

MYOB Advanced Quick Guide Australian Tax and BAS Reporting

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Introduction

This quick guide discusses how the Australia tax is setup in MYOB Advanced and how this setup determines how the tax will be recorded to report the GST, Non GST and GST exempt financial transactions entered for a particular tax period.

This quick guide will also explain the tax vendor and how to lodge and pay GST to the Australian Tax Office.

This quick guide takes screen shots from and was tested using MYOB Advanced Enterprise edition Version 1.00.5493.00.

Taxes in MYOB Advanced

MYOB Advanced uses 3 components in calculating GST, these are Taxes, Tax Categories and Tax Zones.

Individual taxes are assigned to both Tax Categories and Tax Zones. The combination of Tax Zones and Tax categories will determine how GST will be applied on a purchase or sales transaction line.

Tax Zones are linked to customers and suppliers and Tax Categories are linked to inventory stock items and non-stock items. For a foreign customer the tax zone would be different to the domestic customers who would incur GST on transactions.

For domestic customers who incur GST particular inventory stock items or non-stock items may be exempt from GST therefore tax categories are used to identify which are exempt and which are not exempt from GST.

Once the transaction is finalised and released then the Taxes are calculated and updates the Tax report. Once the Tax report is finalised and prepared the next step is to release and close the tax report for that period.

The tax report calculates the GST Paid and GST received values and generate transactions for ATO vendor. Based on the amount payable and receivable values this will then determine the transaction type as an ATO Vendor Invoice or an ATO Debit Adjustment.

General Business Tax Flow

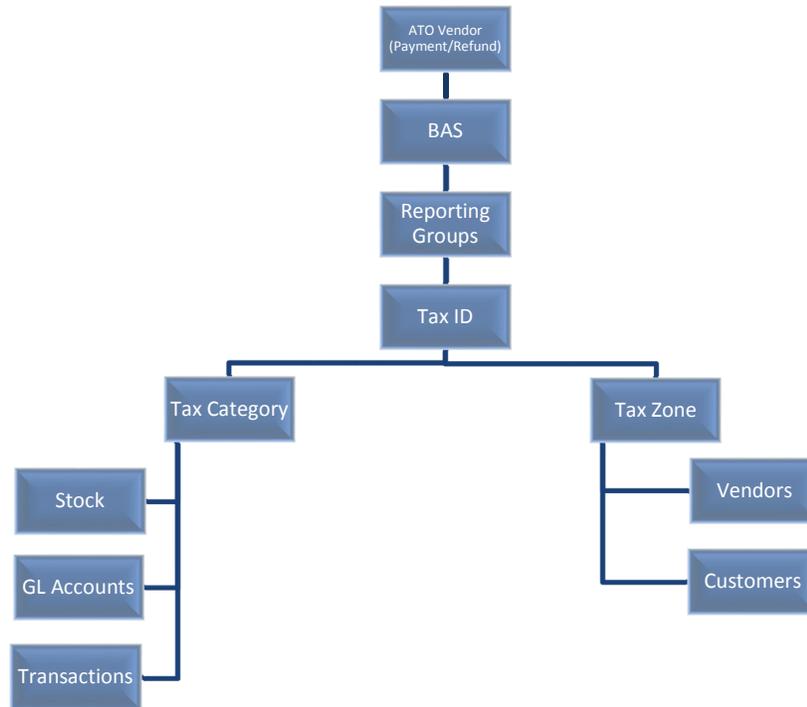
Below is a general overview of the Tax configuration used for MYOB, the diagram shows that the starting point is a Tax ID which is linked to the tax category and tax zone, these zones and categories are used in the configuration of customer, vendor and inventory which flows through to the transactions.

The transactions will later be reported upon and lodged with the ATO and finally payment to the ATO.



Taxes Architecture

The diagram below shows how the transaction flows upwards into the ATO payment or refund.



Business Activity Statement

The Business Activity statement below shows how each section is populated from the various Tax ID's used in MYOB Advanced.

