

GST and BAS - Part One

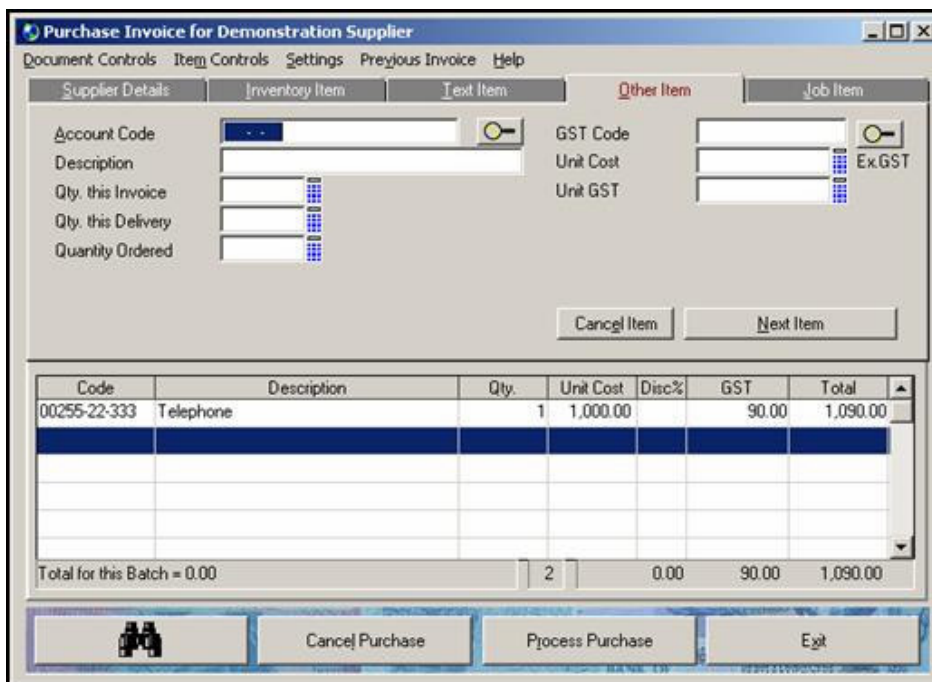
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The next few articles will highlight how Sybiz Vision calculates the BAS. This month's article focuses on the main problem experienced in transaction processing. All articles assume that reporting is on accrual basis.

Whenever a user is in sales invoicing or credit notes, or when processing a receipt or payment, there is an option when adding a line item or splitting to allocate a GST Code against that transaction line. This GST Code determines where in the BAS the transaction will be reported.

The main problem with getting a BAS that balances is that users will allocate a GST Code of say 10% but will alter the GST Amount to be something other than 10%. This is by far the most common mistake we encounter when trying to reconcile the GST transactions and the BAS.

An example of this is if a user processes say a telephone invoice for telephone calls and telephone rental. If say telephone rental is GST free then the invoice will be entered as:

