GST Integrity of Business Systems Cooperative Assurance Agreement
Draft Guidance

SUBJECT: GST Integrity of Business Systems Cooperative Assurance Agreement for publicly listed entities with turnover in excess of $250 million

PURPOSE: To provide instruction on what is required of a taxpayer to gain entry into the GST Integrity of Business Systems Cooperative Assurance Agreement

STATEMENT

1. In order to accurately report on GST obligations and entitlements a taxpayer requires an appropriate investment in financial accounting systems and the expertise of accounting, tax and accounts processing staff. It is also important that review and reconciliation activities are undertaken prior to activity statement lodgment to identify potential errors. In addition, other review activities should be undertaken at periodic intervals to examine past lodgments particularly in respect of transactions that are more prone to errors including unusual and one-off transactions and manual entries.

2. In recent years ATO review and assurance interactions have determined that most large publicly listed companies have demonstrated strong governance and tax risk management processes and are making a fair and reasonable effort to accurately report their GST obligations and entitlements by adopting appropriate self-assurance processes that identify errors prior to lodgment. Many of these entities also operate in highly regulated operating environments where they are subject to scrutiny by other regulators.

3. The GST Integrity of Business Systems Cooperative Assurance Agreement ("the agreement") is a means where publicly listed entities (in Australia or elsewhere) with a turnover in excess of $250 million in Australia can be recognised as 'willing participants' in the taxation system by providing assurance that they have appropriately invested in governance and tax risk management processes to accurately report their GST obligations and entitlements and in turn be subject to differentiated treatment.

4. The agreement applies to the GST integrity of business systems risk only. Treatment of other GST risks will continue outside of the agreement. Should a taxpayer want assurance across all GST risks then they should consider an Annual Compliance Arrangement (ACA).

5. The GST integrity of business systems risk is fundamentally the incorrect reporting of GST obligations and entitlements and involves the creation, capture, collation and reporting of GST impacted transactions. It is the most significant GST risk in the large market because of the multiple effect of the reporting of incorrect transactions can lead to significant revenue risks where there are governance, control or performance issues with the business and accounting systems.
Assurance from an Appropriately Authorised Person

6. The ATO is seeking assurance from an appropriately authorised person\(^1\) that the taxpayer's accounting and financial systems and the expertise of their tax and accounting teams are of a standard to ensure that they accurately report their GST obligations and entitlements. The assurance can be demonstrated by their ability to satisfy appropriate governance and tax risk management processes and procedures that have been outlined in the ATO's GST governance and risk management guides and in meeting all relevant regulatory requirements of other financial reporting regulators.

7. The GST governance and risk management guides have been based on well-established governance and risk management policies and frameworks that are used by Australian and overseas regulatory authorities that oversee financial and accounting reporting requirements.

8. The GST governance and risk management guides includes policies and procedures that address:
   - governance and risk management
   - processes and reporting
   - resources and capability
   - assurance (testing and review)
   - data accuracy testing capability.

ATO view of work undertaken by other financial regulators

9. In addition to the compliance activity conducted by the ATO, the vast majority of taxpayers who are publicly listed entities with turnovers in excess of $250 million are required, by other financial regulators\(^2\), including in some instances international financial regulators, to have governance and risk management policies and procedures in place that verify to the accuracy of their financial reporting.

10. As a result, publicly listed entities have ongoing processes to identify and correct errors that may impact their financial reports. This extends to processes that identify and correct errors or mistakes that may be made from time to time when compiling the Business Activity Statement (BAS).

11. The absence of policies and procedures may result in the financial regulators taking action to disqualify the taxpayer from trading, revoke their licences, disqualify directors and impose heavy fines and penalties.

12. The view of the ATO is that the policies and procedures required by other regulators can be leveraged off to obtain a level of assurance that these taxpayers have adequate systems to support the correct reporting of GST obligations and entitlements.