GST calculation worksheet for BAS				Tax period	
(If you want to use the calculation sheet method to work out GST amounts)				Name	
Do not lodge the calculation sheet with your BAS				Show amounts at these labels on your BAS	
We recommend you file it with a copy of the BAS to which it relates					
GST amounts you owe the Tax Office from sales					
G1	Total sales (including any GST)	G1	\$		G1SalesGST
G2	Export sales	G2	\$	G2ExportSalesNoGST	G2 on the BAS
G3	Other GST-free sales	G3	\$	G3GSTFreeSales	G3 on the BAS
G4	Input taxed sales	G4	\$	G4InputTaxSalesNoGST	
G5	G2 + G3 + G4	G5	\$		
G6	Total sales subject to GST (G1 minus G5)	G6	\$		
G7	Adjustments (if applicable)	G7	\$		G7AdjSales
G8	Total sales subject to GST after adjustments (G6 + G7)	G8	\$		
G9	GST on sales (G8 divided by eleven)	G9	\$		1A in the Summary section of the BAS
GST amounts the Tax Office owes you from purchases					
G10	Capital purchases (including any GST)	G10	\$	G10CapGST	G10 on the BAS
G11	Non-capital purchases (including any GST)	G11	\$	G11NonCapGST	G11 on the BAS
G12	G10 + G11	G12	\$		
G13	Purchases for making input taxed sales	G13	\$	G13CapInputs, G13NonCapInputs	
G14	Purchases without GST in the price	G14	\$	G14CapNoGST, G14NonCapNoGST	
G15	Estimated purchases for private use or not income tax deductible	G15	\$	G15CapPrivateUse, G15NonCapPrivateUse	
G16	G13 + G14 + G15	G16	\$		
G17	Total purchases subject to GST (G12 minus G16)	G17	\$		
G18	Adjustments (if applicable)	G18	\$		G18AdjPurch
G19	Total purchases subject to GST after adjustments (G17 + G18)	G19	\$		
G20A	GST on purchases (Imports)	G20A	\$		G20AALLGSTPURC
G20	GST on purchases (G19 divided by eleven) + G20A	G20	\$		1B in the Summary section of the BAS

Taxes

Goods and Service Tax (GST) are referred to as Taxes in MYOB Advanced. There are currently 18 different types of Taxes configured in MYOB Advanced. Below are the list of available Taxes which can be found in menu path [Finance \ Taxes \ Work Area \ Manage \ Taxes].

Tax ID	Description	Account	Type
G10CapGST	GST 10% Capital Purchases Creditors	Vendor	GST
G11NonCapGST	GST 10% Non-capital Purchases Creditors	Vendor	GST
G13CapInputs	GST 0% Capital Purchases Input Taxed Sales Creditor	Vendor	GST
G13NonCapInputs	GST 0% Non-Capital Purchases Input Taxed Sales Creditor	Vendor	GST
G14CapNoGST	GST 0% Capital Purchases without GST in the Price Creditor	Vendor	GST
G14NonCapNoGST	GST 0% Non-Capital Purchases without GST in the Price Credit	Vendor	GST
G15CapPrivateUse	GST 0% Cap. Purch. Prv. Use&Not Income Tax Ded. Creditor	Vendor	GST
G15NonCapPrivateUse	GST 0% Non-Cap. Purch. Prv. Use&Not Income Tax Ded. Creditor	Vendor	GST
G18AdjPurch	GST 10% Adjustments Creditor	Vendor	GST
G1SalesGST	GST 10% Sales Debtors	Customer	GST
G20AALLGSTPURCH	GST 100% Import Purchases	Vendor	GST
G2ExportSalesNoGST	GST 0% Export Sales Debtors	Customer	GST
G3GSTFreeSales	GST 0 % Other GST-Free Sales Debtors	Customer	GST
G4InputTaxSalesNoGST	GST 0% Input Taxed Sales Debtors	Customer	GST
G7AdjSales	GST 10% Adjustments Debtors	Customer	GST
NOABNWITHHOLDING	No ABN Withholding	Vendor	Withholding
PurchExemptGST	GST Exempt Creditors	Vendor	GST
SalesExemptGST	GST Exempt Debtors	Customer	GST

In the provisioned MYOB Advanced database all the above tax ID are setup with effective tax rates, Calculation methods, GL accounts and linked to a Tax Agency ID.

Configuration of Taxes

Taxes are configured in menu path [Finance \ Taxes \ Work Area \ Manage \ Taxes].

