

DEBTOR POLICY

Business clients to receive an acknowledgement email indicating the expected fees we will charge when work is inputted into XPM to be done.

The client is issued an invoice when the job is completed and the expectation is that the amount is received within our 14 day terms.

Tax returns are suspended “awaiting payment” on any tax work billed and only unlocked after payment is received in full.

When a Partner of a job wants to lodge prior to payment (overriding the suspension of tax returns process) – approval must be given by David Fitzgerald via email initially and the responsibility to chase the client for payment will then fall on the Partner.

Fee from refund clients do not see their invoices initially, we collect when the refund is released via refund manager – a report is created when the return is lodged.

IF a refund is not paid from the ATO clients will be issued an invoice for payment with the usual 14 day terms given for payment.

Automated reminders to start once due date passes.

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REMINDERS WORKFLOW

Blue = We are required to action

Black = Automated actions Xero

Grey = Automated actions via CreditorWatchCollect – (Shepparton only)

1/ Invoice request received from accountant and invoice created and issued to client

- ensure marked sent (to trigger reminders to be issued)
- ensure reminders are on
- ensure correct branding on invoice is used (Custom)
- ensure up to date contact details in Xero Blue from XPM (email, name and contact number)
- add noclientemail@sdptax.com if no email address on client file

2/ Ensure Creditor Watch Connect has invoice in ‘Standard’ workflow to receive the reminders.

3/ Xero Automated Reminder (7 days after due date)

4/ Creditor Watch Collect Automated Email Reminder (10 days after due date)

5/ Creditor Watch Collect Automated Text Reminder (11 days after due date)

6/ Xero Automated Reminder (14 days after due date)

7/ Creditor Watch Collect Automated Email Reminder (19 days after due date)

8/ Call client (20 days after due date) ensure call logged on Creditor Service Connect

9/ Xero Automated Reminder (30 days after due date)

10/ Issue Letter of Demand (31 days after due date)

**The Section 6Q notice to be sent via electronic communication and via post.*

11/ Creditor Watch Collect Automated Text Reminder (35 days after due date)

12/ Creditor Watch Collect Automated Email Reminder (50 days after due date)

13/ Call client (51 days after due date) ensure call logged on Creditor Service Connect

14/ Xero Automated Reminder (60 days after due date)

15/ Issue Interest invoice + Issue S6Q Default Notice (62 days/30 days after Letter of Demand)

**The Section 21D(3)(d) notice may be sent via electronic communication and via post.*

16/ Creditor Watch Collect Automated Email Reminder (66 days after due date)

17/ Creditor Watch Collect Automated Text Reminder (67 days after due date)

18/ Creditor Watch Collect Automated Email Reminder (82 days after due date)

19/ Moved to ‘Pre debt collection’ workflow via Creditor Watch Connect Website

20/ Creditor Watch Collect Automated Email Reminder (85 days after due date)

21/ Creditor Watch Collect Automated Text Reminder (89 days after due date)

22/ Xero Automated Reminder (90 days after due date)

23/ Can move to 'Slater Byrne Debt Collection services' via Credit Watch Collect Website

24/ Apply to Credit Provider to list default

REMINDERS/LETTERS

Automated Reminder from Xero (7 days after due date)

Hi [Contact First Name],

Thank you once again for choosing Factor1 Shepparton as your tax agent, we value your business.

This is a courtesy email to ensure you received [Invoice Number] for \$[Invoice Total] as we haven't yet received a payment and assumed it may have been missed.

To view your bill visit [Online Invoice Link].

Please note: payment of services must be arranged or lodgement of the prepared returns will not occur.

When making payment, please ensure you add an invoice number or entity name reference, you can also use the link provided to pay via credit card (PinPayments).

If you have any queries or wish to set up a payment plan please reply via email or call accounts on (03) 5821 2256.

Kind Regards,
Factor1 Shepparton

N.B. If more than 7 days have passed since payment was made and you continue to receive reminders, please contact us with proof of payment.

Creditor Watch Collect Automated Email Reminder (10 days after due date)

RE: Oops – did you forget?

