

## GST - Checks and Balances: Learning Resource

This worksheet is to help you develop your own GST return checklist and troubleshoot when GST is out of balance.

### GST Return Checklist:

- Create consistent approach with all GST returns being prepared
- Useful record in the event of having an IRD GST Review/Audit
- Demonstrates best practice bookkeeping
- Can be customised for different clients as applicable.

✓	Check	Notes
	Verify GST settings	GST settings (basis + frequency) should be the same in both the accounting software and IR
	Bank accounts in balance	<ul style="list-style-type: none"> <li>▪ Includes PayPal, payment gateways like Stripe</li> <li>▪ Follow up on unreconciled transactions (can be in balance but not all reconciled) <sup>1</sup></li> <li>▪ Periodically review against actual bank statement</li> </ul>
	Undeposited Funds	<ul style="list-style-type: none"> <li>▪ Cash banking relating to GST reporting period; being banked after month-end date</li> <li>▪ May include Eftpos/Stripe etc</li> </ul>
	Receivables check	<ul style="list-style-type: none"> <li>▪ Clear small balances</li> <li>▪ Review credit notes / deleted invoices</li> <li>▪ Check if any cash coding made in error</li> </ul>
	Payables check	<ul style="list-style-type: none"> <li>▪ Clear small balances</li> <li>▪ Review credit notes / deleted invoices</li> <li>▪ Check if any cash coding made in error.</li> </ul>
	Dating issues	<ul style="list-style-type: none"> <li>▪ Look for possible past/future dating issues</li> </ul>
	Business expenses paid owner funds	<ul style="list-style-type: none"> <li>▪ Process with correct dates</li> <li>▪ Source documents</li> </ul>
	Confirm if any loans / asset purchases / sale or disposal of assets	<ul style="list-style-type: none"> <li>▪ Ask!</li> <li>▪ Source documents</li> <li>▪ Process as applicable</li> <li>▪ Include workings/documentation with GST return workpapers</li> </ul>

<sup>1</sup> ALL income should be reconciled, expenses paid can be included as Late Claims in future returns (up to 2 years)

✓	Check	Notes
	Staff Expense claims	<ul style="list-style-type: none"> <li>▪ Process with correct dates</li> <li>▪ Source documents</li> </ul>
	Customs GST	<ul style="list-style-type: none"> <li>▪ Review customs agent bills</li> <li>▪ Check gst on customs coding correct</li> <li>▪ Include bill copies with GST return workpapers</li> </ul>
	GL Check	<ul style="list-style-type: none"> <li>▪ Check details of: <ul style="list-style-type: none"> <li>○ Entertainment</li> <li>○ Travel</li> <li>○ General expenses</li> <li>○ Assets / Minor assets</li> <li>○ Other codes where miscoding poss</li> </ul> </li> <li>▪ GST treatment on e-commerce transactions</li> </ul>
	Reports sanity check	<ul style="list-style-type: none"> <li>▪ Review Profit and Loss</li> <li>▪ Review Balance Sheet</li> <li>▪ Look for anomalies and large amount variances</li> </ul>
	GST Detail for reporting period	<ul style="list-style-type: none"> <li>▪ Review return period detail</li> <li>▪ Work in excel if for a large business</li> <li>▪ Review and correct any coding/gst errors</li> </ul>
	GST Reconciliation	<ul style="list-style-type: none"> <li>▪ Confirm in balance</li> <li>▪ Troubleshoot if out of balance</li> </ul>
	GST Workpapers	<ul style="list-style-type: none"> <li>▪ Key docs saved</li> <li>▪ GST Reconciliation workbook</li> <li>▪ Notes as applicable</li> <li>▪ Completed GST checklist</li> <li>▪ Ir-filed return pdf</li> </ul>
	GST Return – Client approval	<ul style="list-style-type: none"> <li>▪ [As per agreed process]</li> <li>▪ Signoff / email saved</li> </ul>
	GST Return – ir file	<ul style="list-style-type: none"> <li>▪ [As per agreed process] / [Role]</li> <li>▪ Pdf copy of filed return – add to workpapers</li> </ul>
	Tax payment set up / approved	<ul style="list-style-type: none"> <li>▪ [As per agreed process] / [Role]</li> </ul>



### Like to learn more?

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## GST Reconciliation

### Invoice Basis

GST Ledger balance should match the GST return form to pay/refund due

### Payments Basis

GST as per Balance Sheet

Less GST on Accounts receivable

Plus GST on Payables

= GST Payable = GST Form

## Troubleshooting out of balance

(by no means a complete list!)

- Unpaid GST from prior periods
- GST on arrangement
- IR have transferred GST refund to other tax type(s)
- Prior GST payments including IR use of money interest / late payment penalties
- Timing differences with mis-matched dates
- Journals with GST incorrectly processed
- Receivables / Payables totals differ to what is displayed on the Balance Sheet (dating issues)
- Other tax payments incorrectly coded as GST payments
- Re-run last GST rec checks and see if anything has changed
- Year end adjustments from last tax year not yet entered (EOFY alignment journal required – especially if financials prepared in accountant's software)
- No opening GST balances
- Incorrect opening GST balances

## Useful Links

<https://www.ird.govt.nz/gst/charging-gst>

<https://www.ird.govt.nz/managing-my-tax/record-keeping/records-of-income-and-expenses>

<https://www.ird.govt.nz/gst/gst-adjustments>

<https://www.ird.govt.nz/gst/charging-gst/special-supplies>

<https://www.ird.govt.nz/gst/gst-for-overseas-businesses/gst-on-low-value-imported-goods/when-to-charge-gst-on-low-value-imported-goods>

<https://www.ird.govt.nz/cryptoassets/taxing/cryptoassets-and-gst>

## Example Customs charges coding

**New Bill**

Date: 24 May 2022 | Due Date: 20 Jun 2022 | Reference: 12345

ollar

Description	Qty	Unit Price	Account	Tax Rate
Customs charges - not containing GST	1.00	27.50	415 - Customs charges	No GST
Customs GST - claimable GST return	1.00	295.00	820 - GST	GST on Imports
Customs and admin charges - with GST	1.00	57.50	415 - Customs charges	15% GST on Expenses

## myIR – Check GST settings

**myIR**

< More...

### Account details

GST  
[Redacted] GST002  
[Redacted]

### Attributes

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#### Account registration details

Accounting basis : Payments (cash)  
Filing frequency : Two monthly - periods ending odd months  
Paper return : No  
Refund bank : [Redacted]