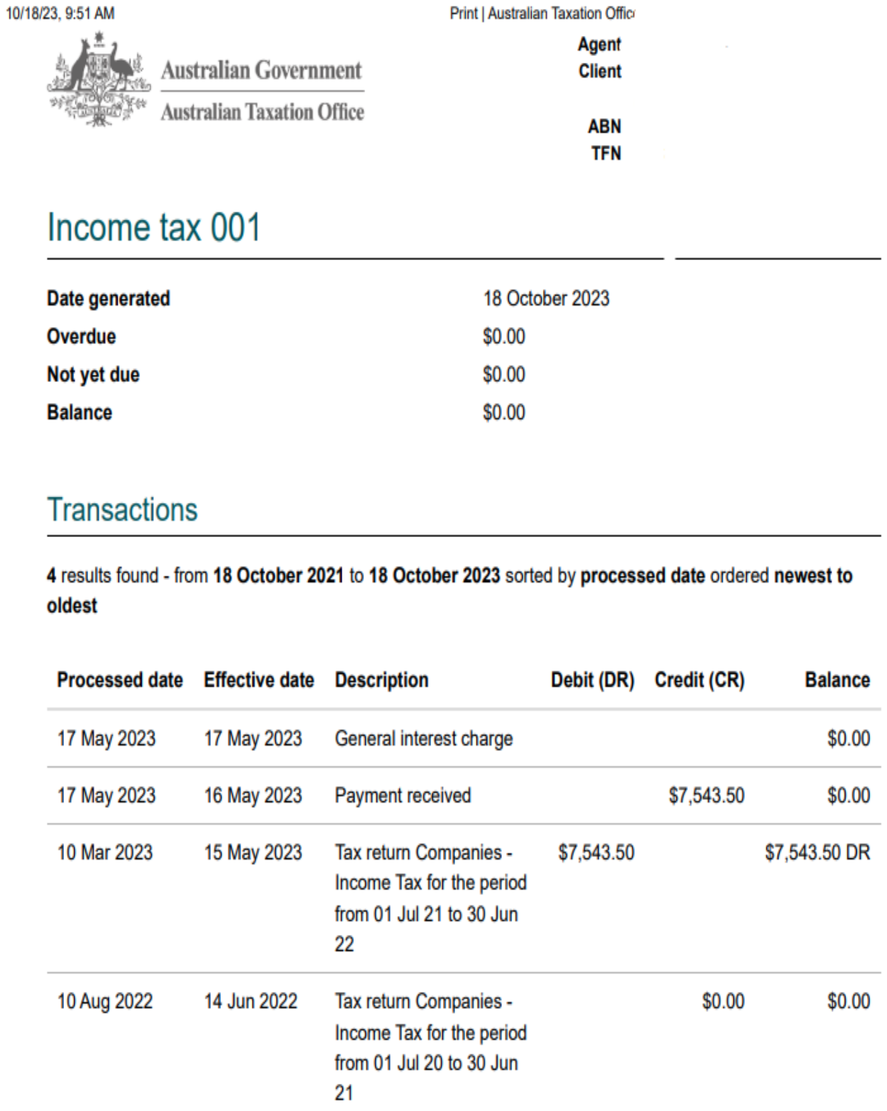
ITA and ICA Reconciliation





10/18/23, 9:51 AM Print | Australian Taxation Offic

Australian Government
Australian Taxation Office

Agent
Client

ABN
TFN

Income tax 001

Date generated	18 October 2023
Overdue	$0.00
Not yet due	$0.00
Balance	$0.00

Transactions

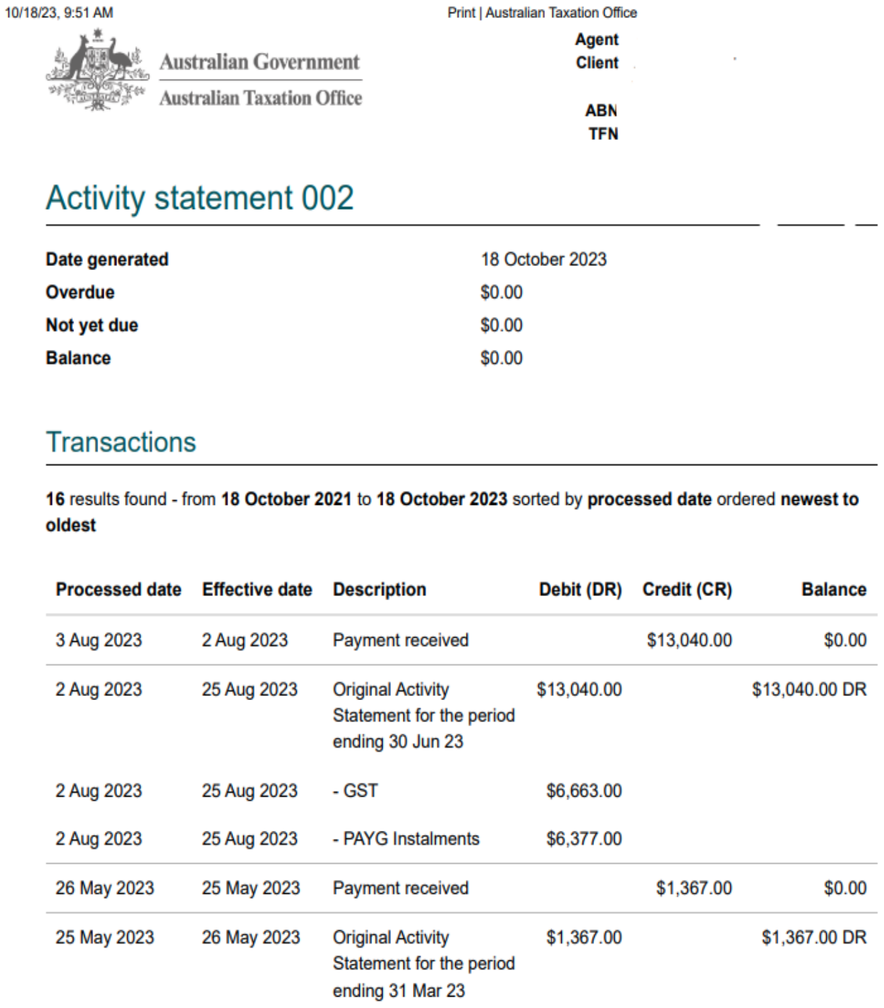
4 results found - from **18 October 2021** to **18 October 2023** sorted by **processed date** ordered **newest to oldest**

