

# Pharmacy Accounting, GST & Tax

## *It's no simple matter!*

### Do your numbers add up?

Did you know the ATO matches your revenue declared in your BAS to the revenue in your tax return?

Did you know the ATO can do a download from FRED and compare your revenue from the POS to your bank statements, financial statements and income tax return?

Did you know that EFTPOS transactions are reported to the ATO by ABN?

How often do you cross check your business information to the various data sources in your pharmacy?

Getting the numbers to add up the first time they are recorded means your management information is of maximum benefit and your tax risks are minimised.

### Tax is an important risk management area

At RSM we see Tax as an important area of risk management for any business owner, including pharmacists. Consider the following:

- Pharmacies are easily benchmarked
- Technology abounds, so this means plenty of audit trails to follow

For everyday pharmacy business, it should be straightforward. At RSM, because we have done literally thousands of financial statements and tax returns for pharmacies, we know the traps, we have dealt with hundreds of bookkeepers and we know pharmacists' bad habits!

### GST – the ATO audit trigger

It's no secret that pharmacy has a complex web of GST rules. It's not uncommon for the ATO to express interest in GST refunds, notwithstanding that pharmacy businesses usually get one every month. So it is important to ensure your BAS is properly prepared.

Go back and see how confident you are in answering those questions at the start of this material.

### Does your banker have a smile on their face?

Are your processes such that when your bank wants some interim figures, you can produce them easily (we suggest having your accountant give them the once over before sending to your bank)?

### Ownership Transactions

There are various transactions involving change of ownership – buying, selling, partnership, new shareholders. Getting the tax advice right in advance of the transactions are so important. Once documents are executed and exchanged, it is too late to ask questions.

The RSM Pharmacy team has dealt with hundreds of ownership transactions. And when it gets really complex, outside of our years of experience, we have a dedicated Tax Division that bring in the right advice at the right time.

### Accounting – the gateway to managing your pharmacy

When data is recorded correctly the FIRST time, so many things happen easily. Your accounting data impacts:

- Reported profit
- Your BAS
- Reported KPIs
- The value of your pharmacy
- Whether your partners think you are running the business well

As you can see, getting the numbers right is no laughing matter.

## One way – the RSM Pharmacy way

At RSM, because we have done the accounting for hundreds of pharmacies, we can set you up for success in this important area.

We can provide:

- a. The right chart of accounts
- b. Awareness of pharmacy accounting issues
- c. Instructions on pharmacy accounting

If you get this part right, the data you produce is fit for purpose – for you, for the ATO and for your bank manager – the first time. Well, almost the first time!

## OR we can do your accounting for you

If you read this and get a piercing headache, we won't say 'Ask your pharmacist'. We will say 'talk to RSM'. At RSM we can do one of two things:

1. We can review your systems and processes and train your finance team. OR
2. RSM can do your accounting for you. Our Australia-wide office network can do the accounting for your pharmacy, no matter where you are located. We can provide you with some insights on how our Strategic Outsourcing team works.

## And we can make the technology do the work

Whether it is Option 1 or 2, RSM, through its Digital Advisory division, is able to provide you with a pharmacy-specific technology platform that ensures you capture accounting data quickly, completely and accurately. RSM knows Pharmacy. That includes knowing the right applications to use to make accounting a seamless process – without the headache.

### Want to know more?

Speak to the Pharmacy team at RSM today about how we can help.



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