The GST integrity of business systems cooperative assurance agreement

13. Entry into and continued participation in the agreement is dependent upon the relationship between the ATO and the taxpayer. Taxpayers must have:

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\(^1\)Generally this will be the Australian Chief Financial Officer, Head of Finance or Head of Tax

\(^2\) For example, Australian Securities & Investments Commission (ASIC), Australian Prudential Regulation Authority (APRA), Australian Securities Exchange (ASX).
• a Risk Differentiation Framework\(^3\) rating of key taxpayer for GST purposes
• be recognised by the ATO as having no ongoing issues with regard to their business systems.

14. Where this is the case the ATO will offer taxpayers entry into the agreement if they attest to adherence to the governance and tax risk management requirements that are contained in the GST governance and risk management guides and the regulatory requirements of other financial regulators.

15. The governance and tax risk management policies and procedures noted in Appendix A are provided as an indicative guide of the 'best practice' standard that the ATO seeks from taxpayers that opt into the agreement. Entry into the agreement will result in favourable treatment in terms of:
• recognition that the taxpayer is low risk in terms of the GST integrity of business systems risk and as such will not be subject to an integrity of business systems risk review or audit activity for a period of three years
• penalties
• general interest charge (GIC)

16. Whilst the taxpayer will not be subject to an integrity of business systems risk review or audit activity for a period of three years, taxpayers may be subject to compliance activity identified through other ATO GST risk models or processes (eg a technical issue identified by the Property or Financial Supplies risk models). However, if any shortfall was as a result of business systems issues, the taxpayer will be entitled to a concessionary treatment of penalties and GIC as outlined in paragraph 29 et al.

17. The agreement will:
• leverage off the gains made through the client relationship management and governance assurance activities in the large market
• recognise and differentiate the treatment of taxpayers that demonstrate willing participation in the tax system
• recognise taxpayers who adequately invest in their business systems and processes to correctly report their BAS obligations and entitlements
• encourage taxpayers into a cooperative assurance relationship through the use of natural business systems and assurance practices through verification testing methods that meet ATO standards and the standards of other financial regulators.

18. To maintain access to the agreement a taxpayer must assert in writing to:
• continue to use and maintain their governance and tax risk management policies and procedures
• continue to satisfy the requirements of other financial regulators
• notify the ATO of any significant change in their circumstances (eg altered systems, acquisitions of businesses, changed controls)
• make efforts to correct any GST reporting errors as soon they are identified
• continue an open relationship with the ATO in relation to any errors made.

\(^3\) For further information on the Risk Differentiation Framework refer to ato.gov.au
Taxpayers to whom this guidance note applies

19. This guidance note applies to taxpayers who are publicly listed (in Australia or elsewhere) and have turnovers in excess of $250 million.

20. This guidance note should be read in conjunction with Law Administration Practice Statements PS LA 2012/12 Administration of penalties for making false or misleading statements that result in shortfall amounts and PS LA 2006/8 Remission of shortfall interest charge and general interest charge for shortfall periods.

EXPLANATION

ATO - Correct Reporting of GST Obligations

21. As an administrator the ATO places heavy emphasis on an entity’s ability to report GST obligations and entitlements correctly. The ATO recognises that the ability to report correctly is dependent upon a range of activities conducted by the taxpayer pre and post lodgment. The ATO expects that taxpayers will undertake assurance and verification processes that are in alignment with the relevant activities noted in Appendix A subject to the taxpayer’s own operating environment.

Requirements of other regulators

22. In order to remain listed and trade, publicly listed entities must also satisfy the financial reporting, governance and risk management requirements of other regulators. These regulators include:

- The Australian Securities & Investments Commission – Corporations Act 2001
- Australian Securities Exchange – Corporate Governance Principles and Recommendations
- Australian Prudential Regulation Authority – various acts

23. Entities trading globally may be subject to financial regulators outside of Australia.

How to enter the GST integrity of business systems cooperative assurance agreement and what must be in place

24. Taxpayers who are offered entry into the agreement will be required to provide sign-off by an appropriately authorised officer that they have met the ATO’s GST governance and tax risk management requirements and relevant requirements of all other financial regulators they are subject to. The ATO would expect to see policies and procedures in alignment with those that are provided as an indicative guide in Appendix A.

