Special Report For:

Business Owner
Managers
Office Manager

Looking Ahead Series

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Looking Ahead – GST/VAT/Sales Tax & Bank

This article will cover setting up the GST/VAT/Sales Tax assigned to each item. We will also cover the setting up of the bank account.

GST/VAT/Sales Tax

In any cashflow forecast allowing for taxes such as GST/VAT/Sales Tax is a significant component of cashflow. The amounts vary depending on the country/region you are in.

In New Zealand we have GST of 15% on all transactions except financial transactions. The examples will be based on this and we will be using **Multi-SWAC Basic** as the program.

To access the GST/VAT/Sales Tax, set-up select Cashflow from the top menu then Tax Setup. The following screen should be displayed.

The name of the Tax Type is GST – this can be changed by overwriting in the name field and saving.

The Period Start is the month that the GST period commences and the Period Length is 2 months. i.e. covers April and May for the first period.

The payment for the April/May period is made in June, so the Payment Delay is 1 month after the end of the period set up.

All these can be altered to suit.

The rates are shown in the Rates field. These can be edited utilising the Add Rate, Edit Rate and Remove Rate buttons. We will use 4 codes (E – exempt, S – standard, N – not registered, Z - zero rated) as shown above with S being GST of 15%.

Now each item needs to have a GST/VAT/Sales Tax code applied to it. Double click on the first item, in our case Bank Fees.

The Edit Item screen is obtained. Select the appropriate GST/VAT/Sales Tax code from the drop down list, which for Bank Fees is E.

Select Next Item button and set up the subsequent items with their appropriate GST/VAT/Sales Tax code.

Note it is normal to setup the GST/VAT/Sales Tax codes for items before entering any $ values.

The screen shot below shows the GST/VAT/Sales Tax codes assigned to the individual items in the second column. Also the GST/VAT/Sales Tax section mid screen shows the GST amounts calculated as well as the calculated payments due.

File   View   Cashflow   Item   Help

Figures are GST EXCLUSIVE

| 2013 | Graphs |

Description	GST	Apr	May
EXPENSES			
Bank Fees	E	30	30
Rent	S	875	875
Rates	S	-	-
Stationery	S	25	25
Telephone	S	120	120
Total Expenses		1,050	1,050
NET SURPLUS BEFORE INTEREST		(1,050)	(1,050)
INTEREST			
O/D Interest		-	0
Total Interest		-	0
NET SURPLUS		(1,050)	(1,050)
GST			
on Sales		-	-
on Expense		(153)	(153)
Payments		-	-
Refunds		-	-
Adjustments		180	-
Total GST		27	(153)
NET CASH MOVEMENT		(1,023)	(1,203)
BNZ Bank A/C			
Opening Balance		1,000	(23)
Net Movement		(1,023)	(1,203)
Adjustment		-	-
Closing Bank Balance		(23)	(1,226)
O/D Limit		5,000	5,000

There should be a GST/VAT/Sales Tax payment due in April for the February/March period before the start of the forecast. This is entered in the Adjustments row of the GST/VAT/Sales Tax section. To do this, double click, on the GST/VAT/Sales Tax section and enter the payment due in April period (in this example $180).

Another reason for using the Adjustments row is to move a payment/refund from one period to another. For example in New Zealand the GST which would be due in December does not need to be paid until January the following year. See below.

-	-	-	-
(153)	(153)	(243)	(153)
-	-	-	-
396	-	306	-
-	-	(306)	306
243	(153)	(243)	153
(888)	(1,298)	(2,010)	(1,048)

Bank Account

The next step is to set-up the bank account.

The name of the bank can be edited, in this case to BNZ Bank A/C.

Enter the opening balance of the bank account for April.

If there is an overdraft limit this can be entered. Note you only need to enter for April and then you can use the copy down button to populate the rest of the months.

Interest Rate (%) is the interest rate applicable for the overdraft and OD Rate(%) is the rate applicable if the balance at the beginning of the period is above the overdraft limit. See example below.

Once saved the O/D Interest item is populated with the interest due to be incurred. This is based on the opening balance of the bank account for the period. It is the sum of the interest from the overdraft below the limit and interest above the limit.

Note that the closing balance of the bank changes to red when above the overdraft limit. See below.

(4,056)	(4,904)	(6,846)
(848)	(1,942)	(888)
-	-	-
(4,904)	(6,846)	(7,734)
5,000	5,000	5,000

So far we have set-up the expenses, GST/VAT/Sales Tax and the bank account.

The next article will cover entering direct costs and sales.