Processed date	Effective date	Description	Debit (DR)	Credit (CR)	Balance
17 May 2023	17 May 2023	General interest charge			$0.00
17 May 2023	16 May 2023	Payment received		$7,543.50	$0.00
10 Mar 2023	15 May 2023	Tax return Companies - Income Tax for the period from 01 Jul 21 to 30 Jun 22	$7,543.50		$7,543.50 DR
10 Aug 2022	14 Jun 2022	Tax return Companies - Income Tax for the period from 01 Jul 20 to 30 Jun 21		$0.00	$0.00

ITA (Income Tax Assessment) Statement

- ITA Statement is used to determine how much income tax is payable or refundable for various tax returns, such as Income Tax Returns (ITR), Trust Tax Returns (TTR), and Company Tax Returns (CTR).
- It involves calculating the income and expenses for the entire financial year to arrive at the income tax liability. The transactions related to this are recorded in the ITA Statement.
- The reconciliation process ensures that the Income tax paid match what is reported to the ATO.

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10/18/23, 9:51 AM Print | Australian Taxation Office

Australian Government
Australian Taxation Office

Agent
Client

ABN
TFN

Activity statement 002

Date generated	18 October 2023
Overdue	$0.00
Not yet due	$0.00
Balance	$0.00

Transactions

16 results found - from **18 October 2021** to **18 October 2023** sorted by **processed date** ordered **newest to oldest**

Processed date	Effective date	Description	Debit (DR)	Credit (CR)	Balance
3 Aug 2023	2 Aug 2023	Payment received		$13,040.00	$0.00
2 Aug 2023	25 Aug 2023	Original Activity Statement for the period ending 30 Jun 23	$13,040.00		$13,040.00 DR
2 Aug 2023	25 Aug 2023	- GST	$6,663.00		
2 Aug 2023	25 Aug 2023	- PAYG Instalments	$6,377.00		
26 May 2023	25 May 2023	Payment received		$1,367.00	$0.00
25 May 2023	26 May 2023	Original Activity Statement for the period ending 31 Mar 23	$1,367.00		$1,367.00 DR

ICA (Integrated Client Account) Statement

- ICA Statement is the Activity statement which provides the transaction details related to GST payments, penalties and interest charges.
- Transactions related to GST, PAYGW, PAYGI, FBT are recorded in the ICA statement.
- The reconciliation process ensures that the GST, PAYGW and PAYGI, FBT paid match what is reported to the ATO.

How to download the ATO Documents

Accessing ITA and ICA Documents through the ATO Portal:

Log in to the ATO Portal ➡ My Gov ➡ Enter the entity name, ABN (Australian Business Number), or TFN (Tax File Number) for the relevant entity ➡ Accounts and Payments ➡ Tax Accounts

You can access both **"Activity Statement"** and **"Income Tax Statement"** documents from this section.

Activity Statement: This document is used to check how much GST is payable and PAYG (Pay As You Go) is payable for each quarter.

Income Tax Statement: This document is used to check how much income tax is payable.

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PROCESS

Identify Relevant GL Accounts:

- Look for GL accounts that are typically used for recording ATO-related transactions.

Create ATO Integrated Client Account (if needed):

- If there is no clearing account in the books, create an ATO Integrated Client Account which represents all the transactions related to ATO.
- The ATO Integrated Client Account is like a middle step where we organize and check our transactions with the tax office to make sure everything payment/refund is settled.

Alternatively, Use Standard General Ledger (GL):

- If your usual practice involves recording ATO transactions directly in a specific General Ledger (GL), continue doing so. No need for a separate ATO Integrated Client account.

Reconciliation Process:

- Reconcile the ATO transaction entries with the amounts reported on ATO statements.

Proceed to BAS:

- Only after confirming that the movement entries in your ITA and ICA reconciliations match the ATO's records, proceed with the BAS process.