25. Sign-off will be in the form noted at Appendix B.


5 For example, US Securities and Exchange Commission, Sarbanes-Oxley Act requirements or UK Senior Accounting Sign off required under Schedule 46 of the Finance Act 2009.

6 The Australian Chief Financial Officer (CFO), Head of Finance or Tax or equivalent.
26. The ATO may, in limited circumstances, conduct assurance activity in the form of a meeting with taxpayers that have opted into the assurance agreement to confirm that the taxpayer does have GST governance and risk management processes and procedures that are in alignment with the entry requirements at Appendix A.

27. Acceptance of entry will be noted by the ATO via a confirmation letter and will attest that the ATO recognises that the taxpayer is making a fair and reasonable effort to accurately report their GST obligations and entitlements.

Term of entry and benefits

28. The term of entry in the assurance agreement shall be three years after receipt of sign-off from the taxpayer. At that time the ATO and the taxpayer will meet to assess the effectiveness of participation in the agreement and address any issues or concerns. Continuation in the agreement will occur if both the ATO and the taxpayer agree that the relationship should continue.

29. Benefits will include:
   - a low likelihood risk categorisation with regard to the integrity of business systems risk for the GST Risk Differentiation Framework
   - removal from compliance candidate pools with respect to the integrity of business systems risk (no audit, risk review or other compliance activity will be undertaken by the ATO in relation to the taxpayer's integrity of business systems)
   - ATO sign-off of BAS periods for the integrity of business systems risk for the periods prior to and while in the agreement
   - concessionary treatment of penalties and general interest charge (GIC) as outlined in paragraphs 30 through 37
   - the ATO issuing a letter to the taxpayer confirming that the ATO recognises that the taxpayer is making a fair and reasonable effort to accurately report their GST obligations and entitlements.

30. The ATO presumes that a taxpayer in the agreement has taken reasonable care to comply in the event of a tax (GST) shortfall occurring. In these circumstances no penalty will apply.

31. The presumption of reasonable care is based on the quality of taxpayer’s internal controls, assurance and tax risk management processes, governance framework and adherence to requirements of other financial regulators.

32. This presumption does not apply where the shortfall is considered to be the result of recklessness, intentional disregard, fraud, evasion or shortfalls arising out of tax avoidance and exploitation schemes.

33. In the event of a tax shortfall the ATO must be notified as soon as practically possible of:
   - the facts and circumstances that lead to the shortfall
   - the quantum of the shortfall
   - any corrective action taken.

34. This presumption will continue to apply for disputes. It will also continue to apply when a taxpayer leaves the agreement where the tax shortfall escalates to a dispute for a period the taxpayer was in the agreement.
35. In the event of a tax shortfall attracting general interest charge concessionary treatment is determined depending on the circumstances of the shortfall as noted and set out in the following table.

<table>
<thead>
<tr>
<th>Reason for GST shortfall</th>
<th>Revenue Status</th>
<th>Corrective Action</th>
<th>Interest Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Error which may be corrected under clause 6 in the circumstances and way set out in Goods and Services Tax: Correcting GST Errors Determination 2013.</td>
<td>Revenue neutral or Not revenue neutral</td>
<td>ATO to be advised of the correction. Correct in current activity statement</td>
<td>Full Remission of Interest</td>
</tr>
<tr>
<td>Error which cannot be corrected under clause 6 in the circumstances and way set out in Goods and Services Tax: Correcting GST Errors Determination 2013.</td>
<td>Not revenue neutral</td>
<td>ATO to be advised of the required adjustments. ATO will revise relevant activity statements and notify of such.</td>
<td>Remission of interest to concessionary rate</td>
</tr>
<tr>
<td>Error which cannot be corrected under clause 6 in the circumstances and way set out in Goods and Services Tax: Correcting GST Errors Determination 2013.</td>
<td>Revenue neutral</td>
<td>ATO to be advised of the required adjustments. ATO will revise relevant activity statements and notify of such.</td>
<td>Full Remission of Interest</td>
</tr>
<tr>
<td>Recklessness or intentional disregard, fraud, evasion or tax avoidance and exploitation schemes</td>
<td>Revenue neutral or Not revenue neutral</td>
<td>ATO to be advised of the required adjustments. ATO will revise relevant activity statements and notify of such.</td>
<td>No remission of interest</td>
</tr>
</tbody>
</table>

