

MYOB Advanced Business

Australian Tax and BAS Reporting

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MYOB Advanced ^{Live}

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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.

Taxes in MYOB Advanced

MYOB Advanced uses three 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

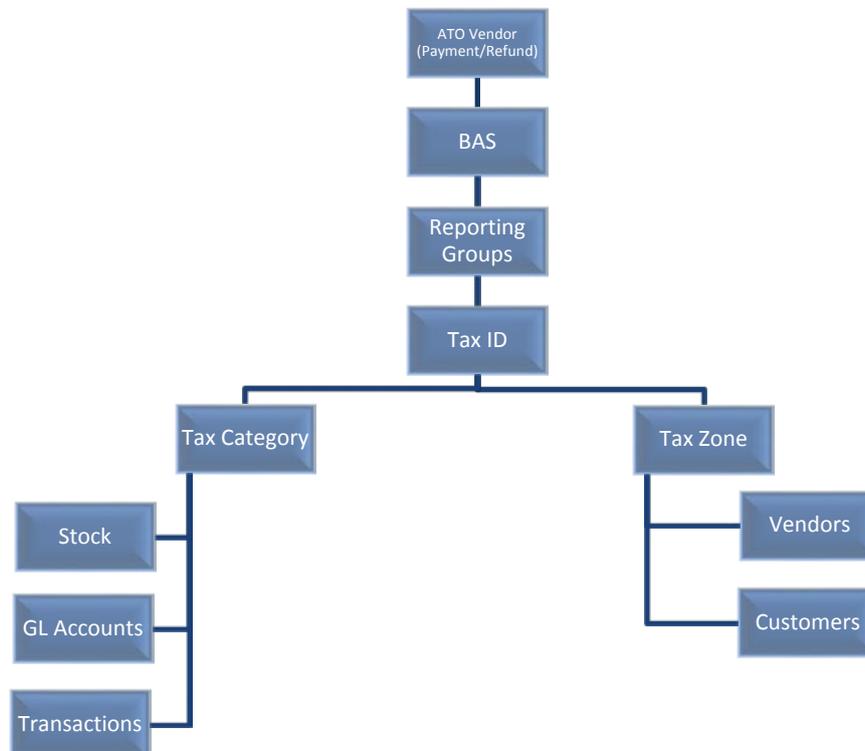
Below is a general overview of the Tax configuration used for MYOB, the diagram shows that the starting point is a Tax ID which is linked to the tax category and tax zone, these zones and categories are used in the configuration of customer, vendor and inventory which flows through to the transactions.

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 at Finance > Taxes > Work Area > Manage > Taxes.

Tax ID	Description	Account	Type
G10CAP GST	GST 10% Capital Purchases Creditors	Vendor	GST
G11NONCAP GST	GST 10% Non-capital Purchases Creditors	Vendor	GST
G13CAP INPUTS	GST 0% Capital Purchases Input Taxed Sales Creditor	Vendor	GST
G13NON CAP INPUTS	GST 0% Non-Capital Purchases Input Taxed Sales Creditor	Vendor	GST
G14CAP NO GST	GST 0% Capital Purchases without GST in the Price Creditor	Vendor	GST
G14NONCAP NOGST	GST 0% Non-Capital Purchases without GST in the Price Credit	Vendor	GST
G15CAP PRIVATEUSE	GST 0% Cap. Purch. Prv. Use&Not Income Tax Ded. Creditor	Vendor	GST
G15NONCAP PRIVATEUSE	GST 0% Non-Cap. Purch. Prv. Use&Not Income Tax Ded. Creditor	Vendor	GST
G18ADJ PURCH	GST 10% Adjustments Creditor	Vendor	GST
G1SALES GST	GST 10% Sales Debtors	Customer	GST
G20AIMPORTGST	GST 100% Import Purchases	Vendor	GST
G2EXPORTSALES NOGST	GST 0% Export Sales Debtors	Customer	GST
G3GST FREES ALES	GST 0 % Other GST-Free Sales Debtors	Customer	GST
G4INPUTTAXSALES NOGST	GST 0% Input Taxed Sales Debtors	Customer	GST
G7ADJ SALES	GST 10% Adjustments Debtors	Customer	GST
NOABNWITHHOLDING	No ABN Withholding	Vendor	Withholding
PURCH EXEMPTGST	GST Exempt Creditors	Vendor	GST
SALES EXEMPTGST	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 at 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 'Does Not Affect Taxable Amount'. The 'Tax Agency ID' is 'ATO - Australian Taxation Office'. Below the settings, the 'Tax Schedule' table is visible, showing a start date of 1/01/1900, a tax rate of 10.000000, and a reporting group of '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. We recommended you get an 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 Categories

