

GST Adjustment form (GST 105)- for Payment/Cash Basis

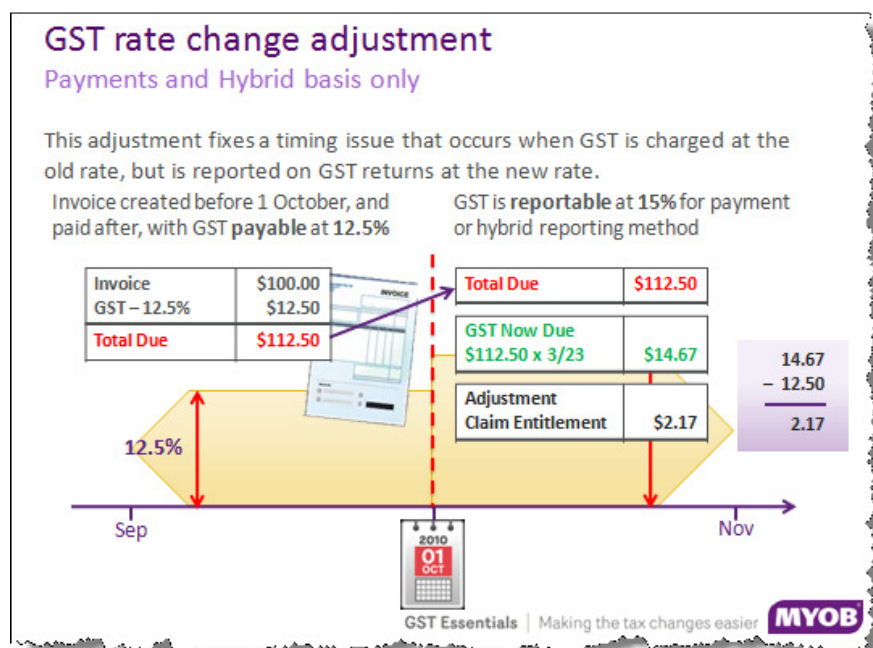
If you report GST on **payments** or **hybrid** basis, you may need to include a one-off GST adjustment for unpaid invoices and purchases as at 30 September, on your September return. This adjustment fixes a timing issue that occurs when GST is charged at the old rate, but is reported on GST returns at the new rate.

This can happen when an invoice is created before 1st October at 12.5% but paid after 1st October and therefore **reported** in a future GST return at 15%.

In the example below, an Invoice was created before 1 October, with GST payable at 12.5%. You have collected \$12.50 GST.

In October, you now need to report on the GST you have collected. However, during the transition, you will need to recalculate the amount at the new 15% GST rate. Therefore, you will need to calculate what the 15% GST component would be for the same invoice amount of \$112.50, which is \$14.67. You have reported \$14.67 GST to the IRD.

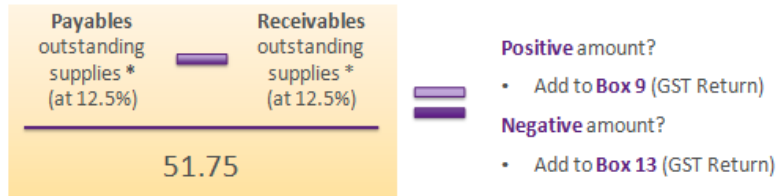
In this example, the GST Now Due is \$14.67, although you had only collected \$12.50 at the time of payment. Therefore, you are entitled to an adjustment claim of \$2.17 to cover the difference. It's important to get this adjustment right, so that your business is not left out of pocket. So make sure all your transactions are up to date at 30 September.



The calculation works like this (new example)

GST rate change adjustment

Adjustment Formula – Payments accounting basis



Example:

Payables	Receivables		
		1,265.67	
\$1,265.67	\$1,434.10	-1,434.10	
		-168.43	
		÷ 51.75	
		-3.25	Box 13
			3.25

* as per definition of Qualifying Supplies

GST Essentials | Making the tax changes easier

MYOB

Complete the GST return

If you need help to get it right, please call us. Kathy, Anil or myself (Lynley) can get the GST done for you and do a file check-up at the same time.

1. Complete bank recs, enter all debtors and creditors as usual
2. Run the two reports highlighted below – keep these with your GST paper work.

GST Transitional Reports
GST Rate Change Receivables
GST Rate Change Payables
GST [Detail - Debit Notes and Credit Notes]
GST Paid [Detail - Payments]
GST Collected [Detail - Payments]

- The GST Rate Change Receivables report includes all S rated invoices outstanding at 30th Sept

GST Rate Change Receivables			
30/09/2010			
07/10/2010 8:10:43 a.m.			Page 1
Name	GST Outstanding	Outstanding Supplies	
A-Z Stationery Supplies	\$1,769.44	\$15,924.96	
Chelsea Mosset	\$1,015.05	\$9,135.45	
Footloose Dance Studio	\$2,633.34	\$23,700.06	
Island Way Motel	\$2,533.34	\$22,800.06	
Leisure Landscape Nursery	\$1,911.11	\$17,199.99	
Total:	\$9,862.28	\$88,760.52	

- Complete the rate change adjustment form (extract)

3. Complete your rate change adjustment

Separate your qualifying supplies into a list of creditors (qualifying supplies received ie goods or services you have purchased but not paid for) and debtors (qualifying supplies made ie goods or services you have sold but not received a payment for).
Transfer your creditors total to Box A and your debtors total to Box B. Complete the calculation steps for Box C and Box D.

Your calculation

Total "qualifying supplies" received (purchased) including GST.	Creditors	A	\$	<input style="width: 80%;" type="text"/>
Total "qualifying supplies" made (sold) including GST. If you are on an Invoice or Hybrid accounting basis enter zero (0) in Box B	Debtors	B	\$	<input style="width: 80%;" type="text"/>
Subtract Box B from Box A		C	\$	<input style="width: 80%;" type="text"/>
Divide the difference by 51.75. This is your GST rate change adjustment.		D	\$	<input style="width: 80%;" type="text"/>

Tick one

If Box A is larger than Box B, GST is payable.

If Box B is larger than Box A, a GST credit is available.

- Take amount from D and add it to Box 9 or Box 13 in your GST101 form
- Pat yourself on the back and have a glass of red (check you've locked the period)

Credits post 1st Oct

These could be tricky as credits may occur anytime in the next 12 months. Credits after the 1 Oct relating to invoices prior to 1st October must use the **same** GST code. They become adjustments (Box 9 or Box 13) in subsequent GST returns.

- To pick up credits after 1st Oct, run the following report

GST Transitional Reports
GST Rate Change Receivables
GST Rate Change Payables
GST [Detail - Debit Notes and Credit Notes]
GST Paid [Detail - Payments]
GST Collected [Detail - Payments]

2. These credits need to be added to **Box 9** or **Box 13** in your GST101 form