36. The term 'revenue neutral' is defined in Practice Statement Law Administration PS LA 2008/09.

37. For the purposes of the table in paragraph 35, the concessionary rate shall be equal to the Base Rate as defined in Section 8AAD of the TAA 1953 less 1 percentage point. For example, where the annual general interest charge for the quarter January to March 2009 is 11.76% and the uplift factor is at 7%, the Base Rate is at 4.76% and the concessionary rate would therefore be 3.76% for that quarter.

**Failure to abide by requirements**

38. Should a taxpayer within the assurance agreement fail to abide by the conditions of entry they will immediately be removed from the agreement and relinquish all benefits.

**Threshold requirements**

39. These tests are provided as a guide as to the level of assurance that the ATO requires of an entrant into the GST cooperative assurance agreement. We acknowledge that taxpayers will tailor the type of assurance and verification testing to their individual business environment and that this will have a bearing on the nature and frequency of testing undertaken. We also acknowledge that
taxpayers may have systems controls that mitigate particular risks and therefore assurance testing for each BAS lodgement on a monthly basis may not be required. The ATO expects that system controls will be reviewed for effectiveness on an annual basis. For example, a systems control may make it impossible for an accounts payable operator to enter a GST amount that is inconsistent with the selected tax code. In such a circumstance the ATO would not expect specific assurance testing on a monthly basis but instead expect that the system control would be reviewed for effectiveness on an annual basis.
APPENDIX A: DETAILED ENTRY REQUIREMENTS

Governance, policy and process

We expect to see these policies and activities as part of the taxpayer’s overall governance and tax risk management.

Governance and Risk Management
- Governance and risk management policies, standards and procedures that are:
  - clearly documented
  - articulate the requirements for GST administration and management.
- Updated on a regular basis.
- There is a defined and documented process for the specific purpose of identifying and reviewing GST risk.
- Advice is sought from expert advisors (internal or external) or the ATO for issues considered contentious, highly technical, complex or unique. Examples may include new business ventures, projects or when large, unusual or extraordinary transactions are initiated.
- Senior management (and where appropriate the board) receive regular updates on material GST matters that have a potential impact on the level of compliance such as, the implications of major transactions, business structures and strategies or legislative change.
- Staff roles and responsibilities for ensuring the entity’s GST obligations are well managed and complied with are clearly defined and are documented.
- Senior management (eg Australian CFO, Head of Finance or Tax) sign-off on the adequacy of the internal controls that govern GST compliance.
- Processes and procedures adapt to reflect law changes and court interpretations.
- Appropriate controls are in place to support compilation of accurate and complete BAS reporting when reporting data has been derived from a number of sources and requires consolidation. For example, several business units that utilise different accounting and processing systems have BAS data aggregated using spread sheets to compile the BAS for the entity.
- Staff recognise non-standard and complex GST-impacted transactions and understand when and how to implement technical escalation processes to ensure that the correct GST treatment is applied.
- There are exception-based reporting processes in place to monitor and review large, complex or unusual transactions to ensure the correct GST treatment has been applied.
- The full GST implications are considered when the entity enters into business arrangements with another enterprise that result in both entities being ‘in receipt of income jointly’, potentially creating a tax law or general law partnership. Examples of implications include:
  - when to register a partnership for GST
  - separate identification of supplies/acquisitions by the partners or the partnership
- Similarly all GST implications are considered when entering and in a joint venture
- Internal control and authorisation procedures are in place to restrict tax code overrides, creation or amendment.
- Internal controls ensure:
  - system-generated invoices comply with legislative requirements (valid tax invoices)
  - supplies and acquisitions are attributed to the correct period
  - bad debts are correctly treated for GST purposes
  - adjustment events are correctly treated for GST purposes
  - GST-free supplies such as exports, sale of going concerns and things for consumption outside Australia, comply with the provisions of Division 38
  - grouping and joint-venture provisions are complied with
  - payments made or income received in respect of insurance settlements are correctly treated for GST purposes
- Systems are in place that accumulate, process and store GST information and data. The systems generate detailed and complete BAS reporting audit trails that are reconciled to accounting records and are cleared at the end of each reporting cycle.
- There is segregation of responsibility between the development of data compiled for BAS reporting and authorisation for lodgement.

