

Chapter A4: Setting up GST

Although all users can carry out the functions described in this Chapter, we recommend that they only be done with Administrator approval, as they can have system-wide consequences.

It is possible to produce a Business Activity Statement (BAS) or an Instalment Activity Statement (IAS) from coded transactions in the BankLink Practice client file. Depending on your tax system, you may also be able to export the BAS/IAS directly to your tax system. This allows you to leave the coded data in BankLink Practice until you require it in your main accounting system.

You do not have to use BankLink Practice to produce your BAS/IAS as you have the option to transfer the coded data to your main accounting system and complete your BAS/IAS from there instead. It does mean that you have to export coded data to your main accounting system on a regular basis.

Whether or not you complete your BAS/IAS in BankLink Practice, you must have valid GST classes assigned to your chart of account codes in BankLink Practice so that when you code, BankLink Practice calculates the GST for you. These codes are in most cases, brought in with your chart of accounts when the chart is refreshed.

To produce a BAS/IAS out of BankLink Practice, in addition to having GST classes assigned to the chart of account codes, you must also set up the BAS fields in BankLink Practice so that your coded transactions appear correctly on the BAS/IAS.

There are two main parts to the GST set up:

- **GST Classes** - The GST classes that are available to be applied to coded transactions. This is not only the type of rate, but also the percentage of GST that is applied i.e. 10% or 0%.
- **BAS Fields** - Where you assign rules that apply to the GST classes to define how the BAS/IAS is completed. It is the set up of the BAS fields that tells BankLink Practice how to populate the BAS/IAS.

GST Templates

BankLink Practice uses templates to make the task of setting up GST easier. A template file is a file containing GST rates and BAS Fields information specific to your accounting system. They are delivered with your BankLink Practice software. You can also create your own if a template is not available for your main accounting system, or if you wish to edit your existing template.

BankLink Practice uses the template file to complete the **Rates** tab and the **BAS Fields** tab in the GST set up.

This Chapter covers:

- GST templates files
- The Full and Simplified methods
- Business norm percentages
- Setting up a client for GST

See also **Reporting GST** in Chapter 13: Producing Reports

About template files

BankLink Practice uses **templates** to make the task of setting up GST easier.

What is a template file?

A template file is a file containing GST rates and BAS Fields information.

Template files are ASCII text files with the suffix:

- .tpm (Master Templates)
- .tpl (User created templates)

stored in the \BK5\TEMPLATE directory. BankLink Practice creates this directory automatically when you install it.

Master templates

Templates are available for most popular accounting systems:

Accounting System	Template
BCS Accounting	BCS.TPM
BGL Simple Fund	BGL.TPM
Catsoft Ledgercat 2000	CATSOFT.TPM
Elite	ELITE.TPM
HandiSoft HandiLedger	HL.TPM
M/GL General Ledger	MGL.TPM
MYOB Accountants Enterprise Accounts	XLON.TPM
MYOB Accountants Enterprise MAS	SOL6.TPM
MYOB Accountants Office	MYOBAO.TPM
Professional Accounting	APS.TPM
QuickBooks 7.x	QUICKBKS.TPM
Tax Assistant	TAXASST.TPM

If there is no pre-existing information in the **Rates** or **BAS Fields** tabs, a master template file is automatically loaded when you refresh the chart into BankLink Practice for these accounting systems. It is used to automatically complete the **Rates** tab and the **BAS Fields** tab in the GST set up.

Ensure that the correct accounting system and path information is identified in your practice details (see Chapter A9). If you do this, then BankLink Practice uses the default template for each client.

Creating your own template

If your main accounting system has no associated template, or does not transfer GST details to BankLink Practice via the Chart Refresh process, then you need to follow these instructions to create your own template:

Stage 1

In BankLink Practice, complete the five tabs in the **GST Set Up** window as described in Set up GST.