The screenshot shows the 'Tax Settings' configuration for a tax ID 'G10CAP GST'. The description is 'GST 10% Capital Purchases Creditors' and the tax type is 'GST'. The 'Calculate On' option is set to 'Calc. On Item Amount', and the 'Cash Discount' is set to 'Does Not Affect Taxable Amount'. The tax agency is 'ATO - Australian Taxation Office'. Below the settings, the 'Tax Schedule' section shows a table with one entry:

Start Date	Tax Rate	Reporting Group
1/01/1900	10.000000	Creditor 10% CAPPURCH

For each Tax ID there are various options which are explained in greater detail.

CALCULATE ON

If you choose the option **Extract from Item Amount** then the tax will be calculated inclusive of prices on all transactions.

If you choose the option **Cal.On Item Amount** then the tax will be calculated exclusive of prices on all transactions.

Note: During the Implementation process users need to set this option based on the company requirements.

CASH DISCOUNT

The option of the Cash Discount option allows the user to either reduce the tax amount in a transaction if Cash discount is applicable or does not affect the taxable amount.

Note: During the Implementation process the client needs to set this option based on the requirements. It is recommended to get Accountant's advice in this setup.

GL ACCOUNTS

Tax Payable Account: Assign the **GST Collected** Account

Tax Payable Sub-Account: Assign the **GST Collected** Subaccount

Tax Claimable Account: Assign the **GST Paid** Account

Tax Claimable Subaccount: Assign the **GST Paid** Sub-Account

Note: During the Implementation process the client needs to assign the relevant GL accounts to all Taxes. It is recommended to get Accountant's advice in this setup.

During the transaction posting (releasing) process MYOB Advanced will automatically identify the GL accounts required to assign in a Creditor or Debtor transaction. For Example a Creditor Invoice will choose a Tax Claimable Account whilst a Debtor Invoice will choose a Tax Payable account. This configuration will also be applied when the ATO Vendor determines the GST Paid and GST Collected value.

TAX AGENCY ID

A Tax agency ID resembles a Tax Agency (Australian Tax Office) which is used to create the transaction against to either pay this Vendor or receive a refund once the BAS is finalised. MYOB Advanced provides an ATO vendor in the provisioned database.

ATO Vendor

- It allows end user to track all the tax transactions against this vendor.
- AP Invoice (In case of payment to ATO) or an AP Debit memo (In case of refund from ATO) are generated against this vendor to either be paid or receive a refund.
- The process also creates reversing entries to GST Collected and GST paid account which offsets the GL Value once the Invoice or debit adjustment is raised.

Note: In the Implementation process if client has their own ATO vendor setup from previous accounting system then a separate Vendor has to be setup using the option "Vendor is Tax Agency" under Vendor Properties and should be assigned to all Tax codes.

Tax Category

Tax categories are created in menu path [Finance \ Taxes \ Work Area \ Manage \ Tax Categories].

Tax categories are basically a combination of Taxes to be used in transactions. Every Tax category holds one Tax ID except the Default which can be used for both debtor and creditor transactions. If you assign the Default tax category to a debtor transaction then system will identify G1SalesGST Tax for the calculation and if you choose it for a creditor it will automatically choose G11NonCapGST.

Tax Category ID	Description	Account
CAPInput	G13 Cap Purch - Inputs	Vendor
CAPPrivate	G15 Cap Purch - Private	Vendor
CAPPurch	G10 Cap Purch - GST	Vendor
DefaultD	Default - Attracting GST	Vendor / Customer
DefaultO	Default - Attracting NO GST	Vendor / Customer
InputSales	G4 Input Tax Sales - No GST	Customer
NOCAPInput	G13 Non Cap Purch - Inputs	Vendor
NOCAPPriv	G15 Non Cap Purch - Private	Vendor
NOGSTCAP	G14 Cap Purch - No GST	Vendor
NOGSTNOCAP	G14 Non Cap Purch - No GST	Vendor
OthGSTFree	G3 GST Free - Sales	Customer

A Tax category can be used in Stock and Non-Stock Items setups form.

Tax categories can also be assigned to a Sales Order, Purchase Orders, AP Invoices, AR Invoices, Cash Book Voucher, Cash management transaction.

Tax Zones

Tax Zones are a group of TAX ID's available for a specific zone, all Vendors and Debtors must be linked to a Tax Zone. The provisioned database includes two tax zones which are domestic and overseas.

Domestic zone is designed to be used for all local Vendors and Debtors whereas Overseas Zone is designed to be used for foreign Vendors and Debtors.

For MYOB Advanced to calculate the Taxes in a transaction each Vendor and Debtor must be linked to a correct Tax Zone, the vendor or debtor configuration to a Tax Zone is done within the Vendor or Customer Class as shown below.