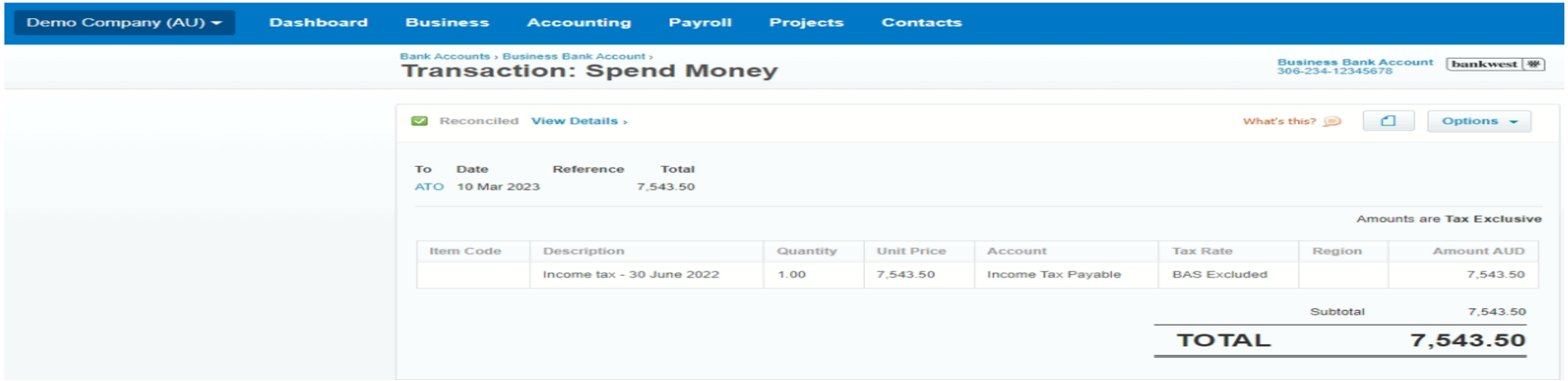
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Entry for Income Tax Expenses (In Books):

When their client pays the Income Tax payable to ATO.

The Following Entry:

10 Mar 2023	15 May 2023	Tax return Companies - Income Tax for the period from 01 Jul 21 to 30 Jun 22	$7,543.50	$7,543.50 DR

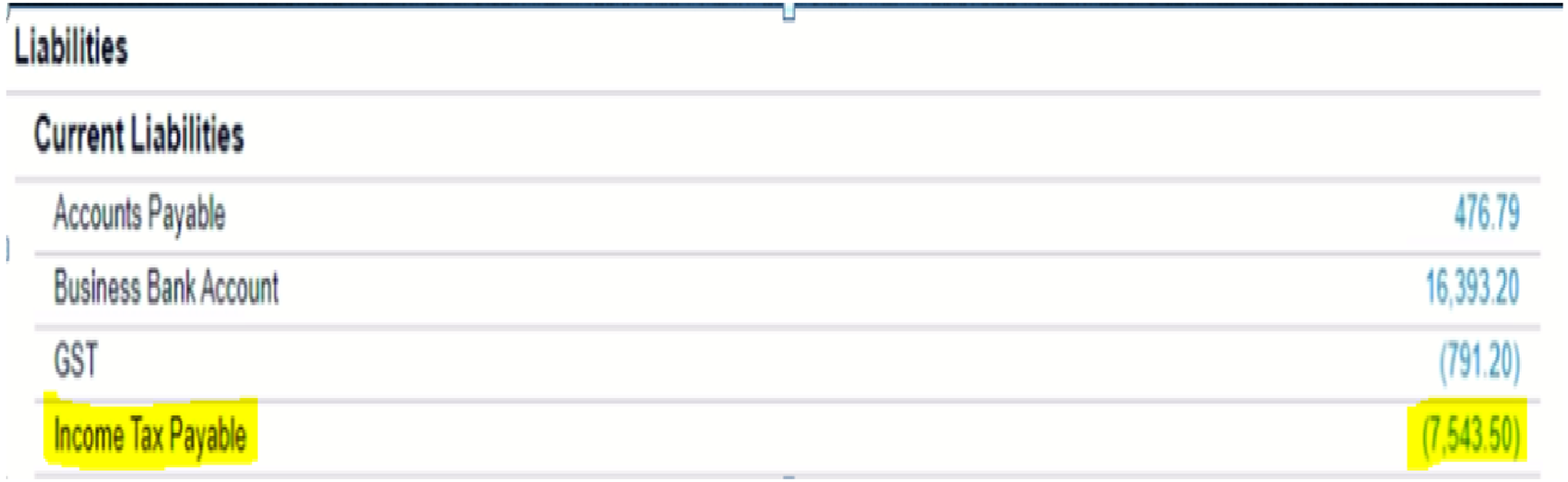


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Income Tax Balance Matchup:

To ensure that the book balance matches the ITA Statement balance.



Liabilities	
Current Liabilities	
Accounts Payable	476.79
Business Bank Account	16,393.20
GST	(791.20)
Income Tax Payable	(7,543.50)

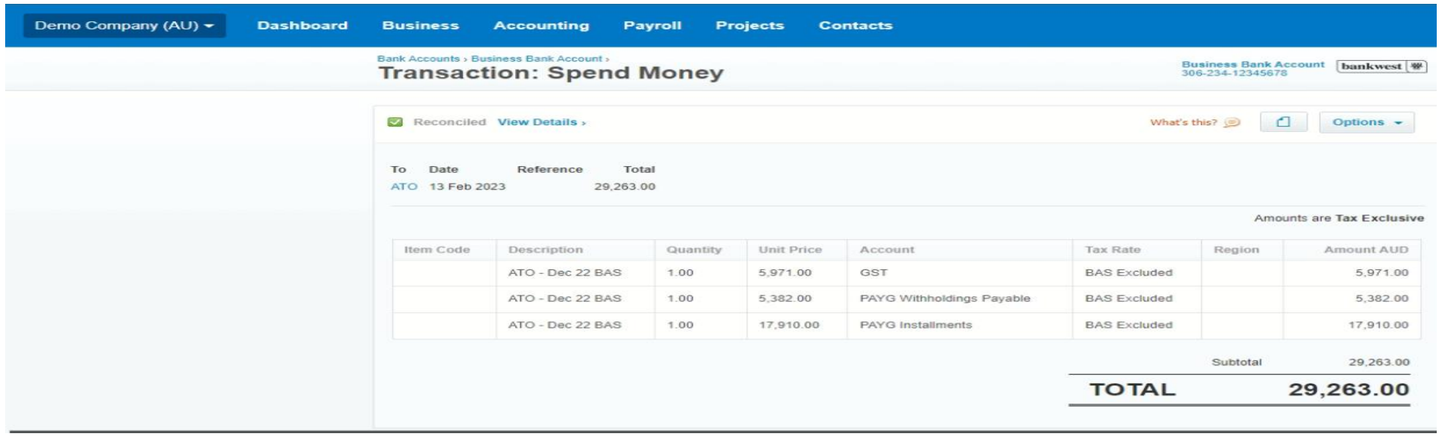
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Entry for GST, PAYGW, PAYGI paid to ATO (In Books):

