



Sales Tax Zen

Get in harmony with GST/HST

Marnie Stretch



A photograph of two young women with blonde hair, seen from the chest up, engaged in conversation outdoors at night. The woman on the left is in profile, looking towards the right, wearing a dark jacket with a light-colored fur collar. The woman on the right is seen from the back, her hair tied in a ponytail. The background is dark and out of focus, showing some green foliage. The text "Take a minute to connect with your neighbour" is overlaid in white on the right side of the image.

Take a minute
to connect with
your neighbour

#QBConnect | WiFi: QBConnect

CPE Process

In order to receive CPE credit

- Be sure to sign in or scan your badge for this session
- You must stay in the session for the duration of the training
- This session is eligible for **1 hour of CPE**
- CPE certificates are emailed directly to you within 4 weeks of the conference date to the same email address you used to register

About today's speaker



Marnie Stretch, CPB
Accounting Loft

- Certified Professional Bookkeeper, IPBC
- Member, Intuit Trainer Writer Network
- Insightful Accountant Top 100 ProAdvisor 2019
- Top Ten Influencer in the Canadian Bookkeeping World
- Background in media production
- I love to kayak, travel, and dance; I'm learning to speak French

AGENDA

- Codes are the key
- Exact steps in a filing workflow
- Troubleshooting
- Adjustments
- Correct methods to capture penalties & interest
- Special scenarios
- Q&A





Codes are the Key

WHEN YOU **PURCHASE**

- Pick up the amount of GST/HST from the receipt.
- When there's no ITC, does it really matter if I choose Z, E, or Out of Scope?
- Which Out of Scope should I use?
- Watch for the codes used by third-party apps.

Expense



Payee

What did you pay?

Payment account

TD Visa

Balance \$334.82

AMOUNT

\$0.00

Payment date

03/10/2019

Payment method

What did you pay with?

Ref no.

Category details

	CATEGORY ⓘ	DESCRIPTION	AMOUNT	SALES TAX	BILLABLE ⓘ	CUSTOMER
1	Office Expenses	What did you pay for?		Out of Scope		
2						

Amounts are

- Exclusive of Tax
- Exclusive of Tax
- Inclusive of Tax
- Out of scope of Tax

Add lines

Clear all lines

WHEN YOU MAKE A SALE

- Charge your customer sales tax correctly.
- If I'm not charging tax, does it really matter if I choose Z, E, or Out of Scope?
- Which Out of Scope should I use?
- Watch for the codes used by third-party apps.

LINE 101 CHEAT SHEET

Did you use a sales tax code that triggers sales tax?



It's **included** on line 101

Did you choose an exempt or zero-rated sales tax code?



It's **included** on line 101

Did you choose the out of scope sales tax code or dropdown?



It's **not included** on line 101

PRO TIP: Use the **Taxable Sales Summary** report to get a report that shows zero-rated and exempt sales

IMPORTANT TO KNOW

Use caution when moving sales on/off the profit and loss to/from the balance sheet.

Changes from a filed period are brought forward to the current filing.



Should interest
income be
reported on
line 101?



KEEP THIS IN MIND

Purchase Forms



Let you choose **purchase** codes

Sales Forms



Let you choose **sales** codes

Deposits and JEs



Let you choose **any** code
(so be careful when you pick one)

PRO TIP: Never use 'Cheque' or 'Expense' to refund a customer. Use 'Refund Receipt'



Filing Workflow

The ONE thing you
must do....



START WITH SALES TAX CODE REVIEW

- Reports > search for Profit and Loss Detail
- Click Customize
- Click Rows/Columns, click Change columns
- Remove **Split** and **Balance** (optional, but I prefer less columns when I'm doing this)
- Add **Tax Code** (and **Tax Amount** if desired)
- Click Run report
- Filter for desired dates; click Run report
- Be sure to **Save customization**

PRO TIP: To perform the Sales Tax Code Review on balance sheet transactions, start with a GL and filter for the desired accounts.