Supplier Classes

Class ID: DEFAULT
Description: Default Local Vendor

General Settings | GL Accounts | Mailing Settings

Default General Settings

Country: US - UNITED STATES
Tax Zone ID:
Requires Tax Zone

Default Financial Settings

Terms: 30D - 30 Days
Payment Method: CHECK - Check
Cash Account: 102000
Payment By: Due Date
Currency ID:
Curr. Rate Type: SPOT

Default Print and Email Settings

Print Orders
 Send Orders by Email

Further Tax Zones can be created in menu path [Finance \ Taxes \ Work Area \ Manage \ Tax Zones].

Tax Agency Vendor

A vendor can be configured to be used as a Tax Agency Vendor by marking the option "Vendor is Tax Agency" under Vendor properties.

General Info | Payment Settings | Purchase Settings | Locations | Contacts | GL Accounts | Tax Agency Settings | Mailing Settings

Main Contact

Company Name: Avalara Tax Agency
Attention:
Email: avataxa@mail.con
Web:
Phone 1:
Phone 2:
Fax:
Account Ref.#:
Parent Record:
Requires Tax Zone

Financial Settings

Vendor Class: DEFAULT - Default Local Vendor
Terms: 30D - 30 Days
Currency ID:
Curr. Rate Type: SPOT

Vendor Properties

Landed Cost Vendor
 Vendor is Tax Agency

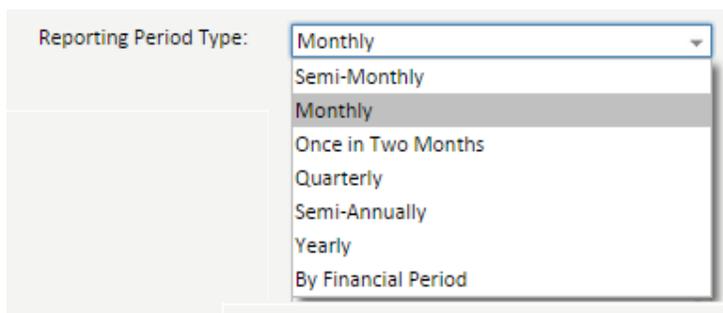
By enabling the setting *Vendor is Tax Agency*, once enabled a new tab Tax Agency Settings will be available to define the Reporting Period Type including the associated GL Accounts.

The setup is required when a company is required to use both the Taxes and Tax report feature in MYOB Advanced.

Tax Agency Settings TAB

Reporting Period Types

This is where you would specify the reporting period required to the Australian Tax Office



The screenshot shows a software interface with a label 'Reporting Period Type:' followed by a dropdown menu. The dropdown menu is open, displaying a list of options: 'Monthly', 'Semi-Monthly', 'Monthly', 'Once in Two Months', 'Quarterly', 'Semi-Annually', 'Yearly', and 'By Financial Period'. The first 'Monthly' option is highlighted with a grey background.

Note: An Accountant's discretion is advised for reporting period type's setup

GL Accounts

This is where you are required to assign the correct GL Accounts to be used.

Tax Payable Account: Assign the ***GST Collected*** Account

Tax Payable Sub-Account: Assign the ***GST Collected*** Subaccount

Tax Claimable Account: Assign the ***GST Paid*** Account

Tax Claimable Subaccount: Assign the ***GST Paid*** Sub-Account

Additional Options

A number of further options are available such as;

- Update Closed reporting periods
- Tax Reporting Rounding
- Tax Report Precision

Tax Transactions

This section will demonstrate what occurs for tax when both an AP and AR invoice are entered, released and posted to understand the configuration of the Tax categories and the impact on the General Ledger.