When a client pays their GST (Goods and Services Tax), PAYGW (Pay As You Go) Withholdings, PAYG Installments to the Australian Taxation Office (ATO).

We reconcile entries in our books using the general ledger (GL) accounts that are typically set up for each ATO transactions:

13 Feb 2023	28 Feb 2023	Original Activity Statement for the period ending 31 Dec 22	$29,263.00	$578.00 DR
13 Feb 2023	28 Feb 2023	- GST	$5,971.00	
13 Feb 2023	28 Feb 2023	- PAYG Withholding	$5,382.00	
13 Feb 2023	28 Feb 2023	- PAYG Instalments	$17,910.00	



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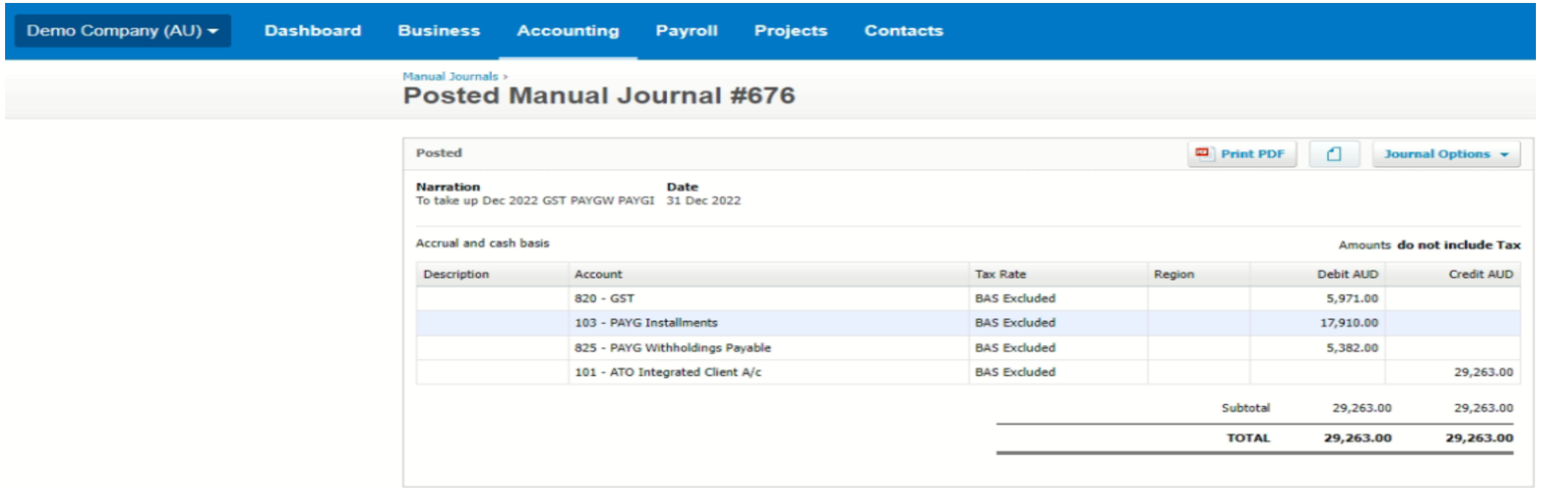
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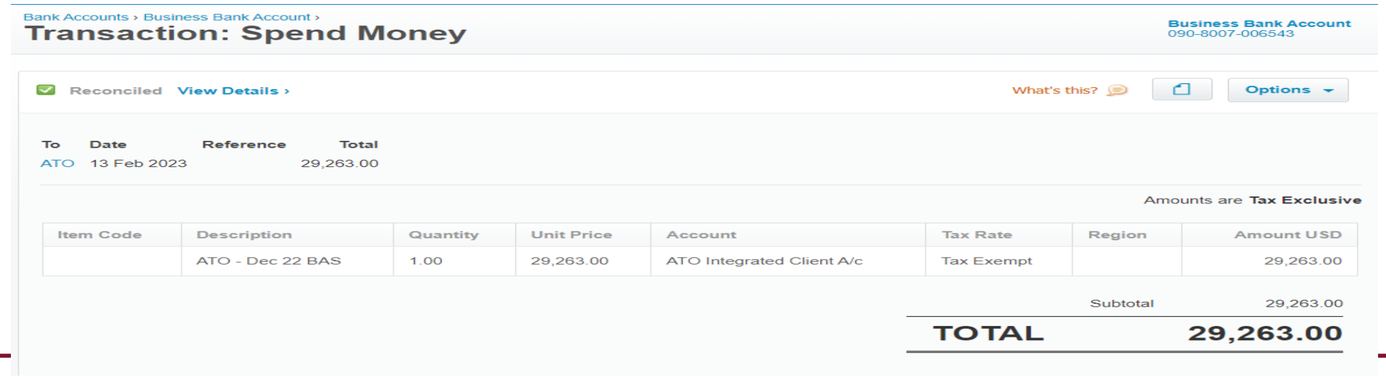
GST, PAYGW and PAYGI Payable(When we maintain ATO Integrated Client A/c):