Hi {contact.first_name, fallback="there"},

Our records indicate that we have not yet received payment for the your account.
If you have already paid please let us know, otherwise can you please pay the account as soon as possible?

Much appreciated,

{my.org_name}
{account.summary}

Creditor Watch Collect Automated Text Reminder (11 days after due date)

Hi {contact.first_name, fallback="there"},

The amount of {account.total_amount_due} is currently overdue.

Please arrange payment or let us know if payment has been made.

Thanks {my.org_name}

Automated Reminder from Xero (14 days after due date)

Hi [Contact First Name],

Thank you once again for choosing Factor1 Shepparton as your tax agent, we value your business.

A recent review of our accounts has revealed that [Invoice Number] remains outstanding.

Please note: payment of services must be arranged or lodgement of the prepared returns will not occur.

We would appreciate your prompt settlement of this account as this will avoid the introduction of a late fee (minimum \$25 or 5% of your invoice total).

You can view and pay your bill online: [Online Invoice Link]. When making payment, please ensure you add an invoice number or entity name reference.

You can use the links provided to pay via credit card (PinPayments) or contact accounts via reply email or call 03) 5821 2256

Please note your tax return would not have been lodged due to non-payment of our account so it is crucial you make an arrangement to avoid late fees from us and also any penalties from the ATO for failure to lodge.

Kind regards

Factor1 Shepparton

N.B. If more than 7 days have passed since payment was made and you continue to receive reminders, please contact us with proof of payment.

Creditor Watch Collect Automated Email Reminder (19 days after due date)

RE: Overdue account for {contact.org_name}

Hi {contact.first_name, fallback="there"},

Our records indicate that after sending a previous reminder, we still have not received payment.

Your account is now {account.days_overdue} days overdue.

Please note in 2022 our approach to income tax return lodgement changed; this means payment of services must be arranged before your return is issued to the tax office for processing.

If you have already paid please let us know as we may need to check why it has not reached our account.

Please ensure you include a reference number when making payments.

Thanks!

{my.name}

{my.org_name}

{account.summary}

Automated Reminder from Xero (30 days after due date)

Hi [Contact First Name],

Thank you once again for choosing Factor1 Shepparton as your tax agent, we value your business.

A recent review of our accounts has revealed that [Invoice Number] remains outstanding.

Please note: payment of services must be arranged or lodgement of the prepared returns will not occur

In order for us to continue our great service, we require prompt payment. Outstanding invoices that go beyond the 60 day overdue period will incur an interest charge of \$25 for debts under \$500, or 5% of invoice total for \$500+ debt.

You can view and pay your bill online: [Online Invoice Link]. When making payment, please ensure you add an invoice number or entity name reference.

You can use the links provided to pay via credit card (PinPayments) or contact accounts via reply email or call 03) 5821 2256.

Please note your tax return would not have been lodged due to non-payment of our account so it is crucial you make an arrangement to avoid late fees from us and also any penalties from the ATO for failure to lodge.

Regards,

Factor1 Shepparton

N.B. If more than 7 days have passed since payment was made and you continue to receive reminders, please contact us with proof of payment.

Letter of Demand – Section 6Q Notice

(insert date)

Client Name

Address for post

Email address

RE: LETTER OF DEMAND – SECTION 6Q NOTICE

Dear *(client)*,

I am writing in relation to the amount of *\$[enter amount 'including GST']*. According to my records this was due to be paid by you on *XX/XX/XXXX* and remains outstanding.

My requests for payment are listed below.

Insert Xero data of dates when reminders were issued (this should include any print outs and sends as we should always note when issued)

Insert CreditCallConnect dated when reminders were issued

The amount relates to *(name services provided here)* provided to you at your request on *(date lodged or completed ready for lodgment)*.

Please find enclosed a dated copy of the invoice and note that it specifies payment terms as 14 days.

Please be advised that I demand payment of the invoiced amount plus an amount of *\$[amount]* for late payment interest as agreed in our contract dated *XX/XX/XXXX* within seven days of the date of this letter.

Payment should be made by to our bank:

SDP Tax Accountants Pty Ltd

BSB:

AC:

REF: *(insert invoice number here)*

We also accept cash payment at the office and can process EFTPOS (*processing fees may apply) transactions at the office.