AP Invoice Transaction

Total Amount: 110.00, Tax Amount: 10.00, Taxable Total 100.00

MAIN > Bills And Adjustments

Type: Bill * Vendor: SUPPLIER1 - SUPPLIER1
 Reference Nbr.: 000001 Currency: AUD 1.00
 Status: Balanced * Terms: CASHONLY - Cash Only
 * Date: 17/07/2014 * Due Date: 17/07/2014
 * Post Period: 01-2015 * Cash Discount D...: 17/07/2014
 * Vendor Ref.: REF0001
 Description: REF0001

Detail Total: 100.00
 VAT Taxable Total: 100.00
 VAT Exempt Total: 0.00
 Tax Total: 10.00
 With. Tax: 0.00
 Balance: 110.00
 Rounding Diff.: 0.00
 Cash Discount: 0.00

Document Details: Financial Details Tax Details Applications

Transaction Descr.	Quantity	UOM	Unit Cost	Ext. Cost	Amount	*Account	Description	*Subaccount	Tax Category
REF0001	1.00		100.00	100.00	100.00	50	Cost of Goods Sold	0	PUR10CAP

Account	Description	Debit	Credit
1500	Accounts Payable		110.00
5000	Purchase Expense	100.00	
2400	GST Paid	10.00	

AR Invoice Transaction

Total Amount: 55.00, Tax Amount: 5.00, Taxable Total: 50.00

MAIN > Invoices and Memos

Type: Invoice * Customer: CUSTOMER1 - CUSTOMER1
 Reference Nbr.: 000001 Currency: AUD 1.00
 Status: Open * Terms: CASHONLY - Cash Only
 * Date: 17/07/2014 * Due Date: 17/07/2014
 * Post Period: 01-2015 * Project: X - Non-Project Code.
 Customer Ref. N...: REF0002
 Description: REF0002

Detail Total: 50.00
 Discount Total: 0.00
 VAT Taxable Total: 50.00
 VAT Exempt Total: 0.00
 Tax Total: 5.00
 Balance: 55.00
 Rounding Diff.: 0.00
 Amount: 55.00
 Cash Discount: 0.00

Document Details: Financial Details Billing Address Tax Details Salesperson Commission Discount Details Applications

Transaction Descr.	Quantity	UOM	Unit Price	Ext. Price	Amount	Discount Code	*Account	Description	*Subaccount	Tax Category
REF0002	1.00		50.00	50.00	50.00	40	Sales	0	DEFAULT	

Account	Description	Debit	Credit
1200	Accounts Receivable	55.00	
4000	Sales		50.00
2200	GST Collected		5.00

Tax Reporting

This section demonstrates how a tax report is prepared and released to create an ATO transaction to either pay or receive a refund.

Tax reporting to the Australian Tax Office uses the following procedure

- Prepare the tax report
- Release the tax report
- Print the GST Calculation Worksheet

Preparing the Tax report

The first step in the process is to prepare the tax report for the correct Branch, Tax Agency and the reporting period.

Tax reports are prepared in menu path [Finance \ Taxes \ Processes \ Closing \ Prepare Tax Report].

Prepare tax report for a period

Note : Tax report period is setup under ATO Vendor Tax Agency Settings TAB , use the option to define the Reporting period type and update the Tax Payable and Tax Claimable Account and Sub-Account. The ATO vendor period type and GL accounts has to be setup prior to the Implementation process inorder to effectively work with Tax report process.

In the tax report that is being prepared you will see the totals that the AP and AR transactions are responsible for.

Report Line	Description	Amount
1	Taxable Amount - 10% - Debtor	50.00
2	Tax Amount - 10% - Debtor	5.00
3	Taxable Amount - 0% - G2 - Debtor	0.00
4	Tax Amount - 0% - G2 - Debtor	0.00
5	Taxable Amount - 0% - G3 - Debtor	0.00
6	Tax Amount - 0% - G3 - Debtor	0.00
7	Taxable Amount - 0% - G4 - Debtor	0.00
8	Tax Amount - 0% - G4 - Debtor	0.00
9	Taxable Amount - 10% - G7 - Debtor	0.00
10	Tax Amount - 10% - G7 - Debtor	0.00
11	Taxable Amount - 10% - Captial Purchases - Creditor	100.00
12	Tax Amount - 10% - Captial Purchases - Creditor	10.00
13	Taxable Amount - 10% - Non-captial Purchases - Creditor	0.00
14	Tax Amount - 10% - Non-captial Purchases - Creditor	0.00
15	Taxable Amount - 0% - G13CAP - Creditor	0.00
16	Tax Amount - 0% - G13CAP - Creditor	0.00
17	Taxable Amount - 0% - G13NONCAP - Creditor	0.00
18	Tax Amount - 0% - G13NONCAP - Creditor	0.00
19	Taxable Amount - 0% - G14CAP - Creditor	0.00
20	Tax Amount - 0% - G14CAP - Creditor	0.00
21	Taxable Amount - 0% - G14NONCAP - Creditor	0.00

Release Tax Report

The next step in the process is to release the tax report, releasing a tax report is performed in menu path [Finance \ Taxes \ Processes \ Closing \ Release Tax Report].