Resources and Capability
- Staff with responsibility for GST compliance know, understand and keep up to date with the administrative and technical requirements of the GST legislation, rulings, practice statements, determinations and judicial interpretations relevant to the entity’s business.
- Staff involved in the initiation, recording, processing, reporting and review of GST-impacted transactions (for example, accounts payable/receivable) receive GST training and updates regularly.
- A staff member in the tax function is aware of and has contact with the ATO’s Client Relationship Manager.
- Appropriate skills and capability are available within the entity to manage compliance obligations for GST and are employed to that effect. Compliance obligations include:
  - registration
  - accurate and complete BAS reporting
  - BAS lodgement and payment of GST liabilities within due dates
- The entity has developed a repository of information capturing issues, questions, answers and scenarios that all relevant staff can access to assist with any unique GST matters they encounter or add helpful information for future reference. This can take various forms – for example, an issue log or intranet or may involve a process whereby staff can discuss GST issues with an internal or external advisor.

Assurance (Testing and Review)
- Information systems used to process and store GST data are regularly tested to ensure they operate effectively and correctly. Calculation, allocate, record, store and report GST data. This may leverage existing assurance processes around compliance such as attestation for Sarbanes-Oxley purposes or similar internal controls.
- There are regular in-house review processes that examine GST classification, attribution, recording, reporting and supporting documentation validity – for example, tax invoices.
- Internal audit or an external service provider review the effectiveness of GST controls and processes periodically.
- The design and build of new, upgraded and integrated accounting systems includes a focus on, and active consideration of, robust GST processing and reporting functions.
- Audit, assurance or review processes are applied to ensure the integrity of data transferred from legacy systems to new systems.
Data accuracy testing capability

These tests are provided as a guide to the level of assurance that the ATO requires of an entrant into the GST cooperative assurance agreement. We acknowledge that taxpayers will tailor the type of assurance and verification testing to their individual business environment and that this will have a bearing on the nature and frequency of testing undertaken. We also acknowledge that taxpayers may have systems controls that mitigate particular risks and therefore assurance testing for each BAS lodgement on a monthly basis may not be required. The ATO expects that system controls will be reviewed for effectiveness on an annual basis.