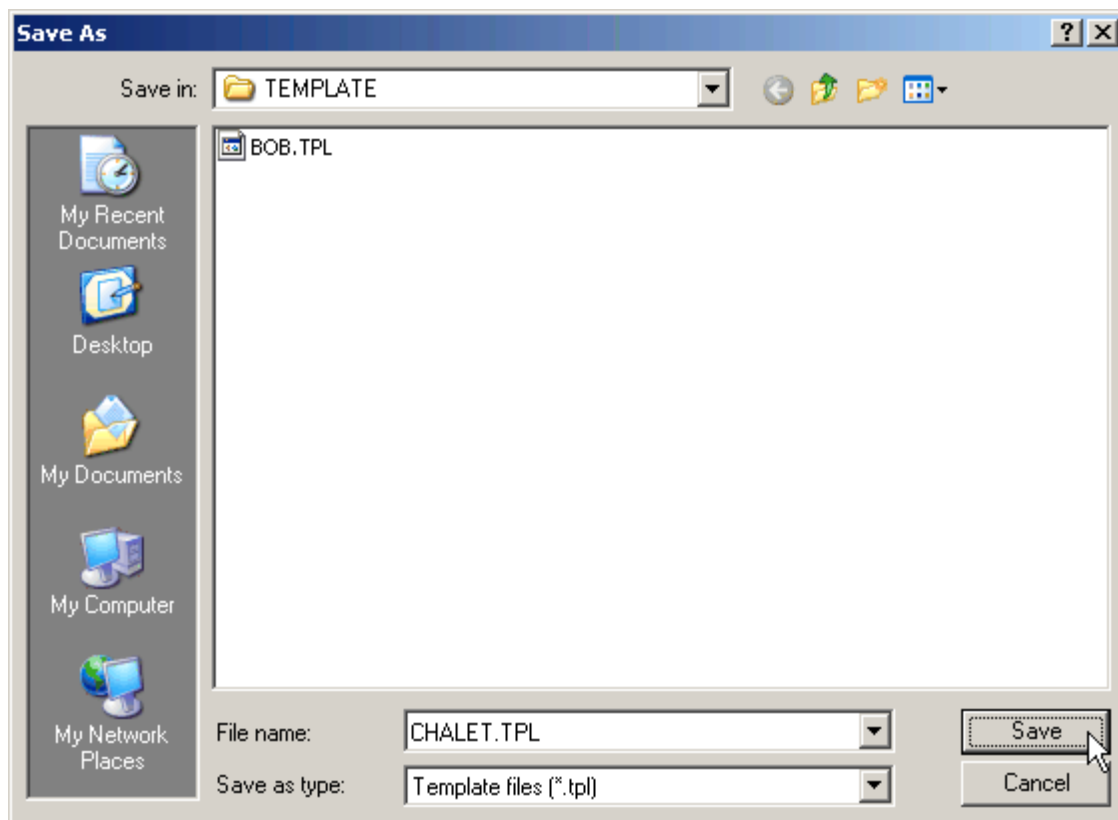
Stage 2

Allocate a GST class to each account code in your chart of accounts in BankLink Practice; see **Maintaining client chart of accounts information** in Chapter 2 for detailed information on creating a chart of accounts in BankLink Practice.

Stage 3: Save a user-created template:

- 1 Click **Other Functions, Templates, Save BAS Template**

BankLink Practice displays the **Save As** window - Template files (*.tpl) appears in the **Save as type** field



- 2 Type in a file name in the **File name** field - the client code of the open client. TPL appears by default
- 3 Click **Save**
BankLink Practice confirms that the details have been saved
- 4 Click **OK**

A chart of accounts is also contained in a user defined template file. The chart of accounts is loaded along with the GST information. The chart of accounts adds account codes and assigns GST rates to existing account codes but does not overwrite any existing chart information. This is not the same as a merge - see the warning below.

Stage 4: Load a user-created template:

The saved template file containing the GST rates and BAS Fields information for one client can now be copied to another by loading the template file:

- 1 Click **File, Open** to open a the client you want to load the template in to
- 2 Click **Other Functions, Templates, Load BAS Template**
- 3 Select a template file from the list and check that the correct template is in the **File name** field
- 4 Click **Open**
BankLink Practice informs you that the GST details have been loaded from the template file
- 5 Click **OK**



Loading a template is not the same as a refresh or merge:

- If the chart of the client file to which the template is loaded is completely blank, loading a user-defined template which includes a chart loads all chart fields except division and sub-group
- If there is at least one chart code, loading a user-defined template which includes a chart applies only the GST class to codes which exist both in the chart and in the template, **overwriting** the existing class.