When we maintain ATO Integrated Client A/c as clearing A/c to show ATO transactions as per statement:

The Following entry:

GST Payable A/c Dr
PAYG Installments A/c Dr
PAYGW Payable A/c Dr
To ATO Integrated Client A/c





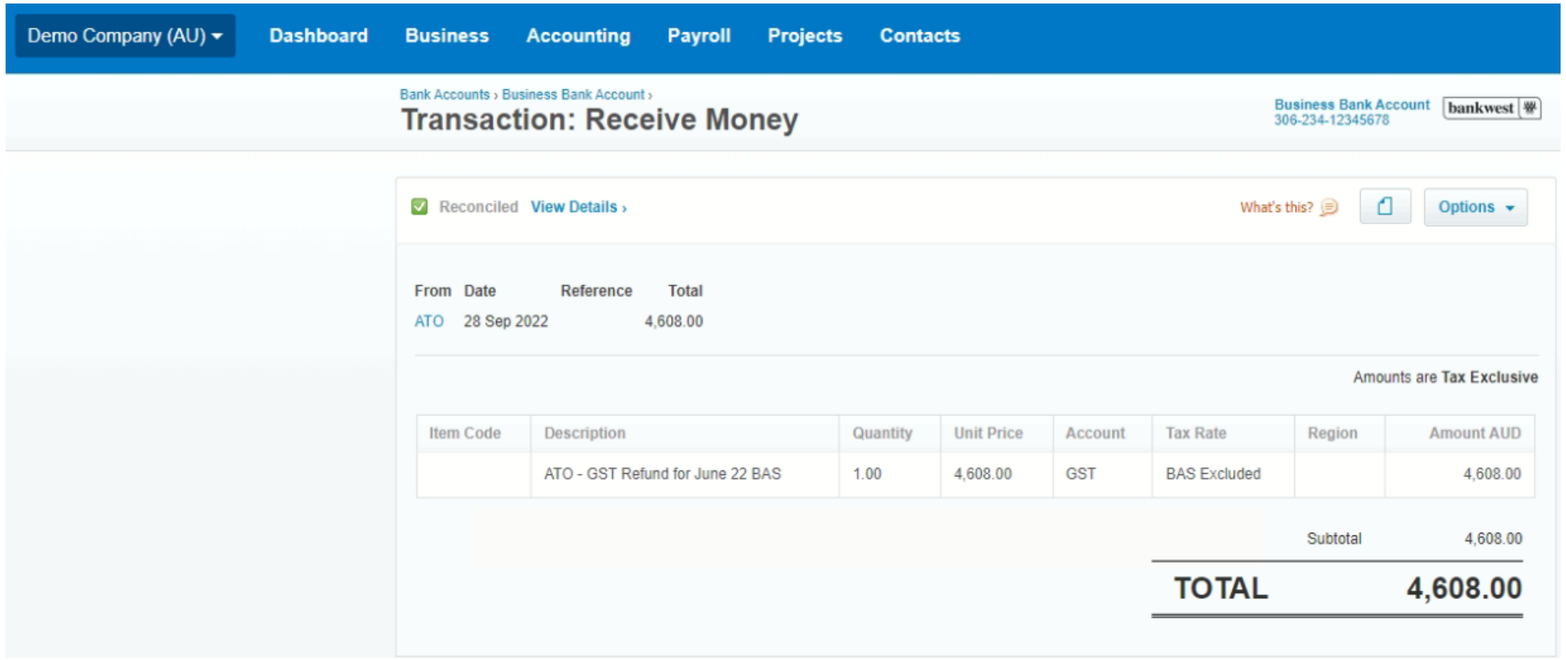
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Entry for Refund received from ATO (In Books):

GST refund from the ATO means, your purchases exceed your sales, you're eligible for a GST refund, it means the ATO owes you money.

28 Sep 2022	3 Oct 2022	EFT refund for GST for the period from 01 Apr 22 to 30 Jun 22	$4,608.00	$0.00



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Refund Entry (When we maintain ATO Integrated client A/c):

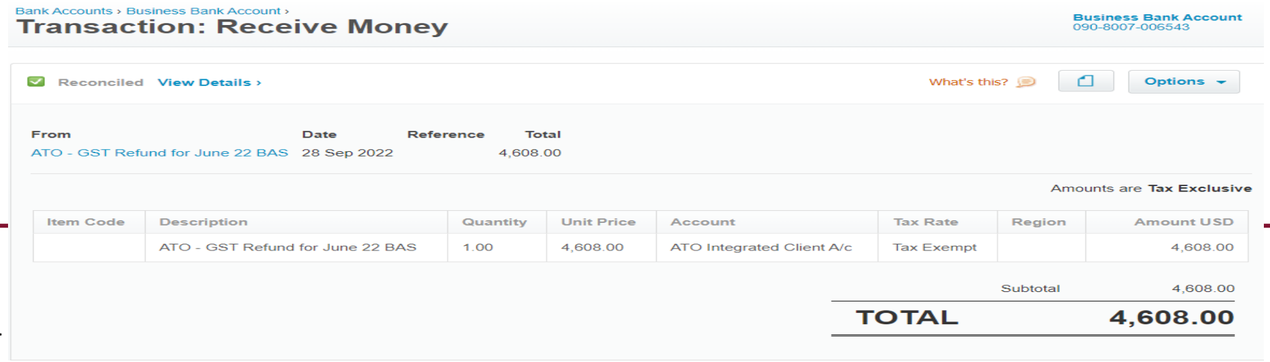
28 Sep 2022	3 Oct 2022	EFT refund for GST for the period from 01 Apr 22 to 30 Jun 22	$4,608.00	$0.00

