



**Australian Government**

**Department of Education, Employment and Workplace Relations**

# **FNSACC502B Prepare legally compliant tax returns for individuals**

**Release: 1**

## FNSACC502B Prepare legally compliant tax returns for individuals

### Modification History

Version	Comments
Release 1	<p>This version released with <i>FNS10 Financial Services Training Package v3.0</i></p> <p><i>Replaces FNSACC502A</i></p> <p>Unit reviewed and enhanced to reflect Tax Practitioners Board requirements. Name change to reflect the application of knowledge.</p>

### Unit Descriptor

This unit describes the performance outcomes, skills and knowledge required to prepare non-complex income tax returns for individuals in accordance with statutory requirements, and encompasses gathering and verifying data, calculating taxable income and reviewing compliance.

**Note:** to provide tax practitioners services in Australia, tax agents must meet the requirements of, and be registered with, the Tax Practitioner's Board.

### Application of the Unit

This unit applies to accountants and registered tax agents.

### Licensing/Regulatory Information

To provide tax practitioners services in Australia, tax agents must meet the requirements of, and be registered with, the Tax Practitioner's Board.

### Pre-Requisites

Not applicable.

## Employability Skills Information

This unit contains employability skills.

### Elements and Performance Criteria Pre-Content

<b>Element</b>	<b>Performance Criteria</b>
<i>Elements describe the essential outcomes of a unit of competency.</i>	<i>Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.</i>

## Elements and Performance Criteria

<p>1. Gather and verify data</p>	<p>1.1 Client taxation preparation requirements are determined</p> <p>1.2 Current data on assessable income and allowable deductions are gathered from appropriate sources</p> <p>1.3 Valuations are made, recorded and disclosed in accordance with <i>business policies and procedures</i> and <i>legislation</i></p> <p>1.4 <i>Discrepancies</i>, unusual features or queries are identified and resolved or referred to the appropriate authority</p> <p>1.5 Accrued or prepaid income and expenditure is identified and adjustments to the value of assets and liabilities are recorded</p> <p>1.6 Records and compliance requirements are identified and adhered to</p>
<p>2. Calculate taxable income</p>	<p>2.1 Liabilities for tax are calculated in accordance with current legislation and <i>revenue gathering practices</i></p> <p>2.2 Relevant <i>source documentation</i> and <i>revenue documentation</i> is identified and correctly interpreted</p> <p>2.3 Tax returns, statements and claims take full advantage of available benefits and allowances in accordance with legislation, regulation and Australian Taxation Office rulings</p> <p>2.4 Returns are prepared within established timelines</p> <p>2.5 Advice and guidance is sought to evaluate and moderate decision processes</p> <p>2.6 Returns are discussed and agreed with clients and statutory requirements are confirmed</p>
<p>3. Review compliance</p>	<p>3.1 Relevant returns are submitted to the ATO within stated deadlines and in accordance with legislation</p> <p>3.2 Current <i>obligations</i> are fulfilled and advice from taxation authorities followed and reported in accordance with <i>statutory requirements</i></p> <p>3.3 Statements give a clear indication of impact of taxation on the client</p> <p>3.4 Tax office enquiries are responded to and income tax audit requirements met</p>



## Required Skills and Knowledge

*This section describes the skills and knowledge required for this unit.*

### Required skills

- communication skills to:
  - determine and confirm taxation preparation requirements and deal with clients
  - liaise with others, share information, provide advice and guidance
  - use language and concepts appropriate to cultural differences
- research skills to:
  - access and manage financial services
  - access and interpret taxation legislation, regulation and precedent
  - identify any taxation related matters that have the potential to impact on client services
  - identify client related transactions that are relevant to taxation matters
- literacy skills to analyse information needs and prepare clear written advice, for clients and taxation lodgement documentation
- numeracy skills to perform financial calculations and analysis
- IT skills to develop and use spreadsheets and databases and using internet information
- learning skills to maintain knowledge of changes to taxation legislation and requirements
- problem solving skills to:
  - apply statute, regulation and precedent to a client's circumstances
  - develop options to resolve client related taxation matters when they arise
- organisational skills, including the ability to plan and sequence work and correctly schedule taxation lodgements

### Required knowledge

- ethical considerations relevant to the handling of taxation returns including:
  - conflict of interest
  - confidentiality
  - disclosure requirements
- key elements of Australian taxation law, as it relates to taxation returns for individuals:
  - the rules and principles of Australian tax law including an understanding of the legal environment in which these principles operate
  - key aspects of the income tax law covering concepts of residence and source, related elements of international tax, assessable income, deductions (including general, specific and decline in value), tax rebates/offsets and tax accounting, income test (e.g. reportable superannuation and fringe benefits tax), and other reporting requirements
  - key aspects of taxes that extend the ordinary statutory income tax base including relevant principles and application of the capital gains tax and termination payment rules
  - goods and services tax
  - taxation of individuals
  - administrative aspects of the taxes identified above including returns, tax collection and withholding mechanisms, assessments, obligations, rulings, penalties and audits
  - rules addressing specific and general anti tax avoidance for individuals

- ethical and professional responsibilities of tax agents including obligations under the Tax Agent Services Act 2009 (TASA) and Tax Agent Services Regulations 2009 (TASR).