As with the preparing the tax report you are required to select the Branch, Tax Agency and Reporting Period.

The release tax report screen also has 3 button which are

- **Void Report** to be used if you would like to Void this report and go back to Prepare tax report option
- **Close Period** to be used to close the report for reporting

In this example the option Close Period will be used to move to the next step of the process, in the example below the AP and AR transactions created are displayed in the release of the tax report.

MAIN - Release Tax Report

Adjust Tax Void Report Close Period

* Branch: MAIN - Main
 Tax Agency ID: ATO - Australian Taxation Office
 * Reporting Period: 01-2015
 Revision ID: 1
 From: 1/07/2014
 To: 31/07/2014

Details

Report Line	Description	Amount
1	Taxable Amount - 10% - Debtor	50.00
2	Tax Amount - 10% - Debtor	5.00
3	Taxable Amount - 0% - G2 - Debtor	
4	Tax Amount - 0% - G2 - Debtor	
5	Taxable Amount - 0% - G3 - Debtor	
6	Tax Amount - 0% - G3 - Debtor	
7	Taxable Amount - 0% - G4 - Debtor	
8	Tax Amount - 0% - G4 - Debtor	
9	Taxable Amount - 10% - G7 - Debtor	
10	Tax Amount - 10% - G7 - Debtor	
11	Taxable Amount - 10% - Capital Purchases - Creditor	100.00
12	Tax Amount - 10% - Capital Purchases - Creditor	10.00
13	Taxable Amount - 10% - Non-capital Purchases - Creditor	
14	Tax Amount - 10% - Non-capital Purchases - Creditor	
15	Taxable Amount - 0% - G13CAP - Creditor	
16	Tax Amount - 0% - G13CAP - Creditor	
17	Taxable Amount - 0% - G13NONCAP - Creditor	
18	Tax Amount - 0% - G13NONCAP - Creditor	
19	Taxable Amount - 0% - G14CAP - Creditor	

Print the GST Calculation Worksheet

The next step in the process is to print the GST Calculation Worksheet which can be printed from menu path [Finance \ Taxes \ Reports \ Tax report \ GST Calculation worksheet for BAS].

In this screen you need to select the Tax Agency and the Tax Reporting Period as demonstrated below.

MAIN - GST calculation worksheet for BAS

Run Report Save Template Remove Template Schedule Template

Template [dropdown] x

Default Shared

Report Parameters Additional Sort and Filters Print and Email Settings Report Versions

* Tax Agency: ATO - Australian Taxation Office * Tax Reporting period: 01-2015

The final step is to run the report and the following report will be generated from the documented example.

GST calculation worksheet for BAS

Tax period: From 01/07/2014 to 31/07/2014 (012015)

(If you want to use the calculation sheet method to work out GST amounts) Name: Main

Do not lodge the calculation sheet with your BAS
 We recommend you file it with a copy of the BAS to which it relates

Show amounts at these labels on your BAS

GST amounts you owe the Tax Office from sales

G1	Total sales (including any GST)		G1	55.00	G1 on the BAS
G2	Export sales	G2 \$		0.00	G2 on the BAS
G3	Other GST-free sales	G3 \$		0.00	G3 on the BAS
G4	Input taxed sales	G4 \$		0.00	
G5	G2 + G3 + G4		G5 \$	0.00	
G6	Total sales subject to GST (G1 minus G5)		G6	55.00	
G7	Adjustments (if applicable)		G7 \$	0.00	
G8	Total sales subject to GST after adjustments (G6 + G7)		G8	55.00	
G9	GST on sales (G8 divided by eleven)		G9	5.00	1A in the Summary section of the BAS

GST amounts the Tax Office owes you from purchases

G10	Capital purchases (including any GST)		G10	110.00	G10 on the BAS
G11	Non-capital purchases (including any GST)	G11 \$		0.00	G11 on the BAS
G12	G10 + G11		G12	110.00	
G13	Purchases for making input taxed sales	G13 \$		0.00	
G14	Purchases without GST in the price	G14 \$		0.00	
G15	Estimated purchases for private use or not income tax deductible	G15 \$		0.00	
G16	G13 + G14 + G15		G16 \$	0.00	
G17	Total purchases subject to GST (G12 minus G16)		G17	110.00	
G18	Adjustments (if applicable)		G18 \$	0.00	
G19	Total purchases subject to GST after adjustments (G17 + G18)		G19	110.00	
G20	GST on purchases (G19 divided by eleven)		G20	10.00	1B in the Summary section of the BAS

Now go to the GST section on the front of the BAS and follow the instructions on the form. You will need to transfer amounts from this calculation sheet to the BAS.