When we maintain ATO Integrated Client A/c as clearing A/c to show the ATO transactions as per statement:

The Following entry:

ATO Integrated Client A/c Dr
To GST A/c





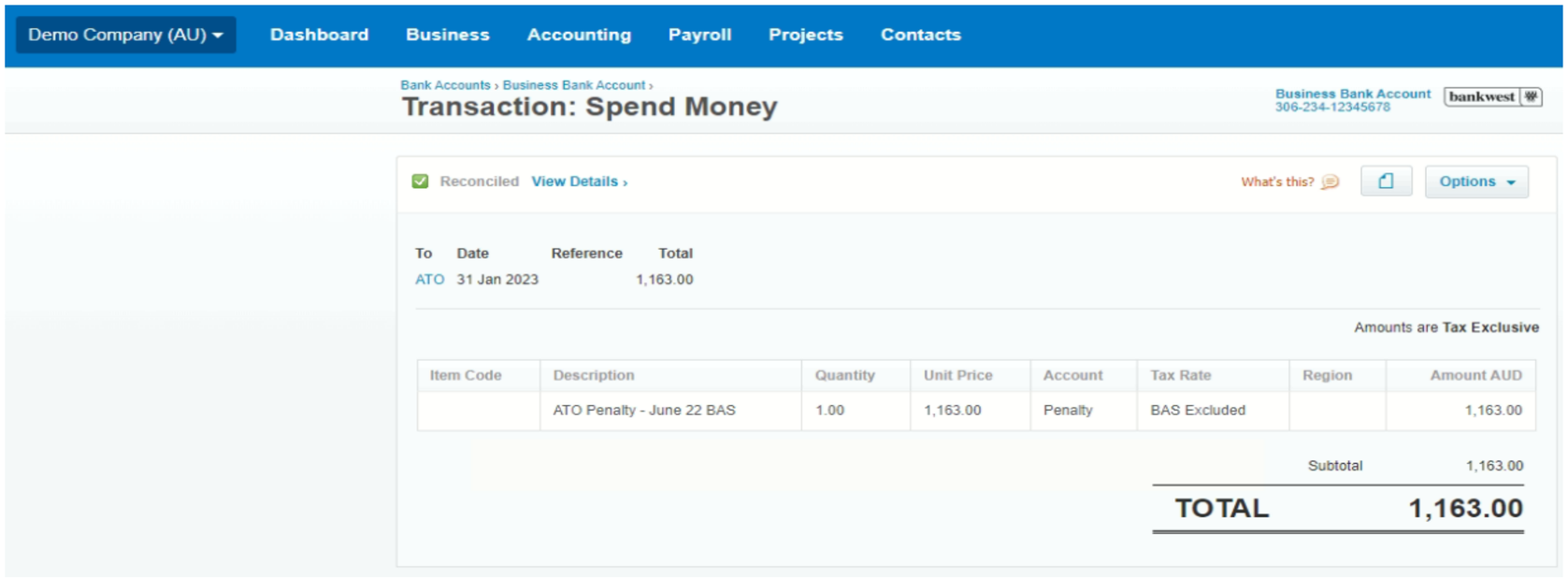
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Penalty Entry (In Books):

Penalties occurs because of late filing even when a client has requested an extension but still fails to file their tax returns on time.

31 Jan 2023	24 Feb 2023	Penalty for failure to lodge Activity Statement on time for the period from 01 Jun 22 to 30 Jun 22	$1,163.00



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Penalty Entry (When we maintain ATO Integrated Client A/c):

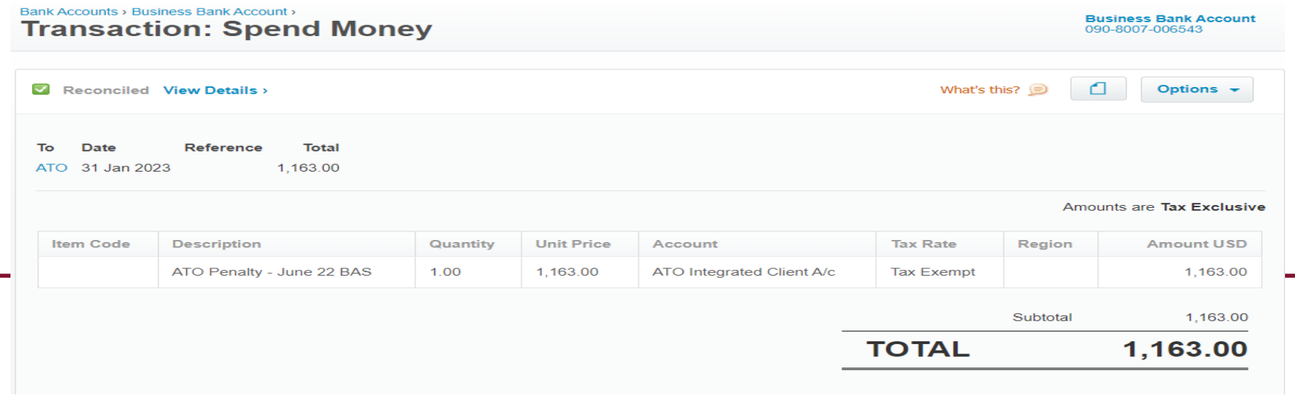
31 Jan 2023	24 Feb 2023	Penalty for failure to lodge Activity Statement on time for the period from 01 Jun 22 to 30 Jun 22	$1,163.00