Tax categories are created at 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
G20AIMPORTGST	GST 100% Import Purchases	Vendor

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:

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 at 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:

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

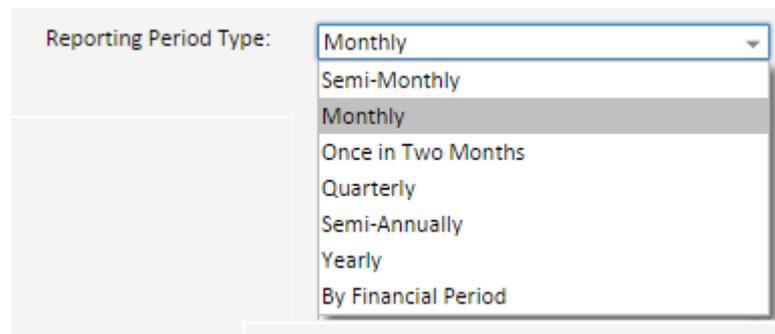
By enabling the setting *Vendor is Tax Agency*, once enabled a new tab Tax Agency Settings will be available to define the Reporting Period Type including the associated GL Accounts.

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



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 Detail Total: 100.00
 Reference Nbr.: 000001 Currency: AUD 1.00 View base VAT Taxable Total: 100.00
 Status: Balanced * Terms: CASHONLY - Cash Only VAT Exempt Total: 0.00
 Hold * Due Date: 17/07/2014 Tax Total: 10.00
 * Date: 17/07/2014 * Cash Discount D.: 17/07/2014 With. Tax: 0.00
 * Post Period: 01-2015 Balance: 110.00
 * Vendor Ref.: REF0001 Rounding Diff.: 0.00
 Description: REF0001 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	PURG10CAP

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 Detail Total: 50.00
 Reference Nbr.: 000001 Currency: AUD 1.00 View base Discount Total: 0.00
 Status: Open * Terms: CASHONLY - Cash Only VAT Taxable Total: 50.00
 Hold * Due Date: 17/07/2014 VAT Exempt Total: 0.00
 * Date: 17/07/2014 * Cash Discount D.: 17/07/2014 Tax Total: 5.00
 * Post Period: 01-2015 * Project: X - Non-Project Code. Balance: 55.00
 Customer Ref. N.: REF0002 Rounding Diff.: 0.00
 Description: REF0002 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

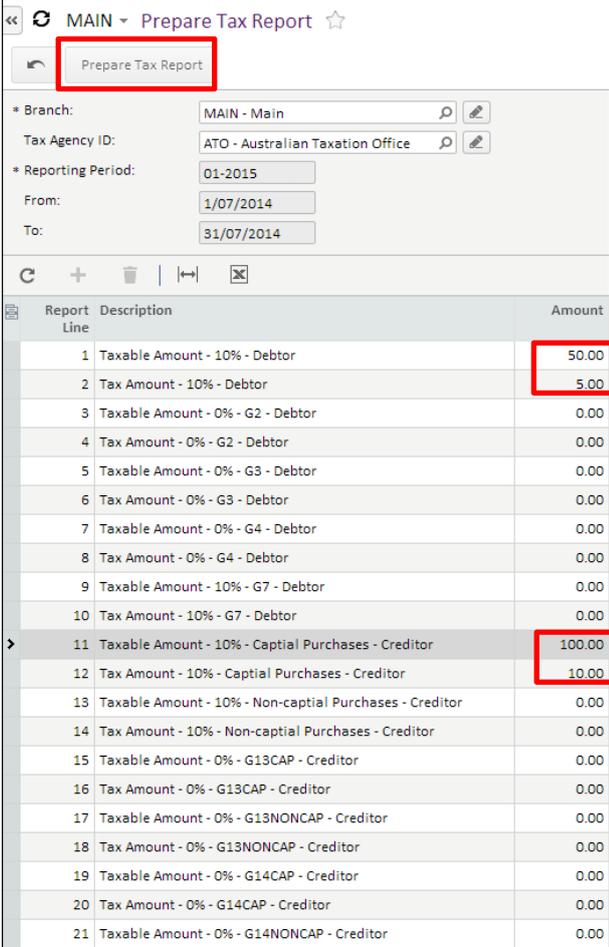
The first step in the process is to prepare the tax report for the correct Branch, Tax Agency and the reporting period.