If you want to create your own template without a chart:

- 1 Click **File, Save As...** to save a duplicate of the file under another name
- 2 Delete the chart from the new version
- 3 Save the template from that file.

About the Full and Simplified methods

BankLink Practice's Business Activity Statement is based on the current version of the ATO (Australian Tax Office) Business Activity Statement (BAS). BankLink Practice is able to produce the BAS according to either of two authorised methods, called **Full** and **Simplified** in BankLink Practice.

The Full method: This method follows the original ATO guidelines and uses the GST class applied to a transaction to populate the relevant **G** boxes of the BAS with the gross amount of the transaction. For more information refer to the ATO's Business Activity Statement Instructions - **GST calculation sheet option**. If you use the Full method in BankLink Practice:

- You cannot edit the GST Amount
- You can edit the GST Class
- You must dissect transactions where the GST is neither the default nor zero

The Simplified method: The ATO have since produced BAS instructions offering another option when completing the GST section of the BAS. For more information refer to the ATO's Business Activity Statement Instructions - **GST derived from accounts option**. If you use the Simplified method in BankLink Practice:

- You can edit the GST Amount
- You can edit the GST Class
- You do not need to dissect transactions where the GST is neither the default nor zero

In BankLink Practice you define at client level whether to use the Full or Simplified method for production of the Business Activity Statement. BankLink Practice enables the Full method by default when you create a new client file. This procedure is also described in Chapter A5 on using the client set up wizard. It is included here in case you want to change just this aspect of the client's GST set up.

To set up a client for the Simplified method:

- 1 Click **Other Functions, GST Set Up**
BankLink Practice displays the **GST Set Up** window
- 2 Click the **Calculation Method** tab
- 3 Click the **Simplified Method** button
- 4 Click **OK**



You can change from the Full to the Simplified method at any time. However, you cannot change back from the Simplified to the Full method part way through a GST period, as the coding conventions used in the Simplified method may cause the GST Calculation Sheet of the BAS to be incorrect.

About business norm percentages

Some retailers have many transactions across a range of GST-free, GST-taxable and mixed sales. To simplify administration the ATO, industry associations, and the business community have jointly developed business norm percentages.

These standard percentages are used to estimate GST-free sales and purchases at the end of each tax period, rather than having to record the GST component of every transaction. You can obtain a full list of the retailers eligible to use the business norm method, the relevant percentage rates, and the criteria that must be met, from the ATO.

You can also establish your own percentage allocations from trials. In BankLink Practice, there are two ways of coding transactions to account for business norm percentages:

- The preferred method is to apply the business norm percentages at the end of the month or tax period

Or:

- You can dissect every sale and purchase in the **Code Entries** window into a taxable and a GST-free percentage - this can be very time consuming

There are five stages to applying business norm percentages to a client in BankLink Practice:

- 1 Input the business norm percentages that apply to the client
- 2 Assign BankLink Practice report groups to the account codes you want to report on (for example: sales and stock purchases)
- 3 Code sales and purchases to account codes with a GST class attached
- 4 Produce a business norm percentages report
- 5 Enter journals to account for GST-free sales and purchases

In the following example, the client is trading as a convenience store that prepares take-aways. The business norm percentages are:

- Sales 22.50% GST-free
- Purchases 30.00% GST-free

Stage 1: Input business norm percentages

To input the business norm percentages:

- 1 Open the client file
- 2 Click **Other Functions, GST Set Up, Rates**
- 3 Click on the **Rates** tab
- 4 Click in the **Norm %** field of the GST taxable sales class
- 5 Input the GST-free percentage, for example: **22.50**
- 6 Click in the **Norm %** field of the GST taxable purchases class
- 7 Input the GST-free percentage, for example: **30.00**
- 8 Click **OK**

Stage 2: Assign report groups to account codes

To assign BankLink Practice report groups to the account codes that you want to report on:

- 1 Click **Other Functions, Chart of Accounts, Maintain Chart**
- 2 Click **Show Quick Set**
- 3 Select the sales code(s) from the **Code** column



To select a range of codes, click on the first code then hold down the **Shift** key and click on the last code in the range. To select multiple codes, hold down the **Ctrl** key and click on each code you want to select.