When we maintain ATO Integrated Client A/c as clearing A/c to show the ATO transactions as per statement:

The Following entry:

Penalty A/c Dr
To ATO Integrated Client A/c





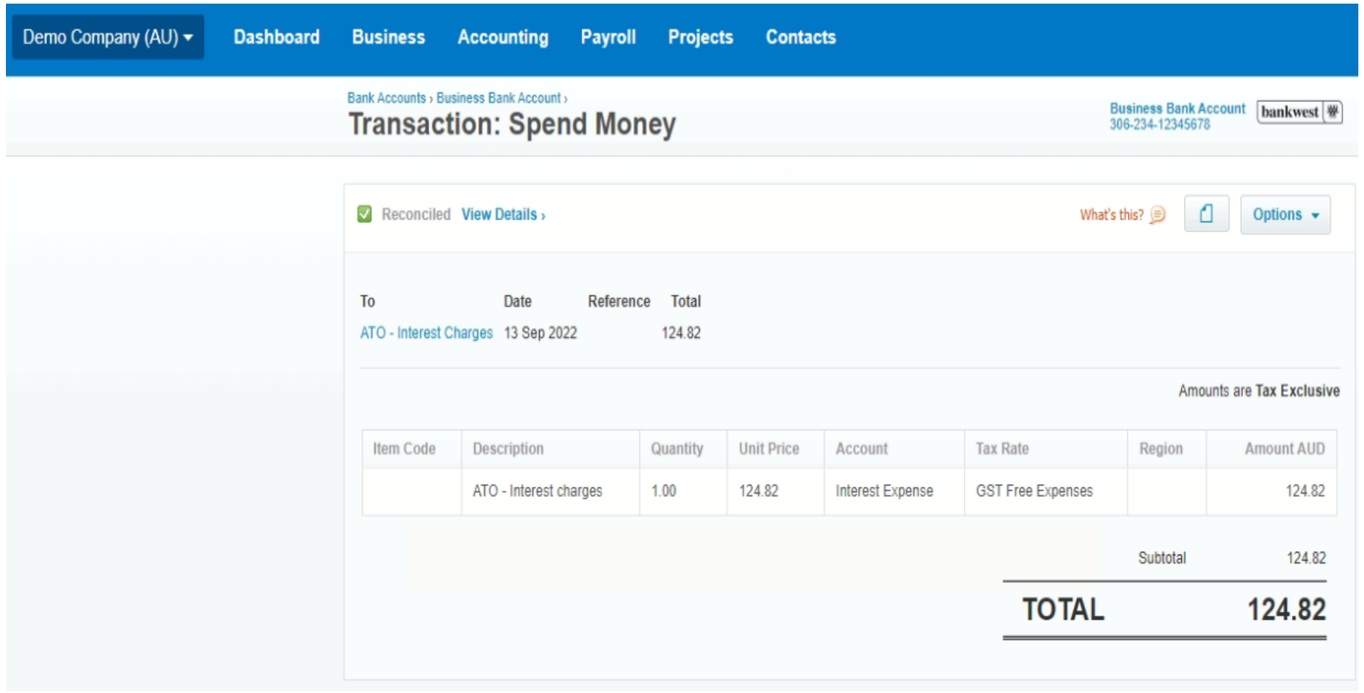
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Entry for Interest Charges paid to ATO (In Books):

If the client failed to file and pay the tax obligations on time with the ATO, the ATO charge a General Interest Charge (GIC). The GIC is a penalty that accrues on the outstanding amount from the due date until the time it is paid.

13 Sep 2022	1 Sep 2022	General interest charge	$124.82



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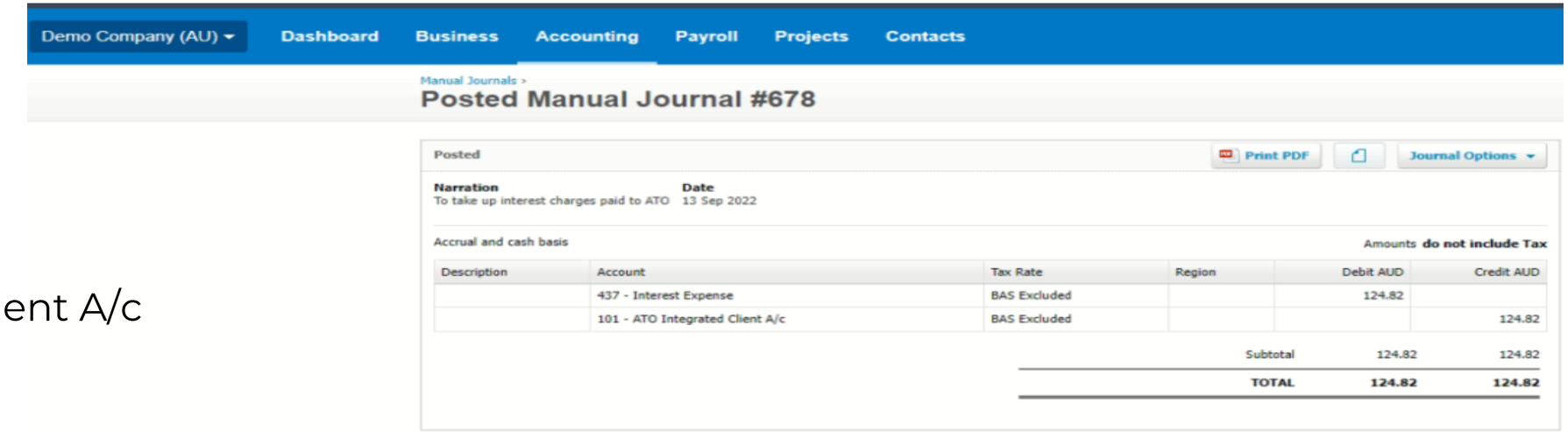
Interest Charge Entry (When we maintain ATO Integrated Client A/c):