<table>
<thead>
<tr>
<th>GENERIC TESTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manually reconcile General Ledger GST Output and Input accounts against BAS.</td>
</tr>
<tr>
<td>Reconcile sum of BASs for financial year to audited Profit and Loss Statement after adjusting for all relevant differences such as depreciation, timing, amortisation, capex and GST grouping.</td>
</tr>
<tr>
<td>Reconcile subsidiary billing system total against General Ledger GST Output accounts.</td>
</tr>
<tr>
<td>Identify related companies outside of GST Group and then test that GST is being charged on inter-company invoices and credit notes.</td>
</tr>
<tr>
<td>Identify any taxable coded Accounts Receivable/Payable invoices and credit notes where GST is not 1/11th of the total.</td>
</tr>
<tr>
<td>Identify non-taxable coded Accounts Receivable/Payable invoices and credit notes where GST is present.</td>
</tr>
<tr>
<td>Tests to Identify:</td>
</tr>
<tr>
<td>- customers and suppliers with multiple tax codes</td>
</tr>
<tr>
<td>- G/L expense accounts with multiple tax codes</td>
</tr>
<tr>
<td>- Invoice Date and Reporting period mismatches for supplies</td>
</tr>
<tr>
<td>- all &quot;Tax Only&quot; supplies and acquisitions</td>
</tr>
<tr>
<td>- Accounts Payable and Receivable invoice duplicates.</td>
</tr>
<tr>
<td>Tests that assess whether there are any GST rounding issues.</td>
</tr>
<tr>
<td>Tests that analyse invoices and test whether GST is 10% where tax type is GST Free, non-taxable.</td>
</tr>
<tr>
<td>ABN tests verify that:</td>
</tr>
<tr>
<td>- the recorded ABN is valid.</td>
</tr>
<tr>
<td>- Identity any vendors without valid ABN and vendors who have an ABN, but are not registered for GST. Subsequently test to check GST is not claimed on these acquisitions.</td>
</tr>
<tr>
<td>Review bad debts written off for period and check GST codes used and amounts.</td>
</tr>
<tr>
<td>Cross check for any recovery of bad debts and ensure GST has been applied when recovered.</td>
</tr>
<tr>
<td>Test to review appropriate GST on adjustments that reduced or increased customer invoices, e.g. credit notes, prompt payment discounts, goodwill adjustment, volume or quantity rebates.</td>
</tr>
<tr>
<td>Identifies gaps in the invoice or other recorded sequence numbers of sales transactions. Show the number of gaps in the sequence, the size of each gap and the date of the transaction that immediately preceded each gap.</td>
</tr>
<tr>
<td>Summary table of total number of sales, total sale amount and total GST amount for each customer.</td>
</tr>
<tr>
<td>For both sales and purchases, check for reversal transactions and compare to the original transaction. Reports on transactions where the tax code of the reversal is different to the original tax code.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TNSNG ANALYSIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>The ATO conducts the following trend analysis tests as part of GST integrity of business systems risk identification particularly in relation to detecting unexplained variances that may indicate an error in the BAS preparation process. These tests may assist in the detection of errors prior to BAS lodgement.</td>
</tr>
<tr>
<td>Where the sum of label 1A is zero or has reduced by 70% or more in the specified 12 month period test if a set number of net GST refunds (1A+7A-1B) are claimed in that period compared to the previous 12 months.</td>
</tr>
<tr>
<td>A test that identifies where there are 2 or more BASs reporting the same figure during a specified 12 month period.</td>
</tr>
<tr>
<td>Where the sum of reported 1B figure exceeds the calculated 1B (G10+G11/11-7A) by a set threshold for the specified 12 month period the discrepancy is examined and explained.</td>
</tr>
<tr>
<td>Where the sum of reported 1A figure is less than the calculated 1A (G1-G2-G3)/11 figure by a set threshold for the specified 12 month period the discrepancy is examined and explained.</td>
</tr>
<tr>
<td>Where total sales (sum of G61) have grown in a specified 12 month period compared to the previous 12 months by set percentage the growth is examined and explained.</td>
</tr>
<tr>
<td>Where total sales (sum of G61) have declined in a specified 12 month period compared to the previous 12 months by set percentage the decline is examined and explained.</td>
</tr>
<tr>
<td>Where total acquisitions (sum of G10+G11) have grown in the specified 12 month period compared to the previous 12 months by set percentage the growth is examined and explained.</td>