Tax reports are prepared at Finance > Taxes > Processes > Closing > Prepare Tax Report.

Prepare tax report for a period

Note: The tax report period is set up 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 in order 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% - Capital Purchases - Creditor	100.00
12	Tax Amount - 10% - Capital Purchases - Creditor	10.00
13	Taxable Amount - 10% - Non-capital Purchases - Creditor	0.00
14	Tax Amount - 10% - Non-capital 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 at 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 screenshot shows the 'Release Tax Report' interface. At the top, there is a navigation bar with a back arrow, a refresh icon, the text 'MAIN', and the title 'Release Tax Report' with a star icon. Below this are five buttons: 'Adjust Tax', 'Void Report', 'Close Period', and 'Reports' (with a dropdown arrow). The main form area contains several fields: '* Branch:' with a dropdown menu showing 'MAIN - Main'; 'Tax Agency ID:' with a dropdown menu showing 'ATO - Australian Taxation Office'; '* Reporting Period:' with a dropdown menu showing '07-2015'; 'Revision ID:' with a text input field containing '1'; 'From:' with a date input field containing '1/01/2015'; and 'To:' with a date input field containing '31/01/2015'. Each dropdown menu has a search icon and an edit icon.

The release tax report screen also has the buttons:

- **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% - Captial Purchases - Creditor	100.00
12	Tax Amount - 10% - Captial Purchases - Creditor	10.00
13	Taxable Amount - 10% - Non-captial Purchases - Creditor	
14	Tax Amount - 10% - Non-captial 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 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

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.

MAIN Bills And Adjustments

Type: Debit Adj. * Vendor: ATO - Australian Taxation Office Detail Total: 5.00
 Reference Nbr.: 000002 Currency: AUD 1.00 View base VAT Taxable Total: 0.00
 Status: Open Terms: VAT Exempt Total: 0.00
 Hold Due Date: Tax Total: 0.00
 * Date: 31/07/2014 Cash Discount D... With. Tax: 0.00
 * Post Period: 01-2015 Balance: 5.00
 Vendor Ref.: Rounding Diff.: 0.00
 Description: Amount: 5.00
 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
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.

Withholding Tax

A *withholding tax* is a type of tax withheld from certain types of payments. For example, in Australia withholding tax can be applied to specific suppliers. In some cases, a company should withhold certain amounts from these supplier bills, report the amounts, and pay them directly to the tax agencies.

If a business supplies you with goods or services, it should quote its ABN to you. If it doesn't, you must generally withhold 49% from the payment you make to them and send the withheld amount to ATO.

MYOB Advanced allows the option of Withholding Tax and a separate Tax ID and Tax Zone is available.

Tax ID

Tax ID	Description	Tax Type	Account
NOABNWITHHOLDING	No ABN Withholding	Withholding	Vendor

Tax Zone

Tax Zone ID	Description	Default Tax Category	Tax ID
NOABNWITH	No ABN Withholding	DEFAULT	NOABNWITHHOLDING

Withholding Tax Transaction

Vendor Setup

If a Vendor does not provide their ABN No. then you must assign Tax Zone as NOABNWTH

The screenshot shows the 'Purchase Settings' tab for a vendor named SUMICON PTY LTD. The 'Tax Zone' field is highlighted with a red box and contains the value 'NOABNWTH - No ABN Withholding'. Other visible fields include 'Company Name', 'Attention', 'Phone 1', 'Phone 2', 'Fax', 'Email', 'Web', 'Shipper's Address', 'Default Location Settings', 'Shipping Instructions', and 'Receipt Actions'.