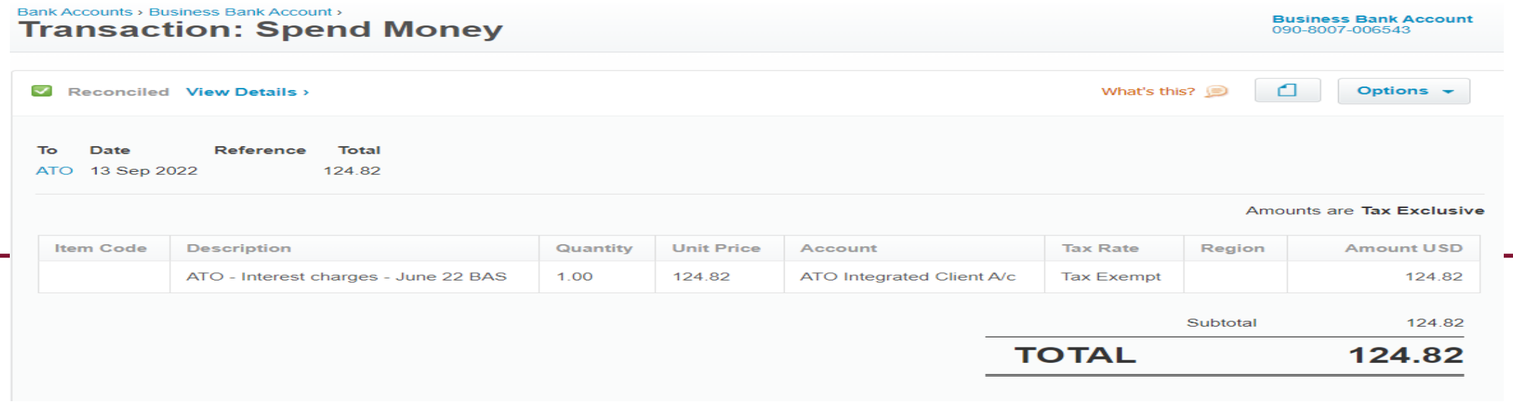
13 Sep 2022	1 Sep 2022	General interest charge	$124.82

When we maintain ATO Integrated Client A/c as clearing A/c to show the ATO transactions as per statement:

The Following entry:

Interest Expense A/c Dr
To ATO Integrated Client A/c



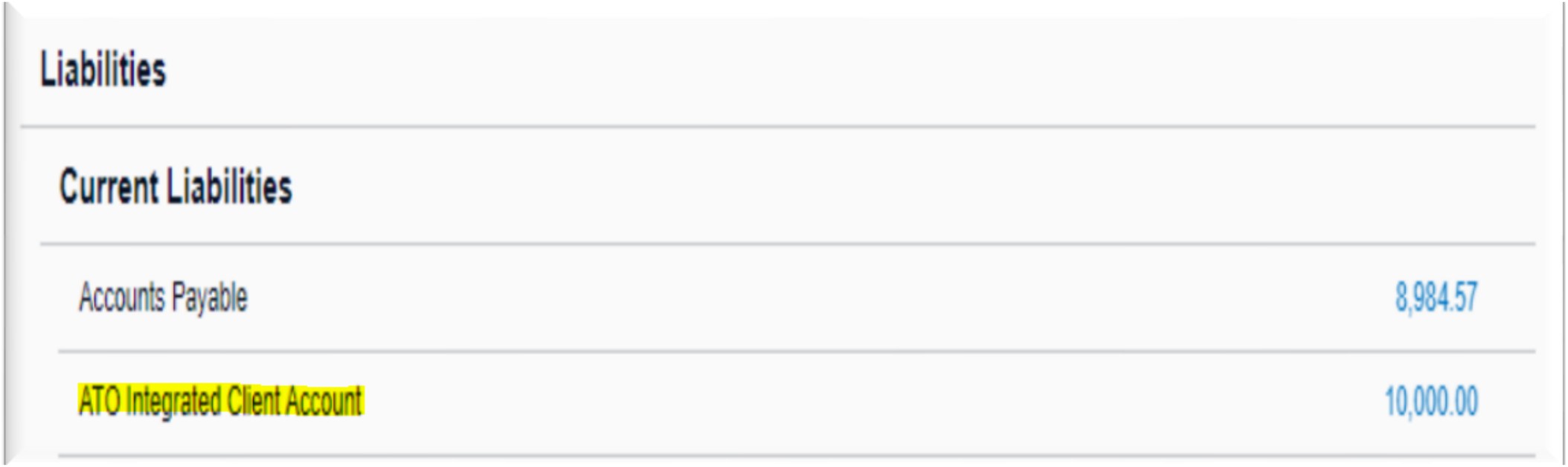


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Balance Matchup (When we maintain ATO Integrated Client A/c):

To ensure that the book balance matches the ICA Statement balance before proceeding to the next step of filing BAS.



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