



FNSACC411

ASSESSOR GUIDE

Process business tax requirements

Assessment 1 of 2

Short Answer Questions



Assessment Instructions

Task overview

This assessment consists of 12 short answer questions. Read the questions carefully and capture your answers in the spaces provided.



Assessment Information

Submission

You are entitled to three (3) attempts to complete this assessment satisfactorily. Incomplete assessments will not be marked and will count as one of your three attempts.

All questions must be responded to correctly to be assessed as satisfactory for this assessment.

Answers must be typed into the space provided and submitted electronically via the LMS. Hand-written assessments will not be accepted unless previously arranged with your assessor.

Reasonable adjustment

Students may request a reasonable adjustment for assessment tasks.

Reasonable adjustment usually involves varying:

- the processes for conducting the assessment (e.g. allowing additional time)
- the evidence gathering techniques (e.g. oral rather than written questioning, use of a scribe, modifications to equipment)

However, the evidence collected must allow the student to demonstrate all requirements of the unit.

Refer to the Student Handbook or contact your Trainer for further information.



Please consider the environment before printing this assessment.

Assessment 1: Short answer questions

Question 1:

Access the Australian Taxation Office website (www.ato.gov.au) and in your own words outline the business obligations for record-keeping, and how long the business documents are to be kept.
(40-70 words)

Assessor instructions: A benchmark answer is provided below.

Record keeping is a requirement for all business transactions from startup to deregistering a business. Records must be kept in English.

The ATO requires a business to keep the records for five (5) years unless the state/territory has a different law, such as ASIC (Australian Securities and Investment Commission) requirements of 7 years.

Question 2:

In your own words, describe the role of the Australian Taxation Office and name the legislation that it operates under.
(50-70 words)

Assessor instructions: A benchmark answer is provided below.

The Australian Taxation Office (ATO) is the principal revenue collection agency for the collection of taxes within Australia including GST, income tax, capital gains tax and fringe benefits tax.

It operates under Division 365 of the Income Tax Assessment Act (1997) and Part III of the Industry Research and Development Act (1986)

(Source: <https://www.ato.gov.au/business/research-and-development-tax-incentive/in-detail/legislation/>)

Question 3:

For each of the five (5) taxes listed below, name the legislation that the tax applies to and provide a brief description of the tax.
(30-50 words per description)

Assessor Instructions: Students must complete all fields of the table below and name the legislation as per the response below. A benchmark response for the description is provided.

Tax	Legislation	Description
Fringe Benefits Tax	Fringe Benefits Tax Assessment Act 1986	A tax payable by employers on benefits that exceed \$2,000 in any income year, provided to employees or associates of employees, as part of their employment, not including

		their ordinary salary or wage, such as a motor vehicle that is used, in whole or part, for private use and health insurance.
Payroll Tax	Payroll Tax Act 2007	A state tax on wages paid or payable by an employer to employees that exceeds the threshold amount and collected by the Revenue office in each state and territory.
PAYG Withholding Tax (Pay as You Go)	A New Tax System (Pay As You Go) Act 1999	The income tax that a business withholds from an employee or contractor wages to be remitted to the ATO on behalf of the employee or contractor.
Goods and Services Tax (GST)	A New Tax System (Goods and Services Tax) Act 1999	A broad-based tax applied to the provision of goods and services within Australia. The GST was introduced in July 2000 at the rate of 10% and has remained at that rate since. Certain items, such as bread and milk, are GST exempt and as such don't attract GST
Company Income Tax (PAYG-I)	Income Tax Assessment Act 1997	A federal tax payable on a company's taxable income, after deducting all tax-deductible expenses from the company's income for the taxable year. The full rate of company tax is currently 30%.

Question 4:

List the four (4) taxes that a company will report on a Business Activity Statement (BAS), based on the following:

- The company pays employee wages and are registered for PAYG Withholding
- The company is registered for GST
- Last year, the company paid company tax and the ATO informed them to pay instalments moving forward
- The company provides benefits in addition to salaries to employees

Assessor instructions: Students must list all five (5) of the tax below.

1.	Goods and Services Tax
2.	PAYG Company Tax Instalment
3.	PAYG Withholding and Gross Payments
4.	Fringe Benefits Tax

Question 5:

In your own words, provide a brief explanation of the grossed-up value of Fringe Benefits Tax (FBT) and provide three (3) examples of employee benefits that are subject to FBT.

(50-75 words).

Assessor instructions: A benchmark response is provided below. Students must provide 3 examples from the list of examples below.

Grossed-up value of FBT:
When a company is calculating its FBT liability it has to gross-up the taxable value of the benefits it provided to employees, to reflect the gross salary the employees would have had to earn to purchase those benefited after paying tax at the highest marginal tax rate.
Three (3) examples:
<ol style="list-style-type: none"> 1. Allowing an employee to use a work car for private purposes 2. Giving an employee a discounted loan 3. Paying an employee's gym membership 4. Providing entertainment by way of free tickets to concerts 5. Paying for an employee's personal use mobile phone 6. Paying for an employee's personal use internet 7. Providing an employee with equipment to use for personal purposes such as a computer 8. Paying school fees on behalf of an employee 9. Paying health insurance on behalf of an employee

Question 6:

In your own word, briefly explain each of the following terms that are complete on a BAS in relation to PAYG Withholding.

(15-30 words each)

Assessor instructions: Benchmark responses are provided below.

