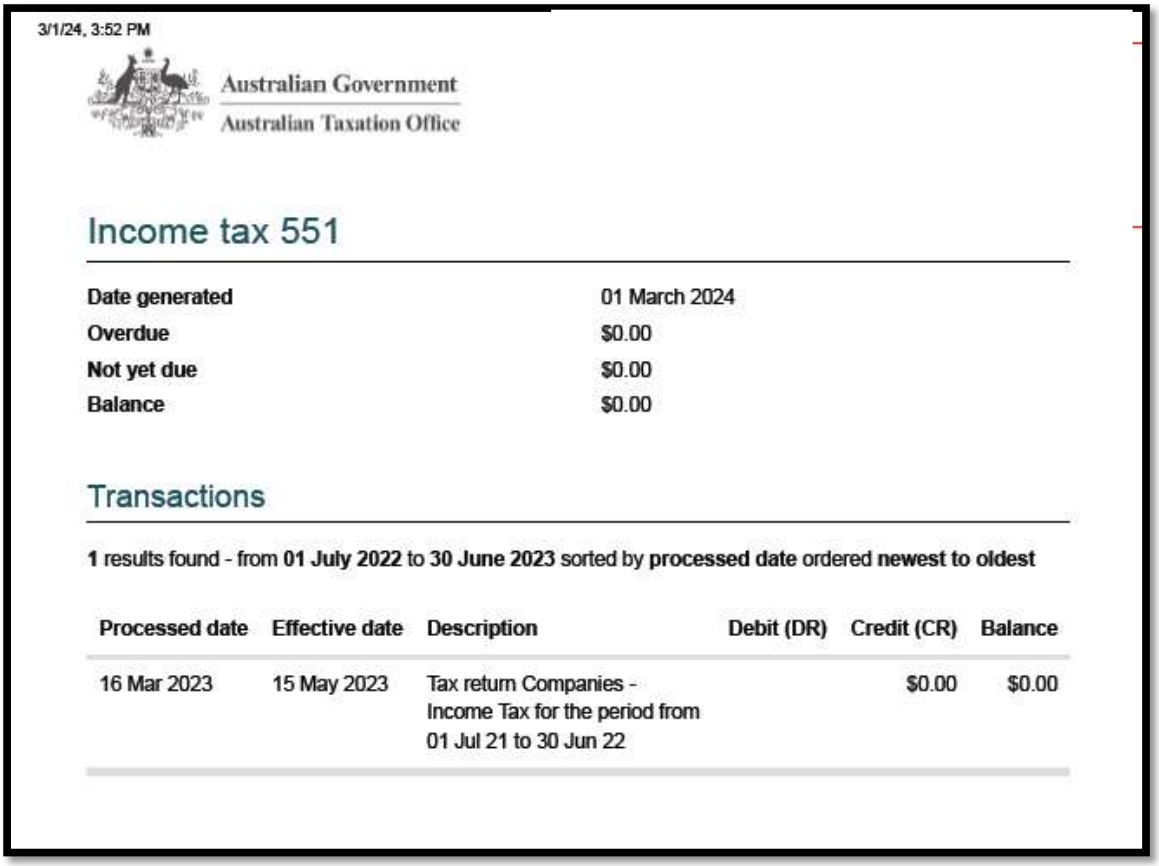
Reconciliation of Income Tax Account

Step 1

Download ATO – ITA (Income Tax Account) report form ATO Portal

Note: While reconciling ATO – ICA and ATO – ITA we will consider the Processed date in the statement.

ATO – ITA Statement



3/1/24, 3:52 PM

Australian Government
Australian Taxation Office

Income tax 551

Date generated	01 March 2024
Overdue	$0.00
Not yet due	$0.00
Balance	$0.00

Transactions

1 results found - from **01 July 2022** to **30 June 2023** sorted by **processed date** ordered **newest to oldest**

Processed date	Effective date	Description	Debit (DR)	Credit (CR)	Balance
16 Mar 2023	15 May 2023	Tax return Companies - Income Tax for the period from 01 Jul 21 to 30 Jun 22		$0.00	$0.00