## Evidence Guide

*The evidence guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.*

<b>Overview of assessment</b>	
<b>Critical aspects for assessment and evidence required to demonstrate competency in this unit</b>	<p>Evidence of the ability to:</p> <ul style="list-style-type: none"> <li>• demonstrate and apply knowledge of Australian taxation law in the preparation of tax returns for individuals</li> <li>• access, interpret and comply with information on relevant legislation, statutes, regulation and ATO rulings</li> <li>• provide taxation advice having regard to the facts and relevant law</li> <li>• develop organisational procedures to meet compliance requirements</li> <li>• apply organisational policies and procedures and accounting principles and practices</li> <li>• gather and verify data to calculate taxable income and review for compliance</li> <li>• prepare tax returns for individuals</li> </ul>
<b>Context of and specific resources for assessment</b>	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> <li>• competency is demonstrated in the context of the financial services work environment and conditions specified in the range statement either in a relevant workplace or a closely simulated work environment</li> <li>• access to and the use of a range of common office equipment, technology, software and consumables</li> </ul>
<b>Method of assessment</b>	<p>A range of assessment methods should be used to assess practical skills and knowledge. The following examples are appropriate for this unit:</p> <ul style="list-style-type: none"> <li>• evaluating an integrated activity which combines the elements of competency for the unit or a cluster of related units of competency</li> <li>• verbal or written questioning on underpinning knowledge and skills</li> <li>• setting and reviewing business taxation simulations</li> </ul>



	<ul style="list-style-type: none"><li>• evaluating samples of work</li><li>• accessing and validating third party reports</li><li>• conducting a summative assessment of knowledge</li></ul>
<b>Guidance information for assessment</b>	Where assessment of this unit is designed to meet regulatory requirements, users should refer to the appropriate regulator or current guidelines published on the IBSA website <a href="http://www.ibsa.org.au">www.ibsa.org.au</a> (under training packages/financial services).

## Range Statement

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

<b><i>Business policies and procedures</i></b> may include:	<ul style="list-style-type: none"> <li>• electronic data entry</li> <li>• financial analysis assessments</li> <li>• financial management manuals</li> <li>• recording and filing systems</li> <li>• reporting requirements</li> <li>• standard financial analysis techniques</li> </ul>
<b><i>Legislation</i></b> includes:	<ul style="list-style-type: none"> <li>• Australian commercial law</li> <li>• Australian taxation law</li> <li>• Australian superannuation legislation</li> <li>• Commonwealth and state consumer credit legislation</li> <li>• Commonwealth and state property law</li> </ul>
<b><i>Discrepancies</i></b> may include:	<ul style="list-style-type: none"> <li>• absence of auditable trail</li> <li>• expenditure report mismatches</li> <li>• inappropriate authorisations</li> <li>• incorrect payments</li> <li>• incorrect report formats</li> <li>• variances from budget</li> </ul>
<b><i>Revenue gathering practices</i></b> may include:	<ul style="list-style-type: none"> <li>• billing schedules</li> <li>• fees and charges</li> <li>• investments</li> <li>• leasing</li> <li>• lending and financing</li> <li>• sales</li> </ul>
<b><i>Source documentation</i></b> may include:	<ul style="list-style-type: none"> <li>• financial institution statements</li> <li>• invoices</li> <li>• order and supplier documentation</li> <li>• receipts</li> <li>• statutory declarations</li> <li>• taxation and statutory returns</li> <li>• vehicle log books</li> </ul>
<b><i>Revenue documentation</i></b> may include:	<ul style="list-style-type: none"> <li>• bills</li> <li>• cash received</li> </ul>

	<ul style="list-style-type: none"><li>• debit notes</li><li>• declarations</li><li>• invoices</li><li>• sales proceeds</li></ul>
<i>Obligations</i> may include:	<ul style="list-style-type: none"><li>• explanatory statements</li><li>• lodgement dates</li><li>• repayment schedules</li><li>• supporting documentation</li></ul>
<i>Statutory requirements</i> may include:	<ul style="list-style-type: none"><li>• delegated authorities</li><li>• internal control procedures</li><li>• reporting periods</li><li>• taxation payment timings</li></ul>

## Unit Sector(s)

Accounting