PRO TIP: Reclassify Tax Codes – Accountant Users only

×

Reclassify transaction lines

Make changes to the selected transaction line.

Change account to

Select ▼

Change Tax code to

Select ▼

Exempt (0%)

GST (5%)

GST/PST BC (7%)

HST BC (12%)

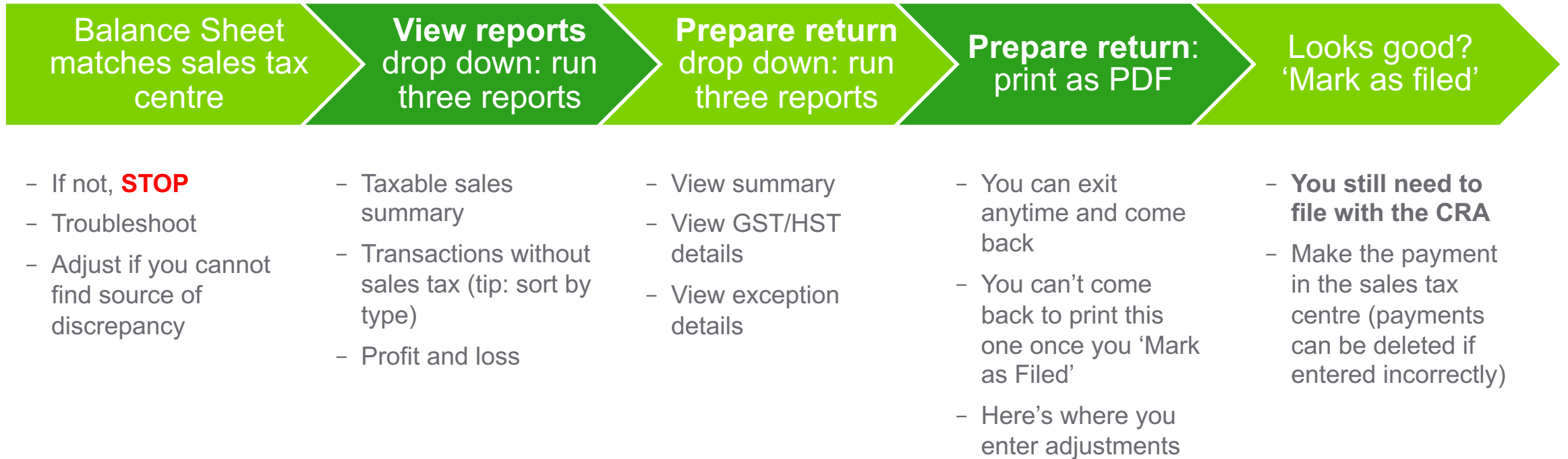
Out of Scope (0%)

PST BC (7%)

Zero-rated (0%)

Apply

Once you're done the sales tax code review



TIP: Review all reports first to ensure accuracy; once you're happy, print or save all reports as PDF!



