



Input-Taxed Purchases and Sales

Support Note

For MYOB BusinessBasics, MYOB FirstEdge, MYOB Accounting V15, MYOB Accounting Plus V15, MYOB Premier V9, MYOB Premier Enterprise V3 and AccountEdge V5.

Introduction

There are certain types of transactions that are considered Input Taxed. There are special provisions for recording and reporting these types of transactions. This support note explains what these are and how your MYOB software enables you to handle them correctly

What does input-taxed mean?

You can not charge GST for input-taxed supplies. In addition, you are not entitled to input tax credits for the GST paid on the items/services you acquired to make the supply.

Input-taxed items/services include:

- financial supplies (including most transactions relating to money),
- existing residential premises,
- residential rents, and
- second and subsequent supplies of precious metals after refining.

For example, if a supplier charges a landlord \$1100 including \$100 of GST for some work done to the landlord's residential property. The supplier will enter this \$100 GST amount on the Business Activity Statement.

However, when the landlord charges the tenant for \$400 rent, no GST amount can be added or included in this charge. In addition, the landlord can not claim input tax credit for the work done to the residential property.

Which tax code should I use for input-taxed purchases (supplies)?

To assist reporting input-taxed purchases on your Business Activity Statement, you will need to allocate an 'input-taxed' tax code to those transactions. The tax code should be set up as shown below.

Enter the tax code (up to three characters), a brief description of the tax and the rate of tax. Select an appropriate tax type and complete the links as necessary.

Tax Code:

Description:

Tax Type:

Rate:

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If you enter input-taxed purchases as **tax exclusive**, set the **Rate** at 10%.

If you enter input-taxed purchases as **tax inclusive**, set the **Rate** at 0%.

When you use this tax code for an input-taxed item, no amount will be allocated to the GST liability account. The full amount will be allocated to the relevant expense account. When you run GST reports, any amounts that have been allocated to the INP tax code and are listed in the **Purchase Value** and **Tax Paid** columns, need to be added together and reported at **G13** on the BAS.

Which tax code should I use for input-taxed sales?

To assist reporting input-taxed sales on your Business Activity Statement, you will need to allocate an 'input-taxed' tax code to those transactions. The tax code should be set up as shown below.

Tax Code Information

Enter the tax code (up to three characters), a brief description of the tax and the rate of tax. Select an appropriate tax type and complete the links as necessary.

Tax Code:

Description:

Tax Type:

Rate:

Linked Account for Tax Collected ⇄: GST Collected

Linked Account for Tax Paid ⇄: GST Paid

Linked Card for Tax Authority :

Disclaimer: This information is of a generic nature. For specific advice regarding your particular circumstances please seek assistance from your Accountant, the Australian Taxation Office or your IT Consultant as appropriate.