- 4 Select Income from the report group list (**I**) under Quick Set
- 5 Select the purchases code(s) from the **Code** column
- 6 Select Purchases from the report group list (**P**) under Quick Set



The purpose of the report groups in BankLink Practice is explained fully in Chapter 12. Assigning report groups tells BankLink Practice where you want each account code to appear in the various reports available in BankLink Practice.

Stage 3: Code your data

Code all sales and purchases to account codes with a GST class attached. See the Chapter 3 for detailed information on coding.

Stage 4: Business norm percentages report

To produce a business norm percentages report:

- 1 Click **Reports, GST Reports, Business Norm Percentages Report**
BankLink Practice displays the **Business Norm Percentages Report** window, confirming the complete date range of transactions for this client
- 2 Enter the **From** and **To** dates for the period you require
- 3 Select from:
 - **Preview** to display a print preview on screen
 - **File** to save a report in .csv, .txt format; .pdf or Microsoft Excel® format
 - **Add** to save the report with the setup shown, to your list of Favourite reports
 - **Print** to send a report to your default printer
 - **Cancel** if you no longer require a report

Stage 5: Enter journals to adjust GST

The GST-free amounts in the above report are used to input the period end correction journals.

To enter journals to account for GST-free sales and purchases:

- 1 Click **Data Entry, Cash Journals**
- 2 Select a month end date
BankLink Practice displays the **Enter Journal** window
- 3 Enter the account code from the first entry in the report
- 4 Enter the GST free amount for that code

- 5 Click in the GST column and enter the appropriate non-taxable GST Class (click **F7** to look it up)
- 6 Click in the account field on the next journal line and repeat the account code
- 7 Press = to balance the journal
- 8 Repeat steps 3-7 for all the account codes and amounts in the business norm percentages report

See Chapter 10 for more details on how to create journals. Once you have transferred the data to your main accounting system you can produce a Business Activity Statement with the correct amount of GST reflected in the control accounts.

Set up GST for a client

BankLink Practice uses **templates** to make the task of setting up GST easier. A template file is a file containing GST rates and BAS Fields information specific to your accounting system. Template files are delivered with your BankLink Practice software, and make the task of setting up each client for GST much easier.

Normally to set up a client for GST, you use the template for your accounting system, and simply accept the defaults during the Client Set-up Wizard (see Chapter A5: Creating client Files and attaching bank accounts)

However, you can maintain the GST details for a specific client via the **GST Set Up** window. There are six tabs in this window:

- Details
- Rates
- BAS Fields
- Report Options
- Calculation Method
- Other Rates

You must at least complete set up the **Rates** tab and (if relevant) the **Calculation Method** tab (BankLink Practice defaults to the Full Method) to calculate GST on a transaction. The other tabs relate to completing the BAS/IAS in BankLink Practice.

To view the GST Set Up window:

- Select **Other Functions, GST Set Up** or click **GST Set Up** under the **GST** button on the toolbar

BankLink Practice displays the **GST Set Up** window, showing the **Details** tab

To complete the Details tab:

You only need to complete the **Details** tab if you produce the BAS/IAS from BankLink Practice.

- 1 Click in the **Australian Business No** field and enter the client's ABN
- 2 Click in the **TFN** field and enter the client's Tax File Number



The TFN field is optional, except when interfacing to APS Tax

- 3 Click in the **GST Basis** field and select **Cash** or **Accrual** as applicable
- 4 Click in the **Starts** field and select the month that you want GST reporting to commence
- 5 Click in the **GST Period** field and select the GST reporting frequency:
 - N/A
 - Monthly
 - Quarterly
- 6 Click in the **PAYG tax withheld period** field and select the PAYG reporting frequency:
 - N/A
 - Monthly
 - Quarterly
- 7 Click in the **PAYG income tax** field and select the PAYG tax reporting frequency:
 - N/A
 - Quarterly

BankLink Practice completes the **BAS/IAS Statement Periods** depending on the options you choose

8 Enable the **Include FBT/WET/LCT** check box if you are including Fringe Benefit Tax, Wine Equalisation Tax, or Luxury Car Tax on your BAS forms

9 Enable the **Include Fuel Tax** check box if you are including Fuel Tax on your BAS forms



When you enable the **Fuel Tax Credit** check box BankLink Practice adds the Fuel tax calculation worksheet to the BAS - amounts entered here populate field 7D in the Summary

10 Click in the **Tax Ledger code** field and enter the client's tax ledger code from your tax product - you only need to do this if your tax product allows you to export the BAS from BankLink Practice directly to the tax module.