Overview

Dashboard

Banking

Expenses

Sales

Projects

Employees

Reports

Taxes

Mileage

Accounting

My Accountant

Sales Tax

Payroll Tax

Sales Tax

Manage sales tax

Canada Revenue Agency

\$468.10

October 1 - December 31, 2019

CURRENT PERIOD

Filings

Payments

Open & filed returns

To file

\$468.10

GST/HST

October 1 - December 31, 2019

1

Prepared

2

Filed

3

Paid

Prepare return

Filed

\$172.05

July 1 - September 30, 2019

✓

✓

✓

View summary



New

Reports

Taxable sales summary

Transactions without sales tax

Profit and loss

Overview

Dashboard

Banking

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Mileage

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My Accountant

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Sales Tax

Manage sales tax

Canada Revenue Agency

\$468.10

October 1 - December 31, 2019
CURRENT PERIOD

Filings

Payments

New

Reports

Open & filed returns

To file

\$468.10
GST/HST

October 1 - December 31, 2019

1 Prepared 2 Filed 3 Paid

Filed

\$172.05

July 1 - September 30, 2019

✓ ✓ ✓

Prepare return

View summary

View GST/HST
detail

View exception
details

View summary

PAYMENT TO

Canada Revenue Agency

PAYMENT FROM

TD Chequing

PAYMENT DATE

11/30/2019

TOTAL PAYMENT

\$0.00

Outstanding tax payments

REMAINING BALANCE	FILING AMOUNT	FILING PERIOD	PAYMENT AMOUNT
<input type="checkbox"/> \$172.05	\$172.05	July 1 - September 30, 2019	<input type="text" value="172.05"/>
<input type="checkbox"/> \$232.05	\$232.05	April 1 - June 30, 2019	<input type="text" value="232.05"/>
<input type="checkbox"/> \$147.05	\$147.05	January 1 - March 31, 2019	<input type="text" value="147.05"/>

NEW!

Tax filings total	\$0.00
Remaining balance	\$0.00
Total payment	\$0.00

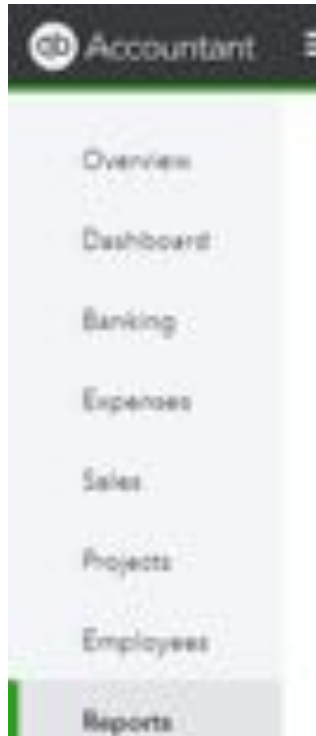
Record Payment

Think of the *GST/HST Payable* account as GST/HST Collected on Sales and Paid on Purchases.

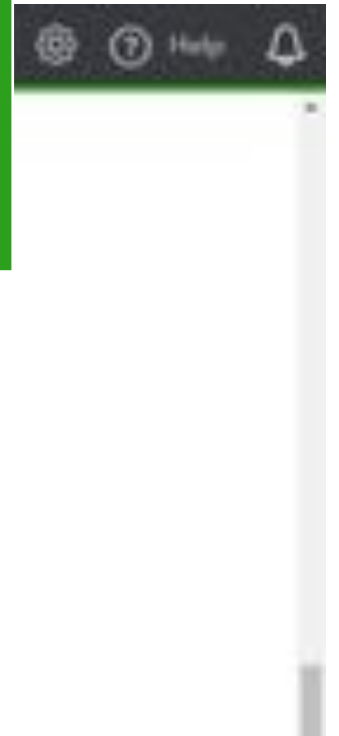
Think of the *GST/HST Suspense* account as returns you've filed but haven't yet paid (or been refunded for).

When you file a return, the amount you owe (or amount you're owed) is moved from the *GST/HST Payable* to *GST/HST Suspense*.

When you pay it (or get a refund) the *GST/HST Suspense* account should go back to zero.



Total Current Assets	\$203,134.66
Total Assets	\$203,134.66
<hr/>	
+ Liabilities and Equity	
+ Liabilities	
+ Current Liabilities	
Customer Deposits	10,000.00
GST/HST Payable	470.60
GST/HST Suspense	581.18
+ Payroll Liabilities	1,065.67
Total Current Liabilities	\$12,065.43





Troubleshooting



Did you post directly to the GST/HST Payable account on a Journal Entry without assigning something in the sales tax column?

Journal Entry no.272 Help X

Journal date: 11/30/2019 Journal no.: 272 ☐ Is Adjusting Journal Entry?

#	ACCOUNT	DEBITS	CREDITS	DESCRIPTION	NAME	SALES TAX
1	GST/HST Payable	25.00				GST/HST
2						
3						
4						
5						
6						
7						
8						
Total		25.00	0.00			

Cancel Clear Make recurring Save Save and new

**JOURNAL
ENTRIES
CAN BE
TRICKY**

PRO TIP: Choose something in sales tax column to have it show up on the sales tax return



Did you undo a filing that had exceptions? It *might* have ‘dropped’ the exceptions from the sales tax centre.

