

# MYOB® Support Note

## Cash and Accrual Reporting of GST

### This support note is suitable for

- MYOB FirstAccounts v3 and above
- MYOB Accounting v9 and above
- MYOB Premier v3 and above

This support note explains cash and accrual (non-cash) GST reporting and how to generate reports in MYOB to display these amounts. It also explains the difference between cash and accrual accounting and reporting GST on either a cash or accrual basis.

### What GST Reporting methods are there?

GST amounts collected or paid can be reported to the ATO either on a cash or accrual basis. The difference between methods is when the liability is recorded and when to report tax collected and paid.

- If you choose to report your GST on a **cash basis** – you will not pay any GST to the Tax Office until you have collected it from your customers. You will also not be able to claim back any GST you have been charged by your suppliers until you actually pay your suppliers.

The amount reported represents 1/11<sup>th</sup> of the amount actually paid or received during the tax period.

- Under the **accrual basis (non cash basis)** you will recognise GST when you receive an invoice (that is, when you have a legal obligation to pay your suppliers) and when you supply goods or services (that is when you have a legal right to claim payment).

### What is the difference between *cash accounting* and *cash GST reporting*?

Cash accounting records expenses when you physically pay your supplier, and income when you physically receive the payment.

For example you may sell a TV today and not be paid for it for 60 days, Cash accounting would record this as an income in 60 days when you were paid. On the other hand you may purchase a TV today and not pay for it for 60 days, Cash accounting would record this as an expense in 60 days.

In GST terms this means that you may bill a customer today for \$10,000 plus GST of \$1,000. You are NOT liable to pay the GST liability until the customer pays you. It doesn't matter if you receive payment today, or in 6 months time, you only pay the GST when you are paid. In the same way, you can only claim GST Input credits when you pay your suppliers.

Remember that the amount of GST you report is proportional (1/11<sup>th</sup>) to the actual payment made or received during that period.

### **What is the difference between *accrual accounting* and *accrual GST reporting*?**

Accrual accounting records expenses when you have a legal obligation to pay, and income when you have a legal right to claim payment. This is usually when you receive an invoice, or the goods or service.

For example you may sell a TV today and not be paid for it for 60 days, Accrual accounting would record this as income today. You may purchase a TV today and not pay for it for 60 days,

Accrual accounting would record this as an expense today.

In GST terms this means that you may bill a customer today for \$10,000 plus GST of \$1,000. You are liable to pay the GST liability regardless of whether the customer pays you today, or in 6 months time. In the same way, you can claim GST Input credits regardless of whether you have paid your supplier today, or pay the supplier in 6 months time.

### **Can I record my transactions using *accrual accounting* and report GST on a *cash basis*?**

Yes, MYOB generates both cash and accrual basis GST reports. At the end of your GST reporting period, simply choose the applicable report.

There is no requirement to record your transactions on a cash accounting basis to generate a cash GST report. The information required to report on a cash basis is sourced directly from the MYOB payment modules, ie Chequebook, Supplier and Customer Payments.

*Note – you are unable to report GST on an accrual basis if you **record** transactions using cash accounting (ie just using chequebook area). This combination is incompatible as information required to generate accrual reports*

*is not recorded when using cash accounting. Contact the ATO if you have any further queries in this regard.*

## Where does MYOB sources information for each reporting method?

	<b>Chequebook - GST Amounts Reported</b>		<b>Sales &amp; Purchases - GST Amount Reported</b>	
<b>Cash</b>	Spend Money Receive Money	1/11 <sup>th</sup> of total Payments and Deposits made with GST code	Customer Payments Supplier Payments Amounts entered into 'Paid Today' fields	1/11 <sup>th</sup> of Customer/Supplier Payments entered during period.
<b>Accrual</b>	Spend Money Receive Money	1/11 <sup>th</sup> of total Payments and Deposits made with GST code	Amounts Entered on Invoice Amounts Entered on Purchase Order	Total amount of GST recorded on invoices and purchases

## Where do I find the relevant GST report?

<b>MYOB Program</b>	<b>Cash Report</b>	<b>Accrual Report</b>	<b>Report Location</b>
FirstAccounts v3	GST-Sales Tax (Summary - Cash) GST-Sales Tax (Detail - Cash)	GST-Sales Tax (Summary) GST-Sales Tax (Detail)	Report > Sales
Accounting v9 Premier v3	Sales Tax (Summary - Cash) Sales Tax (Detail - Cash)	Sales Tax (Summary) Sales Tax (Detail)	Report > Sales
Accounting v9.1 Premier v3.1	GST-Sales Tax (Summary - Cash) GST-Sales Tax (Detail - Cash)	GST-Sales Tax (Summary) GST-Sales Tax (Detail)	Reports > General Ledger
Accounting v10	GST-Sales Tax (Summary - Cash) & Business Activity	GST-Sales Tax (Summary) & Business Activity	Reports > GST/Sales Tax

Premier v4	Statement GST-Sales Tax (Detail – Cash) & Business Activity Statement	Statement GST-Sales Tax (Detail) & Business Activity Statement	
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Note - This information is of a generic nature. For specific advice regarding your particular circumstances please seek assistance from your Accountant.