AP Invoice Entry

The screenshot shows the 'Bills And Adjustments' form for a bill from SUMICON - SUMICON PTY LTD. The 'Tax Total' and 'With Tax' fields are highlighted with a red box and both show the value 49.00. Other visible fields include 'Type', 'Reference Nbr.', 'Status', 'Date', 'Post Period', 'Vendor Ref.', 'Detail Total', 'GST Taxable Total', 'GST Exempt Total', 'Balance', 'Rounding Diff.', and 'Prompt Payment'.

*Branch	Inventory ID	Transaction Descr.	Quantity	Unit Cost	Ext. Cost	Amount	*Account	Description	*Subaccount	Tax Category
MAIN	LABOR	Labor	1.00	100.00	100.00	100.00	51000	Project Expense- Labor	0	DEFAULT

Main - Bills And Adjustments

Type: Bill Vendor: SUMICON - SUMICON PTY LTD Detail Total: 100.00
 Reference Nbr.: 000047 Location: MAIN - Primary Location GST Taxable Total: 0.00
 Status: Balanced Currency: AUD 1.00 View base GST Exempt Total: 0.00
 Date: 7/05/2015 Terms: CASHONLY - Cash Only Tax Total: 49.00
 Post Period: 11-2015 Due Date: 7/05/2015 With. Tax: 49.00
 Vendor Ref.: REF9087 Prompt Paym...: 7/05/2015 Balance: 100.00
 Description: Rounding Diff.: 0.00
 Prompt Payment ...: 0.00

Document Details Financial Details Tax Details Applications

Tax ID	Tax Rate	Taxable Amount	Tax Amount	Deductible Tax Rate	Expense Amount
NOABNWITHOLDING	49.000000	100.00	49.00	100.000000	0.00

AP Invoice Journal Entry

Account	Description	Debit	Credit
1500	Accounts Payable	0.00	100.00
6100	Purchasing Expenses	100.00	0.00

AP Payment Entry

Main - Cheques And Payments

Type: Cheque Vendor: SUMICON - SUMICON PTY LTD Payment Amo...: 51.00
 Reference Nbr.: 000001 Location: MAIN - Primary Location Unapplied Bal...: 0.00
 Status: Closed Payment Meth...: CASH Application A...: 0.00
 Application Date: 7/05/2015 Cash Account: 11 - CommBank A/c Finance Charg...: 0.00
 Application Pe...: 11-2015 Currency: AUD 1.00 View base
 Payment Ref.: Pay001 Description:

Documents to Apply Application History Financial Details Remittance Information Finance Charges

View Batch Reverse Application View Application Document

Batch Number	Document Type	*Reference Nbr.	Amount Paid	With. Tax	Applicati Period	Date	Balance	Currn	Post Period	Vendor Ref.
000151	Bill	000047	51.00	49.00	11-2015	7/05/2015	0.00	AUD	11-2015	REF9087

AP Payment Journal Entry

Account	Description	Debit	Credit
1020	Bank Account	0.00	51.00
2020	Withholding Payable	0.00	49.00
1500	Accounts Payable	100.00	0.00

Tax Matrix

MYOB Advanced allows you to default taxes in a transaction based on predefined criteria. An example would be a scenario where a company is dealing with Local and Overseas Suppliers/Customers where different taxes are applicable. The concept of Tax Matrix will allow system to prepopulate the Tax Category and Tax ID based on the Customer and Vendor Zones. In MYOB advanced the Tax engine looks for the combination of Tax ID from a Tax Category and Tax Zone and evaluates which tax needs to be applied to a customer or a Vendor transaction.

For Example if a Tax Category is created as below which holds all the generic tax Codes for local and overseas trade.

Default GST	G11NONCAP GST
	G14NONCAP NOGST
	G1SALES GST
	G2EXPORTSALES NOGST

A Tax zone can be defined as below which holds all the generic Tax ID's for local and overseas trade.