MORE TROUBLESHOOTING TIPS

Investigate the
GST/HST
Payable Account

Investigate
the Audit
Trail

Review previous
exception
reports



Adjustments

WHEN TO USE

- Balance sheet doesn't match sales tax centre
- Actual CRA filing doesn't match sales tax centre
- Provinces that have PST commissions

TIP: 'Adjust' will post to the GST/HST Payable account and another account of your choosing



Filing period

Quarterly

Start date

10/01/2019

End date

12/31/2019

Filing date

11/30/2019

Tax Due

\$468.10

[How to file a return](#)

Goods and Services / Harmonized Sales Tax Return

GST62

Canada Revenue Agency

Light It Up Inc (Business account #)

10/01/2019 - 12/31/2019

Annual basis

Filing date: 11/30/2019

	Amount	Exemptions	Total amount	
Sales and other revenue.....	Line 101	\$19,444.00	\$0.00	\$19,444.00
GST/HST collected or collectible.....	Line 103	\$972.20	\$0.00	\$972.20
Adjustments (Sales).....	Line 104	\$0.00	\$0.00	\$0.00
Total GST/HST and adjustments for period.....	Line 105		\$972.20	
Input tax credits (ITCs).....	Line 106	\$804.10	\$3.50	\$804.10
Adjustments (Purchases).....	Line 107	\$0.00	\$0.00	\$0.00
Total ITCs and adjustments.....	Line 108		\$804.10	
Net Tax.....	Line 109		\$468.10	
Installments and other annual filer payments.....	Line 110	\$0.00	\$0.00	\$0.00



Penalties & Interest



Changes expected soon! In the meantime...

OPTION ONE

When recording payment in sales tax centre, enter amount due. Do **not** include penalties & interest. Make payment from a *Clearing* account.

Create an EXPENSE using the *Clearing* account to enter the penalties & interest.

In the Bank Feed, you can accept the amount of the payment as a transfer from the Bank account to the *Clearing* account.

OPTION TWO

Remit separately from filing!

Enter as bill; pay bill



Special scenarios

Custom Rates

- Meals:
<https://bit.ly/2FMAFVS>
- Charities – GST on Sales:
<http://bit.ly/2Dmr9ZH>
- Charities – PSB Rebate:
<https://bit.ly/309Xnz7>



**I DON'T ALWAYS CALL
GST/HST TECHNICAL ENQUIRIES**



**BUT WHEN I DO
I CALL 800 959-8287**

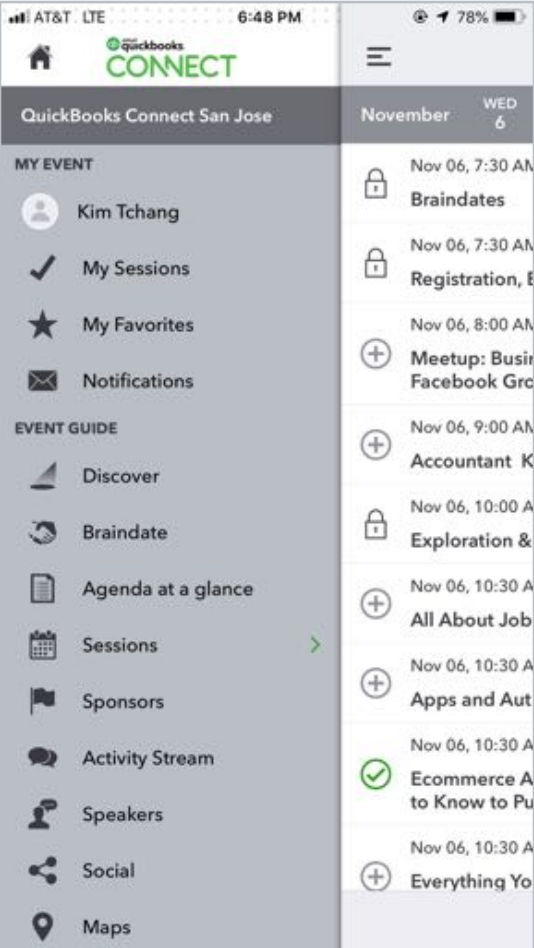


Questions?