</tr>
<tr>
<td>Where there is a negative change in the 1A/1B ratio (1A-1B) in a specified 12 month period compared to the previous 12 months by set percentage the decline is examined and explained.</td>
</tr>
<tr>
<td>Where label 1B has spiked in any BAS period in a specified 12 month period by a set percentage when compared to immediate previous BAS period AND compared to the same BAS period in the previous 12 months.</td>
</tr>
<tr>
<td>Consider the GST Impacts where the taxpayer had an amended Income Tax or Fringe Benefit Tax Assessment in the specified 12 month period, but did not revise any BAS for the same Income Tax year.</td>
</tr>
<tr>
<td>Provide an explanation where payable BAS have been lodged late for a period greater than 4 weeks from due date (include those granted extensions) where BASs were lodged in a specified 2 year period.</td>
</tr>
<tr>
<td>Examine and provide an explanation where there is debt compounding over two or more tax periods.</td>
</tr>
<tr>
<td>Examine and explain the impacts to reporting of changes to group member and representatives.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SPECIFIC TESTS (relevant to company structure, industry and complexity of taxpayer)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test to identify whether there are any Security Deposits.</td>
</tr>
<tr>
<td>Test to identify exit fees for Earlier Termination.</td>
</tr>
<tr>
<td>Test to identify whether GST free exports met 60 day rule.</td>
</tr>
<tr>
<td>Test to identify whether dispositive model driver is being appropriately applied.</td>
</tr>
<tr>
<td>Test to identify whether Financial Acquisitions Threshold is exceeded.</td>
</tr>
<tr>
<td>Identify all transactions (sales &amp; purchases) where payment method is &quot;CASH&quot; or notes or description fields contain the word &quot;CASH&quot;.</td>
</tr>
<tr>
<td>For either sales or purchases, find and list transactions that have values that meet specified criteria, such as greater than a certain amount, negative values, the maximum or minimum values, etc. You need to provide the criteria required. Client required to determine thresholds.</td>
</tr>
<tr>
<td>Determine whether any General Journal transactions have GST tax codes. If so, check that the tax has been appropriately handled. List &amp; match corresponding GST accounts for each general journal entry.</td>
</tr>
<tr>
<td>Identify through the creation date, all transactions where data entry has occurred outside of normal operating timeframe. I.e. purchases and expenses within 14/21 days. Sales within 7 or 14 days.</td>
</tr>
<tr>
<td>Shows the pattern of sales by day of the week and by month of the year. Also identifies days in the period when no sales have been recorded, including the length of each gap between days when sales are recorded.</td>
</tr>
<tr>
<td>Identify GAPS in trading from POS data.</td>
</tr>
<tr>
<td>Having extracted data from POS system, data match against recorded sales in ERP or Accounting software.</td>
</tr>
<tr>
<td>Reconcile Section 1538 treatments for consistency as between &quot;acquisitions&quot; and &quot;suppliers&quot;.</td>
</tr>
</tbody>
</table>
APPENDIX B: FORM OF SIGN-OFF

40. Sign-off shall take the following form.

Mr James O'Halloran
Deputy Commissioner of Taxation
Australian Taxation Office

GST Integrity of Business Systems

1. <<authorised officer>>, <<authorised officer's position>>, confirm that X Limited and its' subsidiaries ("X Limited"), in accordance with Australian Stock Exchange Listing Rule 4.10.3\(^6\), includes in its annual report [or the URL of the page on our website], a statement that it meets the corporate governance requirements of that rule [and also meets the corporate governance requirements of other financial regulators].

To the best of my knowledge and belief X Limited's GST governance processes and procedures are consistent with the ATO's [G]ST [g]overnance and risk management guide for large businesses and the controls listed in Appendix A to the ATO's GST integrity of business systems cooperative assurance agreement guidance note are tailored to mitigate the risk of incorrect reporting.

As such, I hereby request entry into the GST integrity of business systems cooperative assurance agreement.

Yours sincerely

\(^6\) Or where listed on a foreign stock exchange, a similar listing rule in relation to applying corporate governance standards