



8 November 2010

## GIVE YOUR BUSINESS A HEALTH CHECK

Outdated or unreliable business systems could be costing small businesses time and money due to incorrectly reporting GST.

Last year the ATO identified \$21 million in unreported GST liabilities after contacting 503 small and medium enterprise (SME) taxpayers who were at risk of incorrectly reporting the GST.

Businesses going through a change, such as rapid growth, restructure or staff turnover, are most at risk of making mistakes which include:

- accounting systems failing
- incorrect or incomplete activity statements
- incorrectly interpreting GST legislation, and
- classifying taxable supplies as GST-free or non-taxable.

Deputy Commissioner Shane Reardon says the ATO has developed a 'business systems health checklist' to help small businesses avoid making costly mistakes.

"We don't want to see businesses in a situation where they incur extra liabilities for making genuine mistakes. We want to help them to make sure their systems are up to date, and prevent them making costly mistakes down the track," Mr Reardon said.

The checklist prompts business owners to check that their systems:

- correctly classify all sales and purchases
- can correctly classify mixed supplies
- do not leave incomplete information on activity statements
- track the flow of invoices to make sure GST credits are claimed on time
- adjust prices to include GST
- manage cash flow and reflect the correct financial position, and
- accurately track the GST paid and charged for both electronic and paper-based transactions.

"Businesses need to be particularly careful when making one-off transactions. Often they can be significant for the business but if your system is not set up to deal with them correctly, an error could mean penalties or interest."

Doing a business systems health check can streamline businesses reporting and reduce the possibility of errors.

"Knowing you have control over your systems can also help you manage your internal reporting and help you track where your money is going. It also reduces the likelihood of errors which means it's less likely your tax affairs will be reviewed."

The business systems health check list is available at [www.ato.gov.au](http://www.ato.gov.au) or by calling **13 28 66**.

### Canberra

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