

Analysis of Credit Card Statement

Month _____ Year 201__ Acct No. _____

Account	Total Purchase	GST	Net Claim/Deduction
Purchases / Materials for clients			
Rent/hire			
Motor Vehicle - fuel			
Motor Vehicle - other (incl R&M)			
Repairs & Maintenance			
Electricity/Gas			
Telephone / Fax / Mobile			
Internet access			
Computer & Printer Consumables			
Printing			
Stationery			
Postage			
Advertising			
Insurances			
Travel/accommodation			
Other business items _____			
Other business items _____			
Other business items _____			
Private (non-business) purchases		Nil	
Column Totals			
Total Payment to Credit Card			

Analyse the credit card statement and enter the totals into the list above.

If necessary, list the transactions on the back of this sheet before carrying the totals forward into this summary list.

Remember, the actual invoice for the items purchased is required by the ATO auditors.

Attach this summary sheet to the credit card statement and invoices, and use another summary sheet for next month's credit card statement.

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Notes on Credit Card Usage and Record Keeping

Preliminary

The use of a credit card, usually to maximise the collection of Frequent Flier points, is NOT for everyone. Credit cards can cause as many problems as they might save - especially if interest is paid on the balance at high rates.

Even if a computerised accounting package is used, it is helpful to use this analysis summary of the credit card statement.

The accountant/tax agent/ATO auditor will be more easily able to reconcile payments to the card with purchases made on the card. Therefore, the annual accountant/tax agent's fee should reasonably be smaller.

Instructions

1. Credit cards can be used to pay some of, or all, business expenses - however, the rules of bookkeeping need slight modification.
2. The aim of bookkeeping is to have the correct totals for sales and expenses, with the GST component correctly recorded. This same concept applies to analysing credit card statements.
3. It is quite lawful for to bank business income anywhere one likes - **once it has been recorded in the bookkeeping system.**
That is, income received can be deposited into the business cheque account, or one's personal savings account, or the home loan account, or a credit card account.
The income and expenditure **MUST be recorded** in the bookkeeping system (ie, the left hand side of the page in the Zions 212, or in spreadsheets, or in MYOB or Quickbooks or other such packages).
4. Each month's credit card statement is likely to include both business expenditure and private expenditure.
If income has been banked to the card during the month, then the total due on the statement may not equal the expenditure for the month.
5. a. Next the credit card purchase dockets/receipts are matched with the actual transactions listed by the bank (or financial institution), to make sure what is paid for is actually what was purchased.

b. Then analyse the amounts into the various headings/account names as per the Cash Payments Analysis book, or accounting package - refer the analysis sheet over.
6. Once that is done, the entry into the Cash Payments book or accounting package is a quite straightforward.
In the Particulars column, enter the name of the card. The amounts land in each column as one moves across the page, with the last item being personal drawings/expenditure.
It does not matter if the amount of the cheque used to clear the balance of the card is different from the total of the line in the
It is important to have recorded the income, expenditure and GST as it has occurred. Therefore, the totals will sort themselves
7. Staple **ALL** the vouchers to the credit card statement with this analysis sheet, and file.
8. Remember, to expect a GST audit at least every five (5) years. This system will make it easy to find the vouchers to support the entries made and deductions claimed.
9. Enjoy using the frequent flier &/or bonus points!

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Important note:

*****This part of tax law has been around for about 60 years*****

Part III of the *Taxation Administration Act* 1953 makes it a **criminal offence** where a person does not **keep accounts or accounting records or other records which correctly explain matters, transactions, acts or operations** to which they relate (s.8L). Because this Act has been around for nearly 60 years, there is no reason for asserting this is new information. The penalties range from \$2,200 and outright fines and interest on tax owing through to custodial sentences.

We remind you that by signing your tax return, you are declaring that you can provide substantiating documentation for each and every claim for a deduction (apportioned or whole). Such documentation should include the name of the supplier, the amount of expense, the nature of goods and services so supplied, and the date of expense.

There are linkages between the TAA 1953 with the Criminal Code Act 1995. The relevant sections are: s134.2 obtaining financial advantage by deception; s135.2 obtaining financial advantage; s135.4 conspiring to defraud. Therefore, we encourage you to keep your receipts and other adequate records.

The ATO publishes **so many brochures on so many topics** they are justified in believing there is no excuse for ignorance of the tax laws and rules. Therefore, I highly recommend making use of those free 5-minute car parks in Collins Street (Hobart), outside the front of the ATO, while you raid the brochure stands against the window overlooking the same 5-minute car parks. On the other hand, we stock a small quantity of a variety of ATO brochures - please feel free to raid our supply of ATO publications.