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NEWSLETTER

Issue 8

September 2000

BAS Special

BAS Reporting

The last 6 months have been a very busy time for the majority of Australian businesses, those who are concerned with tax responsibilities that is.

Many of you had difficulty understanding why the need existed for so many tax codes in your Natsoft Accounting Software, or for that matter any other software you may be utilising. As all of you have, or will in the near future have, the wonderful experience of filling out your first Business Activity Statement (commonly known as BAS), you will fully appreciate the need for these codes given the amount of information the Government requires.

We take this opportunity to advise you that in the early upgrades installed there was a problem with the production of the BAS and if your system has not had a follow up upgrade you should be careful with the figures you copy across. Could you please contact the office if you require the follow up upgrade to correct this problem.



The problem is outlined as follows:

If any adjustment amount appears at G18 then the amount shown at G20 will be incorrect, otherwise the amount at G20 will be correct, this problem will exist for systems upgraded prior to the last week in May.

The acquisitions side of the form is correct for items shown at G10, G11, G12, G13, G14, G15, G16 and G18, but the total shown at G17 and G19 is incorrect and should be calculated from the other figures. The amount of G17 calculated as $G12 + G16$ instead of $G12 - G16$. The sales side of the form is correct for items shown at G2, G3, G4 and G5 but the total shown at G1, G6 and G8 is incorrect and should be calculated from the other figures because G1 did not include G2, G3 & G4. These calculation errors will exist for systems upgraded prior to the last week in June. All these errors only affect the printing of the BAS and do not affect the integrity of the data, once your software is upgraded the BAS will print correctly.

If your payroll system integrates with the BAS then the amount shown at W1 may be incorrect. If you have employees that do not pay tax, as they do not earn enough, the gross wages for these employees should be added to the amount shown at W1 manually, an upgrade is available to correct this problem.

If your Cash Book has not been upgraded since the second week in July (approximately July 15th) then an error message may appear when cash book transactions are either deleted or when tax codes are modified. This error message will read to the effect that a bad GST code has been used but the transaction will still be deleted. This will cause no problem except when an expense item has been flagged as capital eg. IC, then the amount of the transaction will be deducted from the Other Acquisitions section of the BAS rather



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than Capital Acquisitions. This problem has been rectified, if your system is yet to be updated please inform us of this.

There existed a problem in the creditors system where all transactions paid using the remittance advice method default to 'EO'. This problem arises where the GST method has been set to 'C' for cash on the Business Activity File and when details on transactions is disabled on the creditors Branch Control File. There is an upgrade available for this however, some adjustments will be required for the correct amounts to be presented on the BAS.

Some of these problems came about as we were developing the system as legislation was being formulated and those advising us from the ATO were not completely familiar with the requirements in those early stages.

Coding of Transactions

Most of the problems that clients are experiencing relate to selecting the right tax code for the transaction being processed. We hope the following information might help you all in this area.

Sales transactions and cash book credits:

Q – This code is used for export sales and any transactions flagged with this code will be shown at G2.

E – This code is used for GST-Free sales any transactions flagged with this code will be shown at G3.

T – This code is used for input taxed sales, any transactions flagged with this code will be shown at G4. Amounts would generally only be shown here if you have rent income from a residential property, you are a financial institution such as a bank or if you have income from long term accommodation in a caravan park.

G – This code is used for sales where GST is added to the selling price, any transactions

flagged with this code will have the sale value with tax included at G1 and the tax amount shown at G9.

I – This code is used for sales where GST is included in the selling price, any transactions flagged with this code will have the sale value with tax included at G1 and the tax amount shown at G9.

R – This code is used for related company transactions, no GST is calculated on these transactions. Any transactions flagged with this code will appear on the BAS report but these amounts are not shown on the actual Business Activity Statement.

A – This code is used for transactions that have been accounted for somewhere else in the Natsoft Accounting system, any transactions flagged with this code will not appear on the BAS. A typical transaction that would be flagged with an A is a bank deposit in the Cash Book form amounts processed through the Debtors or Point of Sale Systems.

Purchase transactions and cash book Cheques or Debits:

For each expense transaction a two character tax code is required, the first character determines if the item is taxable or not and is referred to as the TAX CODE, the second defines the nature of the transaction and is referred to as the TAX TYPE.

Transaction Type:

C – This code is used for purchases of a Capital nature such as non-current assets, these amounts will show at G10 on the BAS.

O – This code is used for expenses of a non-capital nature, this covers the majority of transactions such as purchases of stock, these amounts will be shown at G11.

A/R – As the A & R flags are excluded from the BAS report any transaction with the A or R code

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will show the same for the tax type, for example AA.



Tax Code:

E – This code is used for GST-Free expenses any transactions flagged with this code will be shown at G14.

T – This code is used for purchases directly related to making input taxed sales, any transactions flagged with this code will be shown at G13. Amounts would generally only be shown here if you have incurred expenses in relation to rent income from a residential property, you are a financial institution such as a bank or if you have expenses relating directly to income from long term accommodation in a caravan park.

G – This code is used for expenses where GST is added to the purchase price, any transactions flagged with this code will have the purchase value with tax included at either G10 or G11 depending on the proceeding tax type and the tax amount shown at G20.