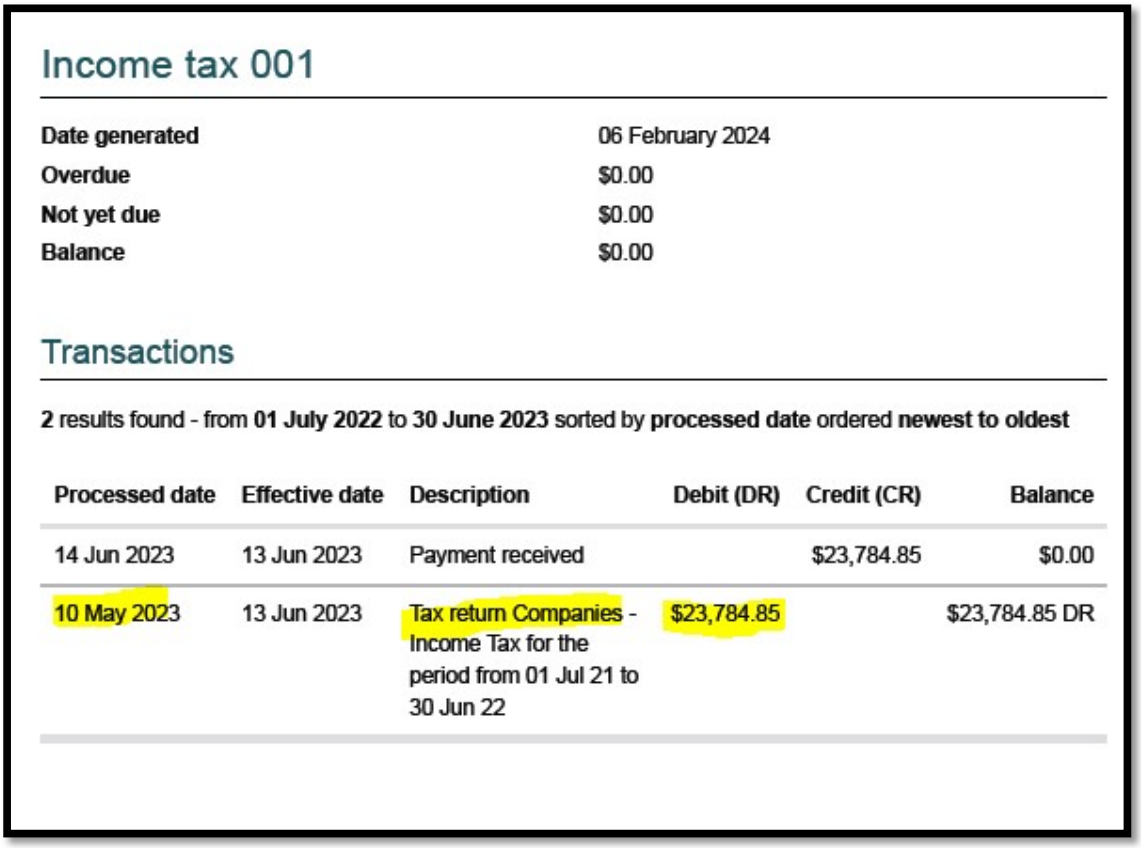
Step 2

Check and confirm the opening balance in ATO – ITA statement is matching with the books if there is an opening balance in ATO – ITA statement.

Step 3:

Check the balance in Income Tax Payable Account in the balance sheet is matching with the Income tax return lodged (Liability/ refund receivable as per ATO – ITA) during the FY (Previous years income tax liability)

ATO – ITA Statement



Income tax 001

Date generated	06 February 2024
Overdue	$0.00
Not yet due	$0.00
Balance	$0.00

Transactions

2 results found - from **01 July 2022** to **30 June 2023** sorted by **processed date** ordered **newest to oldest**

Processed date	Effective date	Description	Debit (DR)	Credit (CR)	Balance
14 Jun 2023	13 Jun 2023	Payment received		$23,784.85	$0.00
10 May 2023	13 Jun 2023	Tax return Companies - Income Tax for the period from 01 Jul 21 to 30 Jun 22	$23,784.85		$23,784.85 DR

Balance Sheet



Liabilities		
Current Liabilities		
802 - Sundry Creditor	1,100.00	-
830 - Income Tax Payable	23,784.85	-
Total Current Liabilities	**24,884.85**	**-**
Non-current Liabilities		

Note: If ATO – ITA ledger is separately maintained in books, then we can reallocate the liability in the Income Tax payable account to ATO – ITA ledger once income tax return is lodged.

Step 5:

Once the PY Income tax liability is paid, allocate the bank payment to provision for Income Tax account

Step 6:

Create current year income tax liability by debiting income tax expense account and crediting income tax liability/provision for income tax account in books.

Manual Journal – Creation of Income Tax Provision:

to record income tax expense	505 - Income Tax Expense	BAS Excluded	23,784.85	
to record income tax expense	830 - Income Tax Payable	BAS Excluded		23,784.85

Then move the first 3 quarters PAYG instalment to income tax liability account. These 3 quarters PAYG Instalments are usually lodged and paid in the same FY itself

Step 7

June quarter PAYG instalment will be lodged and paid in next FY. We have to bring this into CY books via manual journal.

Manual Journal – Recording June Quarter PAYG (I)

Bring in Accounting Fee	412 - Consulting & Accounting	BAS Excluded	1,100.00	
Bring in Accounting Fee	802 - Sundry Creditor	BAS Excluded		1,100.00
Bring in PAYG I - Jun 23	830 - Income Tax Payable	BAS Excluded	7,297.00	
Bring in PAYG I - Jun 23	827 - PAYG (I) Payable	BAS Excluded		7,297.00

Step 9:

If there is any ATO Interest / Penalty is in the ATO – ITA statement. It should be brought into the books.

ATO – ITA Statement:

3 Oct 2022	3 Oct 2022	General interest charge calculated from 01 Sep 22 to 02 Oct 22	$149.63	$19,041.22 DR

Pass a below Journal:

Dr Interest Expenses Account

Cr ATO – ITA Account

Step 8:

Lastly please check and confirm the net tax payable in the books is matching with the tax reconciliation workings.

Also check the balance in ATO – ITA statement is matching with the Liability in the books, if ATO – ITA ledger is separately maintained.