If payment is not received within seven days of the date of this letter I reserve the right to take further action to recover the money without further notice to you.

Yours sincerely,

[signature]

[your name and title]

Creditor Watch Collect Automated Text Reminder (35 days after due date)

RE: URGENT: Please call {organisation.name} regarding your overdue account.

Hi {contact.first_name, fallback="there"},

Please note your account is now {account.days_overdue} days overdue.

There is an overdue amount of {account.total_amount_overdue}.

Please note in 2022 our approach to income tax return lodgement changed; this means payment of services must be arranged before your return is issued to the tax office for processing.

Please make payment of {account.total_amount_overdue} immediately (don't forget to include the reference number) or contact us on 5821 2256 to arrange a payment plan.

Kind regards,

{my.name}

{organisation.name} - Accounts

Creditor Watch Collect Automated Email Reminder (50 days after due date)

RE: URGENT: Please call {organisation.name} regarding your overdue account.

Hi {contact.first_name, fallback="there"},

Please note your account is now {account.days_overdue} days overdue. There is an overdue amount of {account.total_amount_overdue}.

Please note in 2022 our approach to income tax return lodgement changed; this means payment of services must be arranged before your return is issued to the tax office for processing.

Please make payment of {account.total_amount_overdue} immediately (don't forget to include the reference number) or contact us to arrange payment. 03 5821 2256

Kind regards,

{my.name}

{organisation.name} - Accounts

Automated Reminder from Xero (60 days after due date)

Hi [Contact First Name],

Thank you once again for choosing Factorpr1 Shepparton as your tax agent, we value your business.

We are inquiring if there is a reason for your delay in paying your overdue account.

Please note: payment of services must be arranged or lodgement of the prepared returns will not occur.

Our professional trading terms are 14 days, \$[Amount Due] is now 60+ days overdue and has incurred a late fee of \$25 minimum or 5% of your total invoice.

Please contact our office immediately to discuss on 03) 5821 2256 without delay to arrange a suitable instalment plan.

Regards,

Factor1 Shepparton

N.B. If more than 7 days have passed since payment was made and you continue to receive reminders, please contact us with proof of payment.

Default Notice – Section 21D(3)(d) Notice

(insert date)

Client Name

Address for post

Email address

RE: DEFAULT – SECTION 21D(3)(d) NOTICE

Dear *(client)*,

I am writing in relation to the amount of \$[enter amount 'including GST']. According to my records this was due to be paid by you on XX/XX/XXXX and remains outstanding.

My requests for payment are listed below.

Insert Xero data of dates when reminders were issued (this should include any print outs and sends as we should always note when issued)

Insert CreditCallConnect dated when reminders were issued

Letter of demand issued XX/XX/XXXX

Please find enclosed a dated copy of the invoice, additional incurred interest invoice (including associated costs involved to report as credit default) and a copy of the letter of demand.

Within 14 days we will register your debt on to your credit report which can prevent you from seeking finance in the form of personal loans, credit cards, refinancing attempts, utility providers,

telephone connections, opening a company or trust, applying for rental properties and could impact employment opportunities.

This report will stay in effect for 5 years from the date of entry.

After a default listing has been actioned to arrange payment and settlement of your listing contact us, you will also be liable for additional costs for removing the default listing of \$300 + GST and although the original listing will be settled it will remain on your file for 5 years.

Yours sincerely,

[signature]

[your name and title]

Creditor Watch Collect Automated Email Reminder (66 days after due date)

RE: URGENT ATTENTION: Please pay within 7 days to avoid further action.

Dear {contact.first_name, fallback="valued customer"},

URGENT ATTENTION

Your account has gone beyond the usual terms offered by us and request Immediate payment of \${account.total_amount_due} .

Please note in 2022 our approach to income tax return lodgement changed; this means payment of services must be arranged before your return is issued to the tax office for processing.

Your urgent attention to this matter will stop further action which includes referral to a debt collection agency and possible legal action

We require immediate payment direct to our office within 1 week of this email in order to suspend further action . If you are not able to pay amount in full or wish to discuss this account please contact our office immediately.