Term:	Answer:
W1: Total salaries, wages and other payments	The total amount that the employer has withheld from employees' salaries and wages for the reporting period
W2: Amounts withheld from payments shown at W1	The sum of the amounts of other types of withholdings for the reporting period, such as withholdings from dividends, interest, unit trusts or where no tax file number has been supplied.
W4: Amount withheld where no ABN is quoted	The total of the amounts withheld for the reporting period where no ABN has been supplied from a supplier, which is withheld at the rate of 47% of the total invoice amount.

Question 7:

In your own words, briefly explain assessable income and deductions in relation to company income tax.

(40-60 words each)

Assessor Instructions: Benchmark answers are provided below.

Assessable income	The income a business earns. It includes all gross income from trading such as sales and other income such as interest, discounts received, profits on sales of assets and capital gains but does not include the GST on sales.
-------------------	---

Deductions	Deductions are expenses that a company can claim as part of running the business and reduce the taxable income of the business. Deductions include items such as wages and salaries, rent paid, cost of goods sold, and office expenses. The company must keep a record of proof that the expense occurred.
------------	---

Question 8:

In your own words, provide an explanation of Wine Equalisation Tax (WET).
(100-150 words)

Assessor Instructions: A benchmark answer is provided below

When a business makes wine, imports wine into Australia, or sells it wholesale, that business has to register for WET (Wine Equalisation Tax). It is designed to be paid on the last wholesale sale of wine, usually between the wholesaler and retailer. WET may apply in other circumstances – such as cellar door sales or tastings – where there has not been a wholesale sale, and is also payable on imports of wine (whether or not the business is registered for GST).

Regardless of the size of the container in which they are packaged, wine equalisation tax (WET) applies to the following beverages where they contain more than 1.15% by volume of ethyl alcohol:

- grape wine (including sparkling and some fortified wine)
- grape wine products (such as marsala)
- fruit wines and vegetable wines
- cider and perry (although, WET doesn't apply to all cider and perry)
- mead
- sake

Question 9:

Briefly explain Luxury Car Tax (LCT), including when a business is required to be registered for LCT.
(50-75 words)

Assessor Instructions: A benchmark answer is provided below.

Luxury Car Tax is a tax imposed on a vehicle which is less than two years old, with a GST inclusive value above the LCT threshold and is paid at the rate of 33%. Luxury car tax is paid by dealerships that sell or import luxury cars, with the cost generally being passed onto the buyer, and by individuals who import luxury cars.

A business is required to pay LCT if the business is registered or required to be registered for GST, and it sells or imports a luxury car. This includes retailers, wholesalers, manufacturers, and other businesses that sell luxury cars.

Question 10:

Briefly explain the following definitions in relation to payroll tax.
(30-50 words each)

Assessor Instructions: Benchmark answers are provided below.

Monthly return	The return lodged by the employer within 7 days of the end of the month for the taxable wages paid in the month. It calculates the payroll tax liability for the month that must be remitted to the state or territory revenue office.
Annual return (Annual adjustment return)	The return for the financial year that must be lodged by the 21 st of July and outlines all the taxable wages paid in the year compared to the wages declared in the monthly returns, to calculate the balance payable for the financial year.
Threshold	The value of annual wages that an employer or group of employers must exceed in order to be liable for payroll tax. The threshold is reviewed annually.
Termination payment	A payment made in respect of the termination of employment, including unused annual leave, unused long service leave, that are subject to payroll tax liability

Question 11:

Define stamp duty and list five (5) things that it applies to.

(50-100 words)

Assessor instructions: A benchmark answer is provided below.

<p>Stamp duty is a state tax that state and territory governments charge for certain documents and transactions, with the amount of stamp duty payable dependent on the type of transaction and its value.</p> <p>Five things that stamp duty applies to are (students can include any five from the list below):</p> <ul style="list-style-type: none"> • Insurance policies • Motor vehicle registrations • Motor vehicle transfers • Leases • Mortgages • Real estate property transfers • Hire purchase agreements • Transfer of business ownership

Question 12:

XYZ Company is located in New South Wales with an annual turnover of \$900,000, is registered for GST and pays annual wages of \$240,000 and has not made any instalments for PAYG-I. Complete the below in relation to XYZ Company's taxation liabilities and obligations. Your response must include the reporting frequency for each tax, the due date, and explain the reason for your answers.

(Reasons: 20-40 words each)

Assessor Instructions: Students must complete the reporting frequency and due dates as per the below and explain the Reason for these responses as per the benchmark answers below.

Tax	Reporting Frequency	Due dates	Reason
GST	Quarterly	Q1 July-September: 28 October Q2: October-December: 28 February Q3: January-March: 28 April Q4: April-June: 28 July	Businesses' who are registered for GST with an annual turnover of less than \$20 million are

			required to report GST on a quarterly basis.
PAYG Withholding	Quarterly	Q1 July-September: 28 October Q2: October-December: 28 February Q3: January-March: 28 April Q4: April-June: 28 July	Businesses with an annual turnover of less than \$20 million are required to report PAYG Withholding on a quarterly basis.
Payroll Tax	Not required	Not required	The annual wages amount of \$240,000 for XYZ Company is below the threshold
Annual PAYG Instalment Notice	Annually	21 October	The final due date for reporting and payment of PAYG-I for companies that haven't paid any quarterly instalment

Assessment checklist:

Students must have completed all of the questions within this assessment before submitting. This includes:

12 short answer questions to be completed in the spaces provided.	<input type="checkbox"/>
---	--------------------------

Congratulations you have reached the end of Assessment 1!



© UP Education Australia Pty Ltd 2021

Except as permitted by the copyright law applicable to you, you may not reproduce or communicate any of the content on this website, including files downloadable from this website, without the permission of the copyright owner.