To complete the Rates tab:

1 Click the **Rates** tab

BankLink Practice displays the **Rates** tab

ID	Class Description	Rate 1	Rate 2	Rate 3	Control A/c	Norm
1	Taxable supplies (sales)	10.0000	0.0000	0.0000	892	
2	GST free supplies (sales)	0.0000	0.0000	0.0000	892	
3	Exports (sales)	0.0000	0.0000	0.0000	892	
4	Input taxed supplies (sales)	0.0000	0.0000	0.0000	892	
5	Capital Purchases for producing input taxed	0.0000	0.0000	0.0000	891	
6	Purchases for producing input taxed supplie	0.0000	0.0000	0.0000	891	
7	Taxable acquisitions - capital (purchases)	10.0000	0.0000	0.0000	891	
8	Taxable acquisitions - other (purchases)	10.0000	0.0000	0.0000	891	
9	Private use/non deductible - capital (purcha	0.0000	0.0000	0.0000	891	
10	Private use/non deductible - other (purchas	0.0000	0.0000	0.0000	891	



If BankLink Practice has recognised default GST classes assigned to the chart of account codes in your main accounting system, and if a template exists for the GST set up of the system, then the template automatically loads the first time you refresh your client's chart in BankLink Practice. In this case the rate types and percentages display completed in this tab and you may not have to do anything further. You may still need to complete the **Control A/c** and **Norm %** columns.

If you do not use a template, you need to complete all the instructions below.

2 Enter an **Effective Date** for **Rate 1**

3 Click in the **ID** field and enter a short code for this class (up to 4 characters)

- 4 Click in the **Class Description** field and enter GST class description details to mirror your main accounting system
- 5 Click on the **Rate 1** field and enter the rate that applies to the description entered - these rates should match those in your accounting system
- 6 Click in the **Control A/c** field and enter the GST control account code that relates to this rate.
- 7 If required, click in the **Norm %** field and enter business norm percentages as per the ATO guidelines. These standard percentages can be applied to the gross amount of the sales and purchases to calculate GST-free amounts at the end of the tax period.
- 8 Repeat steps 2-6 for all rates used in your main accounting system

To apply effective dates to GST rates:

BankLink Practice allows you to apply more than one GST rate to a GST class - this is to cater for GST rate changes. If the GST rates are changed:

- 1 Put the date the change takes effect in **Rate 2**
- 2 Update the percentages in the **Rate 2** column accordingly

To view the BAS Fields tab:

The **BAS Fields** tab only needs to be completed if you are producing the BAS/IAS from BankLink Practice.

- Click the **BAS Fields** tab

BankLink Practice displays the **BAS Fields** tab

The screenshot shows the 'GST Set Up' dialog box with the 'BAS Fields' tab selected. The dialog has several tabs: 'Details', 'Rates', 'BAS Fields', 'Report Options', 'Calculation Method', and 'Other Rates'. The main area contains the instruction: 'Select the GST Classes and Account Codes to be used to calculate the BAS totals'. Below this is a list of GST classes and account codes, including 'GST Calculation Sheet' (expanded to show G1: Total Sales, G2: Export Sales, G3: Other GST-Free supplies, G4: Input taxed sales & income & other supplies, G7: Adjustments, G10: Capital purchases, G11: Non-capital purchases, G13: Purchases for making input taxed sales, G14: GST-free purchases, G15: Estimated purchases for private use or not income tax deductible, and G18: Adjustments), 'PAYG Withholding', and 'PAYG Instalment'. At the bottom of the list are three buttons: 'Add GST Class', 'Add Account', and 'Delete'. At the bottom right of the dialog are 'OK' and 'Cancel' buttons.



