date) and 30 June 2011 (or disposal date) III. Break up of expenditure for each motor vehicle on fuel and oil, registration, insurance, tyres, repairs and other expenses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Repairs and maintenance – Obtain details of any repairs and maintenance carried out to any business assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
All other expenses – Obtain statements for all loans owing by the business, including to the operators, showing the balance as at 30 June 2011, when the loan was taken out and the interest paid on those loans for the financial year. Also obtain details of any loans forgiven and borrowing expenses incurred during the financial year. Check whether loan agreement needs refreshing. – Obtain employer copies of payment summaries (employee salary and wages) – Obtain details of prepaid expenses – Obtain a travel diary and documentation if there are other travel expenses – Obtain details of type of insurance policy (Including income protection insurance and business insurance), name of insurance company, premium, anniversary date and if the policy has a life insurance component. – Obtain a petty cash summary that classifies expense items – Other expenses-obtain documents such as cheque butts, receipts or a reconciled cash book on any unusual expenses that might be deductible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other Issues	Yes	No	N/A
• Do you have any environmental protection expenses?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Do you have any capital expenditure related to the commencement or cessation of a business?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Any capital expenditure directly connected with a business project.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Land care operations and expenses in relation to the decline in value of a water facility.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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Other Issues		Yes	No	N/A
•	Any deferred non-commercial business losses from prior years.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
•	Contractor, sub-contractor expense	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
•	Has your business been affected by bushfires, floods or other natural disaster?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other Business and Professional items		Yes	No	N/A
	– Did a company receive or transfer out any losses during the income year?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	– Does it have any carry forward tax losses during the income year or any unrealised losses? If so, obtain details. <i>*A loss schedule may need to be completed.</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
P9.	– Did you conduct a business activity as a partner in a partnership or as a sole trader that resulted in a loss for that or any related business activities? If yes, then non-commercial loss rules need to be satisfied otherwise loss quarantined. <i>*Be aware of the rules relating to the deferral of non-commercial business losses.</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
P10.	Small business entity depreciating assets (low cost assets, pooled assets). – See capital allowance schedule.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
P11.	Debtors – Itemised details of trade debtors including bad debts.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
P12.	Creditors – Itemised details of trade creditors as at 30 June 2011.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
P13.	Salary and wage expenses – See under all other expenses in P8 .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
P14.	Payments to associated persons and entities – Provide information relating to any payments related to people or businesses, especially loans to family members or related businesses.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
P15.	Intangible depreciating assets first deducted	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
P16.	Other depreciating assets first deducted	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
P17.	Termination value of intangible depreciating assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
P18.	Termination value of other depreciating assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
P19.	Trading stock election? – Taxpayers can elect to adopt a different basis of valuing each item of closing stock	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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Other Issues (Obtain information where applicable)		Yes	No	N/A
1.	Obtain details of non-deductible expenses (including private or domestic expenses, entertainment (other than employee fringe benefits), items of a capital nature and fines and penalties.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2.	Obtain details of any tax withheld from payments where an ABN has not been quoted.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.	If the business is operating through a company, obtain details of all dividends paid. If loans have been granted or loans forgiven obtain details.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.	Obtain details of stock that may have a market selling value or replacement value less than cost.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5.	Obtain the market value of trading stock items that ceased to be trading stock without disposal (e.g. stock for own consumption or cessation of business).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6.	Value of work in progress as at 30 June 2011 and have goods in transit been considered.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7.	Payments received from associated persons and other entities – Obtain information relating to any payments from members and directors since 22 February 1999.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8.	If your business is operating through a family trust, has the trust made a family trust election?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9.	Have you reconciled your BAS for the 2010/2011 year?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10.	Please provide copies of each BAS or IAS that you have lodged during 2010/2011 where your tax agent has not lodged those activity statements.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11.	Do you run your businesses through more than one business entity that is directly or indirectly owned 100% by a head company?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
12.	Obtain information so that annual turnover can be calculated for GST and Small Business entity concessions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13.	Do you own an investment property?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14.	Personal Income Tax - Complete Tax Interview Checklist for Individuals.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
15.	Spouse's Income – Obtain any relevant details on income or pension received by your spouse.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16.	If you are a subcontractor, did you earn the majority of your income from one head contractor?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
17.	Do you employ a separate Bookkeeper? Are they a member of a professional association? Are they covered by Insurance? Are they registered BAS Agent?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
18.	Have you disposed of any assets that have a CGT consequence?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19.	Do you earn over \$250,000 (ATI) as an employee and operate a business that generated losses?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Does the business qualify as a small business? If so consider:			
	a) Deduction for pre-paid expenses where period of service less than 12 months			
	b) Entrepreneurs tax offset			
20.	c) Assets costing less than \$1,000 for immediate deduction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	d) Assets that cost \$1,000 or more, have they been allocated to appropriate small business pools (General pool and long life pool). For assets that are acquired during the year, only half depreciated pool rate			
	e) Can the taxpayer elect not to carry out a stock take of trading stock?			

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