Please be aware that a 35% collection fee will be charged for any amounts retrieved via a collection agency and if you wish to set up a payment plan this will need to be done TODAY.

We now leave the outcome of this matter in your hands

Thank You

{my.org_name}

Creditor Watch Collect Automated Text Reminder (67 days after due date)

Hi {contact.first_name, fallback="there"},

The amount of \${account.total_amount_due} is overdue . Please arrange immediate payment or contact accounts 03 5821 2256. {my.org_name}

Default Notice – Section 21D(3)(d) Notice

(insert date)

Client Name

Address for post

Email address

Dear *(client)*,

I am writing in relation to the amount of \$[enter amount 'including GST']. According to my records this was due to be paid by you on XX/XX/XXXX and remains outstanding.

My requests for payment are listed below.

Insert Xero data of dates when reminders were issued (this should include any print outs and sends as we should always note when issued)

Insert CreditCallConnect dated when reminders were issued

Letter of demand issued XX/XX/XXXX

Please find enclosed a dated copy of the invoice, additional incurred interest invoice (including associated costs involved to report as credit default) and a copy of the letter of demand.

Within 14 days we will register your debt on to your credit report which can prevent you from seeking finance in the form of personal loans, credit cards and refinancing attempts.

This report will stay in effect for 5 years from the date of entry.

Yours sincerely,

[signature]

[your name and title]

Creditor Watch Collect Automated Email Reminder (82 days after due date)

Dear {contact.first_name, fallback="valued customer"},

We take late payments seriously and recommend you contact accounts immediately to discuss arrangements.

So far action taken due to unpaid invoices includes:

- Your returns have not been lodged
- You have earned additional interest charges and balance you owe us has now increased
- You have now lost the ability to be invoiced upon completion of work with us and are now required to sign up to a payment plan or pay in full prior to any new work starting with us

What's to come?

We will refer your unpaid invoices to a credit default agency Equifax; this action will prevent you from securing a bank loan, home loan or credit card, prevent you moving or starting a new mobile phone plan, getting solar or rebates from government departments, obtaining a rental property, obtaining assistance from centrelink and Department of Housing.

Please get in contact with us urgently on 03) 5821 2256.

{my.org_name}

Creditor Watch Collect Automated Email Reminder (85 days after due date)

RE: IMPORTANT: Debt collection notice for {contact.org_name}

Hi {contact.first_name},

We are writing again concerning the overdue amount of {account.total_amount_overdue}.

We have made attempts to get in touch with you regarding this, however we have not heard from you. We require that payment of the full amount be paid to us immediately.

If this account is not resolved, debt collection and legal proceedings will commence in 7 days.

PLEASE NOTE: All debt collection fees incurred (approximately 33% of your invoice) will be added to your balance.

Please contact us on 03 5821 2256 as a matter of urgency or settle your account.

Regards,

Accounts Receivable

{my.org_name}

{account.summary}

Creditor Watch Collect Automated Text Reminder (89 days after due date)

Your account will be referred to Equifax as credit default. {organisation.name}

Automated Reminder from Xero (90 days after due date)

Hi [Contact First Name],

We have referred the collection of your account to our debt collection agency Slater & Byrne who will discuss arrangements for payment with you.

A debt collectors services a fee of 33% will be added to your total invoices post 90 days over due.

Please note: payment of services must be arranged or lodgement of the prepared returns will not occur so it is not only that your bill hasn't been paid with us, your return has not been lodged with the ATO and could cause late lodgement fees and charges for you also so we request you contact us immediately on 03) 5821 2256.

We now leave the outcome of this matter in your hands.

Factor1 Shepparton

N.B. If more than 7 days have passed since payment was made and you continue to receive reminders, please contact us with proof of payment.