The BAS Fields information should be already populated using the template. If you do not use a template, you must be fully conversant with the BAS calculations before completing the instructions below.

In this window, you tell BankLink Practice which GST class (and/or account codes) you want to appear in the various boxes of the Business Activity Statement.

You can add a gross, net or tax amount, of the GST class or account code total, to fields G1-G18, W1-W4, T1, 1C, 1D, 1E, 1F, 1G, 7, 5B and 6B.



The GST Calculation Sheet must display Gross Totals of the GST classes in fields G1-G18. You must add GST classes to fields G1-G4, G10-G11 and G13-G15 of the Calculation Sheet.

To check the set up of each BAS Field:

- 1 Click on the '+' sign to the left of the required G field
BankLink Practice displays the GST classes that are included in this BAS field
- 2 You can enter values directly into fields:
 - G7 and G18 in the Calculation Sheet section
 - W1-W4 in the PAYG Withholding section
 - T1 in the PAYG Instalment section
 - 1C, 1D, 1E, 1F, 5B, 6B, 7, and 7D in the Totals section
 - 7D in the Summary section

of the Business Activity Statement when it is created in BankLink Practice. However, you can follow these steps to add GST classes and/or account codes to these fields at this stage.

To add a GST Class to a BAS Field:

- 1 Click on the BAS field required for example **G2**
- 2 Click **Add GST Class**

BankLink Practice displays the **Add new GST Class to a BAS Field** window

- 3 Click in the **GST Class** field and select a class
- 4 Click in the **Total Type** field and choose **Gross**, **Net** or **Tax**
- 5 Input the percentage required
- 6 Click **OK**

To add an account code to a BAS Field:

- 1 Click on the BAS field required, for example **G1**
- 2 Click **Add Account**

BankLink Practice displays the **Add new Account Code to a BAS Field** window

Add new Account Code to a BAS Field

Add Total into G1: Total Sales

Account Code Chart

Total Type Gross [Net + Tax]

Percentage 100.0000 %

OK Cancel

- 3 Input an account code in the first field
- 4 Click in the **Total Type** field and choose **Gross, Net** or **Tax**
- 5 Input the percentage required
- 6 Click **OK**



If you are adding an account code to **7D: Fuel tax credit** the **Account Code** and **Percentage** fields are displayed.

To complete the Report Options tab:

You only need to complete the **Report Options** tab if you produce the BAS/IAS from BankLink Practice.

- 1 Click the **Report Options** tab
BankLink Practice displays the **Report Options** tab

- 2 Enable the **Include Accrual Journals?** check box (only available if GST is calculated on an accrual basis) if you want to include any Accrual Journals you have entered on the GST Reports - if you do not enable this field the GST Report only shows cash transactions and journals.



If you choose **Cash Basis** for GST in the **Details** tab, accrual journals cannot be included on the GST Reports and you are unable to set this field.

- 3 You can select to classify transactions for GST purposes into a particular GST period based on its effective date, or the actual date of presentation - click in the **Classify Entries By** field and select from:
- Effective Date
 - Presentation Date

