

ACCOUNTING FOR GST

Chapter 3.7 of the Victorian GST Manual (which can be assessed at www.treasury.gov.au/accounting, select “Taxation”, then “GST Manual”) provides information regarding the fundamentals of accounting for GST. The fundamentals are:

- GST payable is a liability. This is the amount collected from customers that must be remitted to the ATO.
- An input tax credit is an asset (or receivable). This is the amount paid to suppliers for business inputs and which is recoverable from the ATO where such an entitlement arises.

Examples of typical GST accounting transactions for ACT agencies are provided below. Please note that the codes provided are for the monthly workbooks and the BDA.

Note: Cash flow transactions are shown below, and have been shaded to separately identify them.

External Transactions

Sales Journal

Date	D/C	Account Code ¹	IT ²	Account Description	Dr	Cr
28/07/2004	Dr	12100	99	Trade debtors	6,600.00	
	Cr	81106	99	Revenue – Sales of books and publications		6,000.00
	Cr	31400	99	GST liability (Payment to ATO) (Being sale of publications)		600.00
31/07/2004	Dr	11200	99	Cash at bank	6,600.00	
	Cr	12100	99	Trade Debtors (Being receipt of payment for publications)		6,600.00

<i>DT Monthly Workbook/BDA Cash Flow Adjustment</i>						
31/07/2004	Cr	R2405	99	Revenue - Sales		6,000.00
	Cr	R2612	99	GST collected on delivery of goods/services (Cash received on sale of books and publications inclusive of GST received)		600.00

¹ The account codes used in these examples are taken from the Whole of Government chart of accounts used by DT. They are the same codes that would be used in the monthly workbooks submitted to DT or in the BDA application for submitting budget data. They are not necessarily the code changes entities should implement on their own finance systems.

² IT = internal trading. This refers to the internal trading codes used by DT in its whole of government reporting. 10 = GGS sector, 20 = PTE sector, and 99 = external trading.

21/08/2004		Lodge the Business Activity Statement for month of July			
21/08/2004	Dr	31400	99	GST liability (Payment to ATO)	600.00
	Cr	11200	99	Cash at bank	600.00
				(Being payment of GST on sale of publications)	

<i>DT Monthly Workbook/BDA Cash Flow Adjustment</i>					
21/08/2004	Dr	P2612	99	GST Remittance to ATO	600.00
				(Remittance of GST received on sale of books and publications)	

External Transactions (cont)

Purchase Journal

Date	D/C	Account Code	IT	Account Description	Dr	Cr
14/07/2004	Dr	72100	99	Consulting expense	50,000.00	
	Dr	12400	99	GST receivable (refund due from ATO)	5,000.00	
	Cr	31100	99	Accounts payable/creditors		55,000.00
				(Receipt of consultants invoice)		
28/07/2004	Dr	31100	99	Accounts payable/creditors	55,000.00	
	Cr	11200	99	Cash at bank		55,000.00
				(Payment of consultant fees)		

<i>DT Monthly Workbook/BDA Cash Flow Adjustment</i>					
28/07/2004	Dr	P2201	99	Administration expenses (consultancy fees)	50,000.00
	Dr	P2611	99	GST payment on receipt of goods/services	5,000.00
				(Cash payment for consultancy services inclusive of GST paid)	

21/08/2004		Lodge the Business Activity Statement for month of July			
28/08/2004	Dr	11200	99	Cash at bank	5,000.00
	Cr	12400	99	GST receivable (refund from ATO)	5,000.00
				(Refund of GST from the ATO)	

<i>DT Monthly Workbook/BDA Cash Flow Adjustment</i>					
28/08/2004	Cr	R2613	99	GST refund from ATO	5,000.00
				(Refund of GST from ATO)	

Internal Transactions

GGG Sales Journal – DUS sale of services to The Canberra Hospital

Date	D/C	Account Code	IT	Account Description	Dr	Cr
28/07/2004	Dr	12100	10	Trade debtors – GGS	6,600.00	
	Cr	81501	10	User charges – ACT Government		6,000.00
	Cr	31400	99	GST liability (payment due to ATO)		600.00
(User charges revenue received from TCH for services provided)						
31/07/2004	Dr	11200	99	Cash at bank	6,600.00	
	Cr	12100	10	Trade debtors - GSS		6,600.00
(Receipt of payment for services provided to TCH)						
<i>DT Monthly Workbook/BDA Cash Flow Adjustment</i>						
31/07/2004	Cr	R2413	10	User charges – ACT Government		6,000.00
	Cr	R2612	99	GST collected on delivery of goods/services		600.00
(Cash received on services provided inclusive of GST received)						
21/08/2004				Lodge the Business Activity Statement for month of July		
21/08/2004	Dr	31400	99	GST liability (payment to ATO)	600.00	
	Cr	11200	99	Cash at bank		600.00
(Payment of GST on services provided to TCH)						
<i>DT Monthly Workbook/BDA Cash Flow Adjustment</i>						
21/08/2004	Dr	P2612	99	GST remittance to ATO	600.00	
(Remittance of GST received on services provided)						

Internal Transactions (cont)

GGG Purchase Journal – TCH purchase of services from DUS

Date	D/C	Account Code	IT	Account Description	Dr	Cr
28/07/2004	Dr	72100	10	Administration expense – GGS	6,000.00	
	Dr	12400	99	GST receivable (refund due from ATO)	600.00	
	Cr	31100	10	Accounts payable/creditors (Receipt of invoice for services from DUS)		6,600.00
28/07/2004	Dr	31100	10	Accounts payable/creditors – GGS	6,600.00	
	Cr	11200	99	Cash at bank (Payment of invoice from DUS)		6,600.00
<i>DT Monthly Workbook/BDA Cash Flow Adjustment</i>						
28/07/2004	Dr	P2201	10	Administration expenses – GGS	6,000.00	
	Cr	P2611	99	GST payment on receipt of goods/services (Cash paid for services provided inclusive of GST paid)	600.00	
21/08/2004				Lodge the Business Activity Statement for month of July		
28/08/2004	Dr	11200	99	Cash at bank	600.00	
	Cr	12400	99	GST receivable (refund from ATO) (Receipt of GST refund)		600.00
<i>DT Monthly Workbook/BDA Cash Flow Adjustment</i>						
28/08/2004	Cr	R2613	99	GST refund from ATO (Refund of GST paid on services provided)		600.00

Asset Purchases

Purchase of Fixed Asset

Date	D/C	Account Code	IT	Account Description	Dr	Cr
31/10/2004	Dr	24400	99	Property, plant and equipment	8,000.00	
	Dr	12400	99	GST receivable (refund due from ATO)	720.00	
	Cr	31100	99	Accounts payable/creditors (Purchase non-current asset)		8,720.00
12/11/2004	Dr	31100	99	Accounts payable/creditors	8,720.00	
	Cr	11200	99	Cash at bank (Pay for non-current asset)		8,720.00
<i>DT Monthly Workbook/BDA Cash Flow Adjustment</i>						
12/11/2004	Dr	P3101	99	Purchases of property, plant and equipment	8,000.00	
	Dr	P2611	99	GST payment on receipt of goods/services (Payment for non-current assets)	720.00	
21/11/2004				Lodge the Business Activity Statement for month of October		
28/11/2004	Dr	11200	99	Cash at bank	720.00	
	Cr	12400	99	GST receivable (refund from ATO) (Receipt of GST from ATO)		720.00
<i>DT Monthly Workbook/BDA Cash Flow Adjustment</i>						
28/11/2004	Cr	R2613	99	GST refund from ATO (Receipt of refund from ATO)		720.00