I – This code is used for expenses where GST is included in the purchase price, any transactions flagged with this code will have the purchase value with tax included at either G10 or G11 depending on the proceeding type code and the tax amount shown at G20.

Monthly BAS Update

With the installation of the BAS module, end of month procedures need to be performed for the BAS, this includes running the BAS report to

confirm the accuracy of the figures followed by a monthly update. The timing of the BAS update is of great importance as the continuity and flow of processing can be rudely interrupted if the BAS is updated prematurely. The BAS update should always be the last module updated for the month, if the BAS is updated prematurely processing to any modules not yet updated will be disabled.

The BAS operates under the reality that not all modules will be updated at the same time, hence there is provision in the BAS in which the next period is open for the flow of transactions. This would be the case where Debtors is updated on the last day of the month yet the Creditors & Cash Book are not updated until partway through the proceeding month. In this instance the BAS remains set on the same period as the other modules yet the debtors transactions will post to the next BAS period. This provision is only available for the next period and not for subsequent periods after that, hence the system will only allow a maximum of a 2 month gap between modules.

Farewell & Greetings

As many clients are already aware National Software bid Cassandra Farewell in early July this year, Cassandra was a longstanding employee whose efforts have been appreciated, all at Natsoft wish Cassandra the best with her future endeavors.

One of the primary laws of Physics is 'for every action there is an opposite reaction' and in this case we unfortunately must say goodbye to Cassandra but as a result we have the pleasure of welcoming Sharon Butterworth to the Natsoft team.

BAS Seminar

We hope that this newsletter has assisted you in further understanding the workings of the new BAS module. However we realise that there are a



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lot of changes to become acquainted with and a host of new procedures to adapt to. Due to this fact and also because of time restrictions associated with the transition, we would like to determine if interest exists amongst Natsoft clients for a BAS information evening. This information session would focus on the working of the Natsoft BAS module and its influence on neighboring systems such as Debtors, Creditors etc.



The eventuality of an information evening such as this will depend completely on the response from our clients. If your firm would be interested in an event such as this, please inform us of your interest by contacting Sharon on 6334 2353 or by email to support@natsoft.com.au.

General Ledger Year Update

All clients using the general ledger system have until the end of October before the end of year update is required for last financial year. Don't forget that a profit and loss journal is required to transfer the year profit/loss to a balance sheet account such as the capital account or an appropriation account, you may need to discuss this journal with your accountant.

This journal should be the difference between the credit balances and debit balances on all profit and loss accounts recognised in the system by a 'P' flag, thus after the journal the collective total of these accounts will be 0.



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GST Humour



By now you have seen & read all those GST leaflets and understand fully the ins and outs of the GST system - right? If so then read no further. However if this is not you then read on....

The new system is NUTS (New Universal Taxation System) and although it may appear to be complicated, it is easy to understand. Basically, it STUFFT (Simplified Tax Unit for Financial Transactions). Major elements of NUTS include a number for each business entity - an Australian Business Utilisation Number (ABUN) which will be used during dealings with governments at all levels. Every business in Australia will get ABUN with NUTS.

The new system will simplify the way businesses report to the Australian Taxation Collection Head Office Organisation (ATCHOO). Businesses will be required to complete a Business Activity Statement Table And Report Directive (BASTARD) every month. Business should set aside at least three days every working week to fill the BASTARD out.

Under the new system, every Australian taxpayer is classified as a SUCKER (Simple Underpaid Consumer Keeping Everything Running), unless they are unemployed and receiving Commonwealth benefits, in which case they are classified as a RATBAG (Registered Australian Taxation Beneficiary Allowance Grantee). All SUCKERS and RATBAGs will be required to

complete a DAFT (Direct Application For Taxation) form.

The completed DAFT form will be assessed by a local MORON (Metropolitan Or Regional Outcome Negotiator) who determines the amount of CRAP (Credited Refund Allowance Payment) the taxpayer will receive. Any SUCKER who wishes to appeal against the amount of CRAP received from the Government should contact the local MORON, who will assess the appeal and classify it as either STUPID (Secondary Temporarily Unpaid Portion of Individual Donation) or IDIOTIC (Income-Derived Individual Obligatory Taxation Installment Credit).

If you are a RATBAG, you will not be entitled to ABUN with NUTS. You will need to apply for the new allowance provided jointly by both State and Federal Governments, a JOB (Joint Organisation Benefit).

Any RATBAG who does not apply for a JOB can get STUFFT. From July 1 when all of Australia goes NUTS, small businesses need to submit a fortnightly General Allocation Rebate for Business And Goods Estimate (GARBAGE) report to the Department for Untaxed Merchandise and Produce (DUMP). Your GARBAGE must be sent to the DUMP before the 30th of each month.

All small businesses must be registered as Business Utilising Sales Tax (BUST) by June 30th and small businesses employing more than 2.7 persons on a regular full-time basis must give each employee the Statutory Assessment Contribution Kit (SACK) on or before July 1. Only when all employees have been given the SACK will the business be officially acknowledged as BUST.

In order to alleviate any hardship during the changeover period, the government will establish a Department of Grants and Subsidies (DOGS). It is anticipated that, by the end of the next financial year, all businesses will be



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registered as BUST and the country will have
gone to the DOGS.

? Ideas ?

If you have any suggestions for our newsletter,
please forward them to support@natsoft.com.au.