

GST – Pre-return checks and reconciling

Key points and tips

- Have a documented procedure. A detailed checklist to follow will ensure you don't miss any key steps.
- Take care with Customs GST entering. Different customs agents present the charges and GST amounts differently. Refer 2 examples next page.
- Reconcile the GST account every time.
 - Invoice Basis – GST returned should match the GST on the Balance Sheet
 - Payments Basis – GST as per Balance Sheet - GST on Receivables + GST on Payables
 - Investigate variances and add details/explanations/queries to your reconciliation workbook.
- Seek advice from the Company Accountant where unsure of correct GST treatment or when unable to successfully reconcile the GST account.

Question	Answer
How do you deal with reconciling GST on arrangement?	A good option is to set up a GL code (current liability) called GST on Arrangement. Group this new code so this amount is sub-totalled with the main GST (linked) GL code. Journal the GST on arrangement amount to this new code (eg. DR 820 GST, CR 820.1 GST on Arrangement). As instalments for the arrangement are paid, they get coded to the arrangement code.
<i>I have an accountant who won't let me do that</i>	That's disappointing! THE GST on Arrangement is represented on the Balance Sheet the same as the rest of the GST. An alternative would be to show in your GST reconciliation spreadsheet the amount still being repaid under the arrangement. Care needed for arrangements spanning several periods as the variance will change each time. Clearly show your workings.
GST on subscriptions – how do you deal with finding out whether or not overseas subs contain GST?	It's not as straightforward as having a list of who is and isn't GST registered. Source documents are required. Many SAAS (Subscription As A Service) providers treat their charges as 'Business to Business' – if the purchaser supplies their GST number there will be no GST on the transaction. Periodically request an example bill (usually a supplier portal that they can be extracted from) to have on file as proof (or absence) of GST. Uber fares are a good example where we now treat as GST inclusive (resulting from the recent GST changes for ride-sharing services), whereas before they were mostly No GST.
I'm getting more and more clients talking about the 'Under \$50' rule and not needing receipts – how do you handle this?	For end of year tax records and expenses able to be deductible source documents are needed. Sensible to be getting receipts/bills/proof of purchase at the time rather than a scramble at year end. Without details that source documents provide the legitimacy of an expense can be hard to determine. Explain to your clients the record-keeping requirements for Income Tax purposes.

Please Note: The above does not constitute professional advice. It is information only and of a general nature.

Customs GST – 2 examples

DHL Express
DTU REGULAR INVOICE

DHL

Invoice Number: WLG200003759
Account Number: 522998395
GST Number: 8250944
Invoice Date: 15/08/2024
Number of Pages: 1 of 1

For Invoice Enquiries
Telephone: 0508 800 030
Email: nz_query@dhl.com
Website: www.mybill.dhl.com/login

Waybill Number	Origin Shipper	Destination Receiver	Shippers Reference

Declaration Number	Entry Date	Entry Type	Charge Description	Charge	GST Rate	GST Amount	Total (incl. GST)
808353081	15/08/2024	CR	GST ON IMPORTATION	237.75	0.0	237.75	
			ENTRY FEE	81.25	0.0	81.25	
			ENTRY FEE GST	12.19	0.0	12.19	
			DUTY TAX PROCESSING	20.00	15.0	3.00	23.00

Customs GST = \$237.75

Entry fee = \$81.25 + GST of \$12.19

Processing fee = \$20 + GST of \$3.00

	Total (Excl. GST)	GST	Total (Incl. GST)
Payment due date: 22/08/2024	351.19	3.00	354.19

Find text or tools

Customs & International Freight Limited www.korucustoms.co.nz

TAX INVOICE B00021537
GST #: 95895808

ACCOUNT: [REDACTED]
PAGE: 1 of 1
INVOICE DATE: 14-May-24
DUE DATE: 14-May-24
TERMS: Cash on Delivery
DECLARATION: [REDACTED]

SUPPLIER: [REDACTED] IMPORTER: [REDACTED]

ORIGIN: TRIST = Istanbul, Turkiye ETD: 10-May-24 DESTINATION: NZCHC = Christchurch, New Zealand ETA: 12-May-24

DESCRIPTION	GST IN NZD	CHARGES IN NZD
Destination International Terminal Fee	15% = 8.25	55.00
Destination Airline Document Fee	15% = 9.00	60.00
Destination Airline handling / loose and breakbulk charges	15% = 117.18	781.20
Destination ISPS / Port Security Surcharge	15% = 3.75	25.00
Customs Clearance / Agency Fees	15% = 11.25	75.00
Destination EDI / TSW Fee	15% = 1.20	8.00
Destination MPI EBACCA Application Fee	15% = 4.20	28.00
Destination Administration / Compliance Fee	15% = 1.50	10.00
Compile Fee	15% = 2.25	15.00
Destination Delivery Cartage	15% = 15.04	100.24
Customs Disbursement Charges- Please remit immediately		Exempt Rated 5,523.69
Entry Fee	79.90	
+ GST	11.99	
GST	5431.80	

Customs GST = \$5431.80
Entry fee = \$79.90 + GST \$11.99
Expenses = \$1157.44 + GST \$173.62

Please contact us within 7 days should there be any discrepancies.

SUBTOTAL	6,681.13
ADD GST	173.62
TOTAL NZD	6,854.75