OVERSEAS	G14NONCAP NOGST
	G2EXPORTSALES NOGST

DOMESTIC	G11NONCAP GST
	G1SALES GST

Expected Result from Sales or Purchase Transactions

Scenario 1 - Buy Locally – Sell Locally

Inventory Tax Category	Vendor Tax Zone	Customer Tax Zone
Default GST	DOMESTIC	DOMESTIC
	G11NONCAP GST	G1SALES GST

Scenario 2 - Buy Overseas– Sell Overseas

Inventory Tax Category	Vendor Tax Zone	Customer Tax Zone
Default GST	OVERSEAS	OVERSEAS
	G14NONCAP NOGST	G2EXPORTSALES NOGST

Scenario 3 – Buy Overseas – Sell Locally

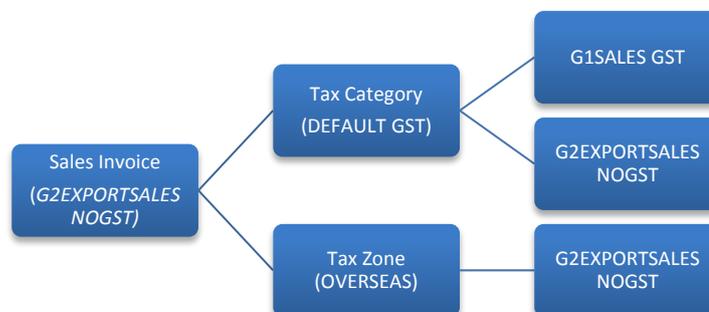
Inventory Tax Category	Vendor Tax Zone	Customer Tax Zone
Default GST	OVERSEAS	DOMESTIC
	G14NONCAP NOGST	G1SALES GST

Scenario 4 – Buy Locally – Sell Overseas

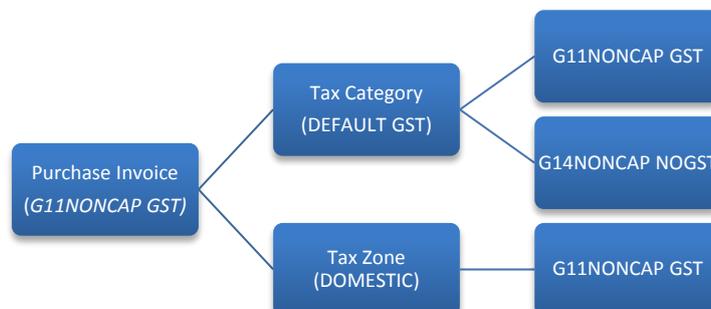
Inventory Tax Category	Vendor Tax Zone	Customer Tax Zone
Default GST	DOMESTIC	OVERSEAS
	G11NONCAP GST	G2EXPORTSALES NOGST

Example

Sales Tax Matrix



Purchase Tax Matrix



Updating Tax Codes for G20A

The 2015.2 release of MYOB Advanced Business included updates to the taxation system for Australian companies. These updates correctly populate the **G20A – GST on purchases (Imports)** field on the GST calculation worksheet for BAS report.

The changes to the taxation system introduced in 2015.2 are:

- A new **100% Import Purchases GST** option is added to the Taxes form (TX.20.50.00).
- A new “IMPORTGST” Tax Category is added.
- The G20AALLGSTPURCH tax code is changed as follows:
 - The new **100% Import Purchases GST** option is ticked.
 - The **Calculate On** field is set to “Extract from Item Amount (GST Inclusive)”.
 - The tax code is added to the new “IMPORTGST” category; this category will appear on the Categories tab.
 - The default “DOMESTIC” tax zone is added to the Zones tab.

Effects on Existing Sites

For sites who have upgraded to 2015.2 from a previous version, if the G20AALLGSTPURCH tax code has already been used in any invoices, then it will not be altered and a new tax code called **G20AIMPORTGST** will be created and configured as described above.

MYOB recommends that the new G20AIMPORTGST tax code be used in place of the old G20AALLGSTPURCH code when entering transactions on the Bills and Adjustments window (AP.30.10.00).

Note: Now that the new tax code is available, MYOB recommends against using the Tax Bills and Adjustments form (TX.30.30.00) to enter transactions.