Client copy only. Do not send to ATO

Tax Agency Vendor Transaction

Once the Tax report has been released MYOB Advanced will automatically generate, in this scenario, a debit adjustment against the Tax Agency vendor, based on the GST calculations the business are eligible for a refund from Australian Tax Office.

The screenshot shows the 'Bills And Adjustments' window in MYOB Advanced. The 'Type' is set to 'Debit Adj.' and the 'Vendor' is 'ATO - Australian Taxation Office'. The 'Reference Nbr.' is '000002' and the 'Status' is 'Open'. The 'Date' is '31/07/2014' and the 'Post Period' is '01-2015'. The 'Amount' is '5.00'. The 'Summary' section shows: Detail Total: 5.00, VAT Taxable Total: 0.00, VAT Exempt Total: 0.00, Tax Total: 0.00, With Tax: 0.00, Balance: 5.00, Rounding Diff.: 0.00, Amount: 5.00, Cash Discount: 0.00. The 'Transaction Details' table is as follows:

Transaction Descr.	Quantity	UOM	Unit Cost	Ext. Cost	Amount	*Account	Description	*Subaccount	Tax Category
GST10DEBTOR	1.00		0.00	0.00	-5.00	22	GST Collected	0	
GST10CAPPURCHCREDITOR	1.00		0.00	0.00	10.00	24	GST Paid	0	

Below is the debit adjustment GL entry.

Account	Description	Debit	Credit
1500	Accounts Payable	5.00	
2200	GST Collected	5.00	
2400	GST Paid		10.00

GST Account Reconciliation

In MYOB Advanced it is recommended to instruct the client's accountant to perform regular GST account reconciliation. Any errors or any mismatch should be rectified and eliminated.

The Tax payable (GST Collected) and Tax Collected (GST Paid) account defined in Taxes GL Account tab will be used when an AP or AR transaction is posted to General ledger.

A typical Accounts payables invoice will post below GL entries

Account	Description	Debit	Credit
6100	Expense	100.00	
2400	GST Paid	10.00	
1500	Accounts Payable		110.00

A typical Accounts Receivable invoice will post below GL entries

Account	Description	Debit	Credit
4000	Sales		200.00
2200	GST Collected		20.00
1200	Accounts Receivable	220.00	

For example if we only have the above two transactions for a specific Tax period then MYOB Advanced at the end of period will show the following GST Account balances.

Account	Description	Debit	Credit
2400	GST Paid	10.00	
2200	GST Collected		20.00

Based on the above transactions the Business Activity Statement should show **Debit 10.00 payable to tax office which is collective total of above account balances.**

Once the Business Activity statement is finalised MYOB Advanced will post an AP document towards ATO vendor and the GL Entries will be as below. The AP document will offset the balances from GST accounts to Accounts payable account.

Account	Description	Debit	Credit
2400	GST Paid		10.00
2200	GST Collected	20.00	
1500	Accounts Payable		10.00

Once the payment is made to ATO vendor MYOB Advanced will post the following entries which offset AP account balance.

Account	Description	Debit	Credit
1000	Cash Account		10.00
1500	Accounts Payable	10.00	

In Conclusion at the end of the period all the balances and amount should offset with each other and there should not be any amount left in GST Paid or GST Collected account.

Note: After the above process if system holds any amounts in GST accounts then this needs to be investigated and rectified. Accountant advice is highly recommended for this procedure.

Possible Cause of Imbalances

- Direct posting of amounts in GST Accounts.
- Tax ID has been setup with incorrect GST paid and collected account.
- ATO vendor has incorrect GL account setup under Tax Agency settings.
- ATO Vendor has been setup with incorrect reporting period type.
- Transactions has not been processed for ATO vendor (Payment or Refund entry for the period).
- Invoices has been posted to periods which has been closed for Tax reporting.
- Invoices has not been posted to General ledger for the period.
- The opening balance of GST paid and GST collected account are incorrect at the time of initial setup and configuration.