UPDATING DUE DATES IN XERO BLUE

When a payment is not received within the due date due to an outside issue such as:

- 1- ATO has not released funds
- 2- Clients refund was issued to Services Australia or Child Support
- 3- Payment plan in progress (and client is not locked)

The due date (not issue date) can be changed in Xero Blue to reflect the change of terms;

- 1- The date of fund release from the ATO
- 2- Or the date +14 days for the client to arrange payment when a bill is issued to the client for the first time (forgotten to send to client initially or fees no longer able to be collected from ATO)
- 3- The final payment date of a payment plan (on a non-locked client)

PAYMENT PLANS

When a client opts to pay off a debt within a payment plan the only acceptable terms are:

1/ The client signs up to *GoCardless to direct debit funds

*[CLICK HERE FOR INSTRUCTIONS](#)

2/ The full amount to be paid off within 12 weeks

Being on a payment plan means clients will avoid our interest charges being applied once payments have started, which we can apply at 60 day intervals after the due date of \$25 minimum charge or 5% of the invoice amount (which ever is greater).

BAS work can continue on a locked client in a payment plan.

TAX work can not commence until the invoice is paid in full.

Payment plans on clients not locked can have due date changed to match end of payment plan , payment plans on locked client due date stands as originally issued.

LOCKED CLIENTS

When the debt has been overdue for 60 days past the due date the client will be locked;

- Showing (CLIENT LOCKED – DEBT ISSUE) in XPM against their name
- Ability to create Tax Returns and Business Activity Statements will be turned off on all associated clients.

- Showing (CLIENT LOCKED - GC PAYMENT PLAN) in XPM against their name
- Ability to create Tax Returns on all associated clients is turned off,
- Ability to create BAS statements will remain on and you are allowed to progress with BAS work.

A locked client MUST arrange payment of all outstanding invoices in full, before a new tax job is started and the invoice for new work will be issued based on a quoted price when the job is created, they are required to arrange payment upfront or start a payment plan before work will commence, **results MUST NOT be provided until the invoice is paid in full – as they do not prioritise our services we do not prioritise them and if they decide to leave because of this so be it.**

HOW DO THEY GET THE NOTE REMOVED FROM THEIR NAME? If a client pays off the outstanding balance and the invoice for new work in full prior to results being issued they can then be fully unlocked including removal of note on name and given the opportunity to follow our invoices terms the next year.

LODGING A CREDIT DEFAULT WITH EQUIFAX

A consumer credit default can generally be listed when a debt is 60 days or more overdue (they will be 90+ by the time our workflow ends) and the credit provider has given the relevant written notices to the individual (2 x letters are within our workflow above).

Only debts **equal to or greater than \$150** and where the credit provider is not prevented by a statute of limitations from recovering the overdue debt can be listed (invoice created less than 6 year ago).

Before listing the debt, the credit provider must also meet a number of other requirements.

STEP 1: Email David Fitzgerald to request permission to list:

RE: Credit Default Listing Request

Hi David,

The following clients have been through our debtor workflow and are now in a position to lodge a credit default:

CLIENT	INVOICE NUMBER/S	AMOUNT/S OWED	DATE LETTER OF DEMAND (SECTION 6Q NOTICE) ISSUED	DATE DEFAULT NOTICE (SECTION 21D(3)(D)) NOTICE ISSUED	INTEREST TO BE ADDED	TOTAL TO BE LODGED
	INV-	\$			\$	\$

Entities will have the debt changed to “Entity and Directors Names” as per our engagements terms as debt issued to a deregistered company can not be chased so we add directors to ensure the credit rating to attached to both.

Customer Service Centre on 138 332.

Brianna Numa

Corporate Account Manager

M: 0418 875 669

E: brianna.numa@equifax.com

STEP 2: When permission is given by email from David, defaults can be loaded by the IQ Connect website: <https://www.equifax.com.au/iqconnect>

INSTRUCTIONS TO GO HERE ONCE APPLICATION APPROVED AND LOG IN IS CREATED FOR US

Print the report showing the listing has been created and save to client file in documents and in SharePoint with letters in folder “DEBT COLLECTION”

Client invoice to be written off as bad debt, client to be archived on XPM, client to be removed from portal and disengaged

IF DEBT PAID AFTER LODGMENT ON EQUIFAX

The client is required to pay entire amount owed and a \$300+GST invoice (within default letter) issued for the removal of credit default listing to have file cleared.

Email David a request to removal default listing advising payment received in full and client has paid default removal fee.

Contact Customer Service Centre on 138 332 to initiate removal of credit default.