

Tutorial

GST – Checks and Balances

Session Agenda

- Official GST info
- Pre-GST return checks
- Reconciling to the Balance Sheet
- Questions
- Session wrap-up



Session goals

- Have a clear process for preparing GST returns
- Understand the GST reconciliation
- Learn what to look for that may cause issues



GST info

Know the GST rules!

- Be familiar with the GST Act 1985 + amendments
- GST affects multiple other pieces of legislation too
- Changes made every year that affect GST – keep up to date
- Different GST rules for different entity types
- Special supplies – like short-term accommodation



GST info

Know the GST rules!



Special supplies

GST

Charging GST

GST on property transactions

Zero-rated supplies

Exempt supplies

Special supplies

Records for imported services

GST and koha

GST info

Know the GST rules!

It's important you keep accurate and complete records of your income and expenses for 7 years.

You must keep records of **all** cash and electronic sales and purchases. Examples of records include:

- taxable supply information
- supply correction information
- bank statements
- invoices and receipts
- credit card records – including statements and vouchers
- cash register or point of sale records
- cashbooks.



GST info

Know the GST rules!



My taxable supplies are...

\$200 or less

Choose your taxable supplies

- \$200 or less
- More than \$200 and up to \$1,000
- More than \$1,000
- Imported goods and services
- Secondhand goods

Buyer's details	Not required
Date	Date of invoice Where no invoice is issued, the time of supply
Information on the goods or services	Description of the goods or services The consideration for the

GST info

Know the GST rules!

What listed services are

Listed services include:

- ride-sharing and ride-hailing
- food and beverage delivery
- short-stay and visitor accommodation.

GST also applies to closely connected services if they go through the marketplace operator.
For example, holiday rental cleaning fees charged on top of the accommodation costs.



GST info

Prepayments

GST Section SS2(1) Implications if Invoice basis for GST



As a general rule, the time of supply is the earlier of:

- # the time an invoice is issued by the supplier or the recipient, or
- # the time any payment is received by the supplier.

GST return checks

Ask your client

- New hire purchases or loans?
- New assets? Sold assets?
- Business expenses paid own funds?
- Personal expenses paid from the business?
- Any mixed use assets or expenses?



GST return checks

Bank accounts in balance?

- Business accounts - check against **actual** bank statements
- Payment Gateway accounts
- Credit cards
- Petty Cash
- Unreconciled transactions *can be 'in balance' but not reconciled at period end date*



Westpac New Zealand Ltd
PO Box 834
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Phone: 0800 400 800

31 March 2023



Business Revolve

Account name: [REDACTED]

Account number: [REDACTED]
Statement Opening date: 1 March 2023
Statement Closing date: 31 March 2023
Statement number: 80

At a glance

your current balance

\$0.00

GST return checks

- Reports - sanity check
- Look for variances
- Identify GL codes that often need reviewing for accuracy
eg. entertainment, travel, staff expenses, customs GST, ACC levies



GST return checks

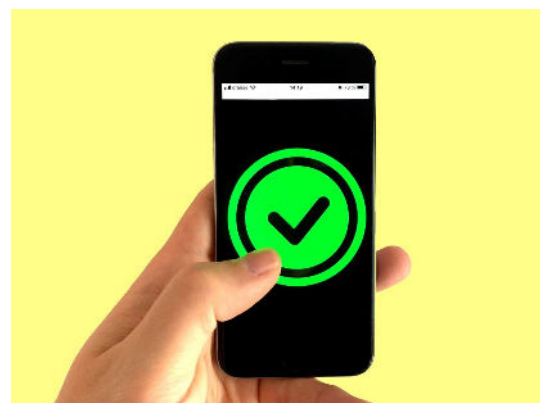
Customs GST

- Review coding – understand the paperwork
- Include source documents with your GST workpapers

Analysis of Charges	Total Amount (Excl. GST)	GST Description
DHL Charges		
GST ON FORMAL CLEARANCE	7.27	GST
FORMAL CLEARANCE	48.44	GST
DISBURSMENT FEE	13.91	GST
GST ON IMPORTATION	273.90	GST

GST return checks

- Undeposited funds
- Receivables checks
- Payables checks
- Expense claims
- Dating issues



MyIR – Verify GST Details

Reports
GST Returns

Enter your GST details

GST Number	Frequency	Next Period Due
111-111-111	Two monthly	1 Jul - 31 Aug 2018
Accounting Basis	Tax Form	
Payments Basis	GST Only (GST101)	

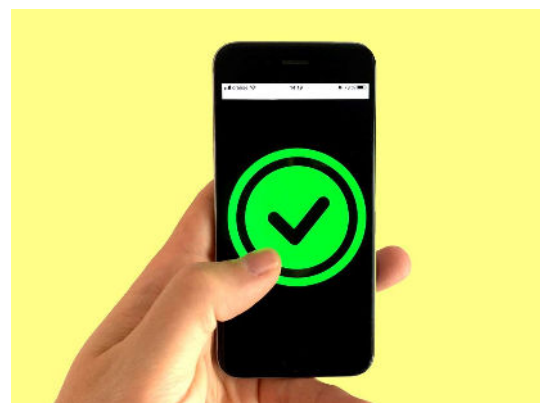
Account registration details

Accounting basis : Payments (cash)

Filing frequency : Two monthly - periods ending odd months

GST reconciliation

- Invoice basis - should match the Balance Sheet
- Payments Basis - allow for GST on Payables and Receivables to determine in balance with GST form
- Show your workings!



GST reconciliation

Payments Basis

- Should be undertaken every GST return period
- Ask for end-of-year GST adjustments
- Have MyIR access so you can review GST account transactions
- Lots of reasons it can be 'out'

Demo Company (NZ)

As at 31 May 2024

GST Reconciliation 31 May 2024

GST as per BS	450.17
Less GST AR	- 201.46
Plus GST AP	465.76
Plus GST Expense claim	15.12
GST Payable	729.59
GST form (Software)	729.59
Variance	-

Just some of the things that can make your GST out of balance!

- Incorrect dates on invoices/bills (in the future)
- Out of synch reconciling to dates for regular transfers/amounts
- Previous GST not yet paid
- GST on arrangement
- GST prior period paid for different amount to finalised return
- GST prior period refund – IR has incl interest
- GST prior period refund – IR has transferred to another tax type
- GST on Expenses
- GST on journals as separate line / not ticked as Cash basis
- Incorrect opening balance / no conversion balance
- Prior period GST rec out of balance / year end adjustments

Session wrap-up

Things you have learnt

- Get to know the GST rules – and keep up to date with changes
- Have a GST checklist to work through
- Reconcile the GST account every return
- Know what to look for when your 'rec' is 'out'



Get in touch

Thank you!



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Questions!

What is your number one takeaway?

What is the one thing you can do right now?



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