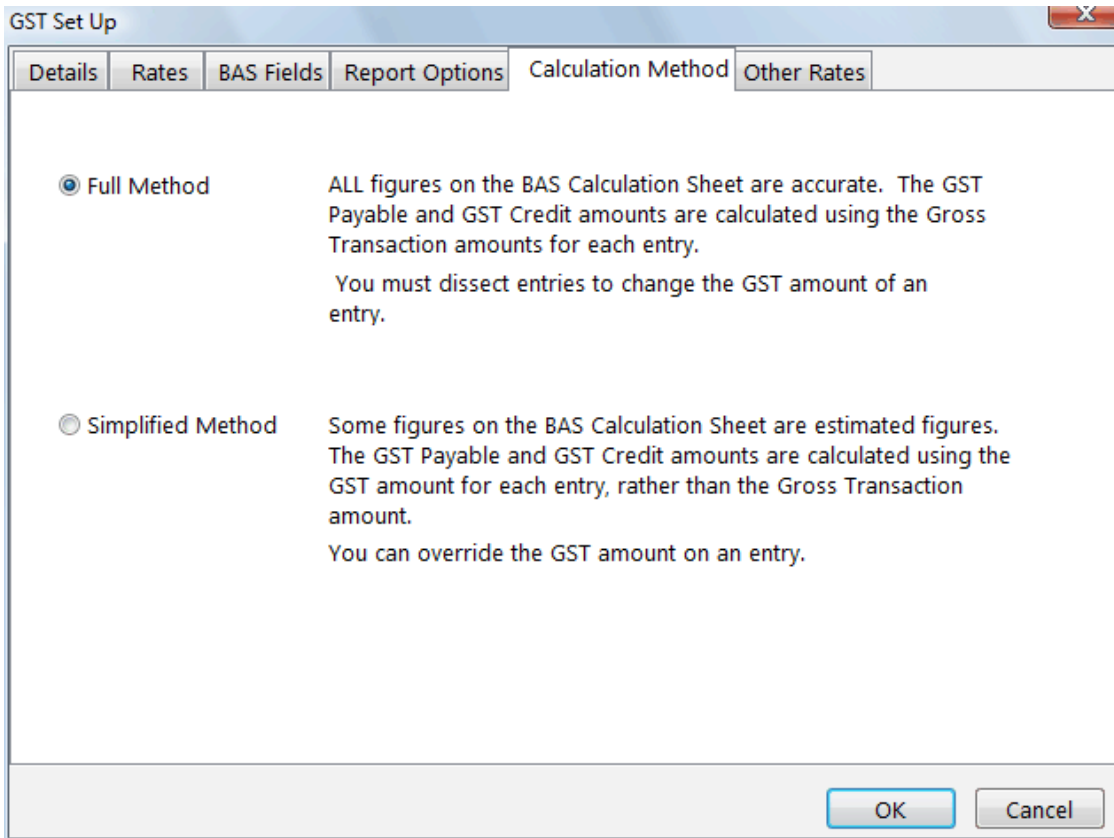
You only need to complete this option if you are entering unrepresented items in BankLink Practice. If you choose Effective Date, unrepresented items are included in the BAS/IAS in the period that they were added as unrepresented. If you choose Presentation Date, unrepresented items are included in the BAS/IAS in the period they were presented

- 4 If you want to produce only a one-page summary report, rather than a full BAS, click the **One-page summary** option
- 5 Enable the **Do not include Calculation Sheet when printing BAS** check box if you select **ATO style** and do not want the calculations to appear in the final printed form.
- 6 Enable the **Do not include Fuel Tax Calculation Sheet** check box if you select **ATO style** and you have chosen to include Fuel Tax but do not want the calculations to appear in the final printed form.

You must complete the **Calculation Method** tab.

To complete the Calculation Method tab:

- 1 Click on the **Calculation Method** tab to display it



BankLink Practice is able to produce the BAS according to either of two authorised methods, called **Full** and **Simplified** in BankLink Practice.

- 2 Click the **Simplified Method** radio button to change the client to the Simplified method, or leave the **Full Method** button selected to keep the client on the Full method
- 3 Click **OK**



You can change from the Full to the Simplified method at any time. However, you cannot change back from the Simplified to the Full method part way through a GST period, as the coding conventions used in the Simplified method may cause the GST Calculation Sheet of the BAS to be incorrect.

To view the Other Rates tab:

The **Other Rates** tab shows the **Company Tax** rate which is used in the automatic calculation of franking credits for Super fund transactions.

- Click the **Other Rates** tab
BankLink Practice displays the **Other Rates** tab with **Rate 1** populated by default

Company Tax			
	Rate 1	Rate 2	Rate 3
Effective Dates	01/07/01	//	//
Rate	30.0000	0.0000	0.0000

Load Defaults

OK Cancel

The Company Tax rate in each client file defaults from the rate set up in your **Practice Tax Defaults**

- If you have changed the rate at client level, click the **Load Defaults** button to restore the practice default

To apply effective dates to Company Tax rates:

BankLink Practice allows you to apply more than one Company Tax rate - this is to cater for Company Tax rate changes. If the Company Tax rate is changed:

- 1 Put the date the change takes effect in **Rate 2**
- 2 Update the percentages in the **Rate 2** column accordingly