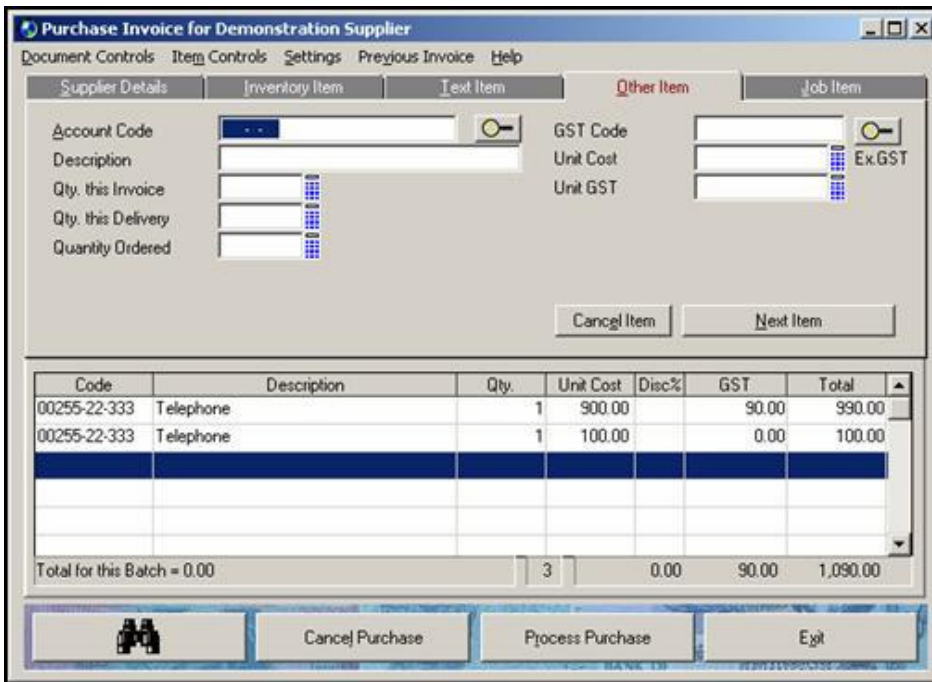


Code	Description	Qty.	Unit Cost	Disc%	GST	Total
00255-22-333	Telephone	1	1,000.00		90.00	1,090.00

Total for this Batch = 0.00 2 0.00 90.00 1,090.00

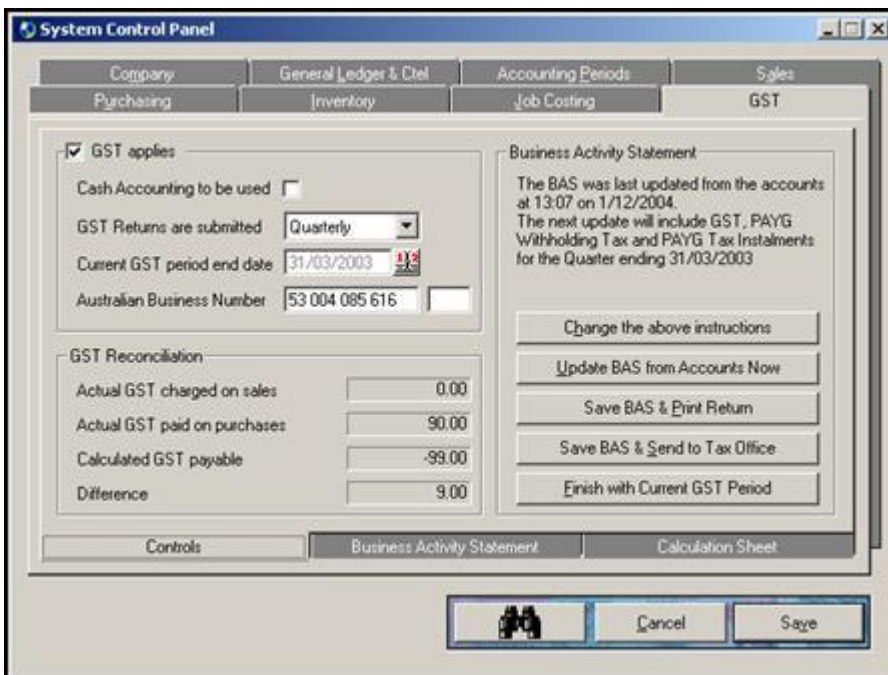
The system will allow and process this transaction. However the BAS the program, when calculating the GST will always look at amount of each transaction including GST and attempt to back calculate the GST amount by multiplying the amount including GST by 1/11 (if GST is 10% and the transaction was a GST Applies transaction). It will not use the GST figure that the user entered into the system.

To calculate the GST and BAS correctly the user needs to enter the invoice in the following manner:



This is the preferred method of entering an invoice that has two different GST Codes in the same charge.

The result of the above incorrect transaction can be seen below – found in the System Control Panel – GST tab:



The actual GST paid on purchases was the \$90 we were charged, however Sybiz Vision has determined that based on the GST Code we should have been charged

$$\text{GST} = \text{Total Including GST} * 1/11 = 1090 * 1/11 = 99.09$$

The difference between the two is \$9. However the amount the BAS will ask you to remit is the full \$99. This would be incorrect.

In our next article we will see how finishing the GST Period can make all the difference to correct reporting, as well as how the transactions flow through to the BAS.