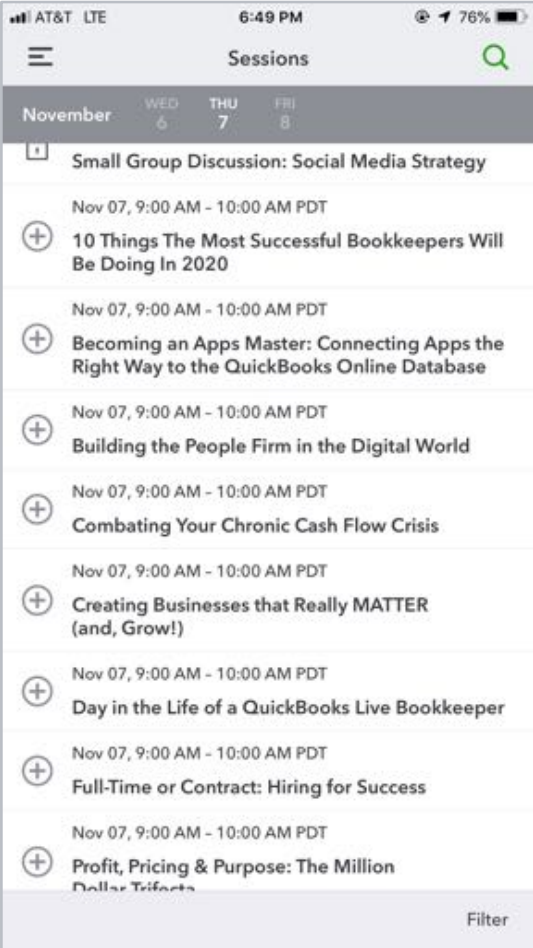
Rate this Session on the QuickBooks Connect Mobile App

Provide feedback to help us design content for future events

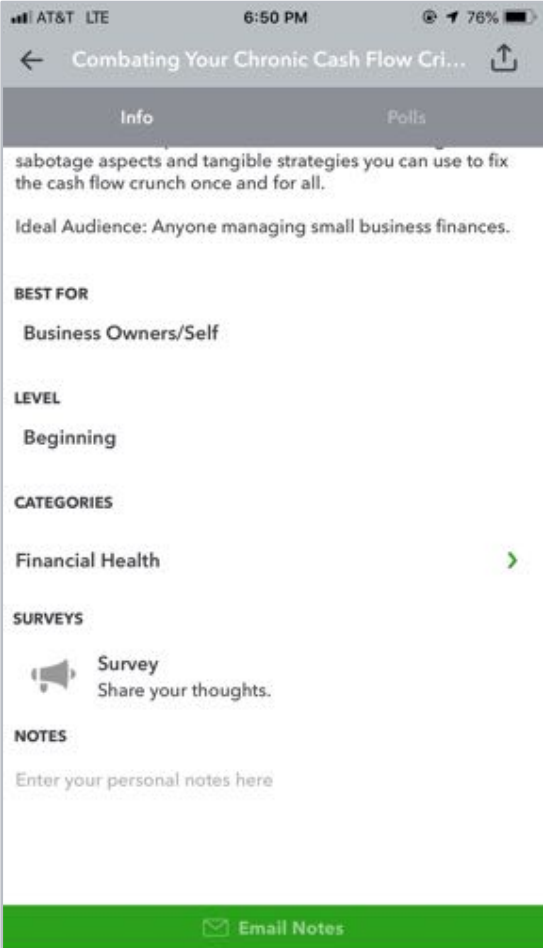
1. Select Sessions



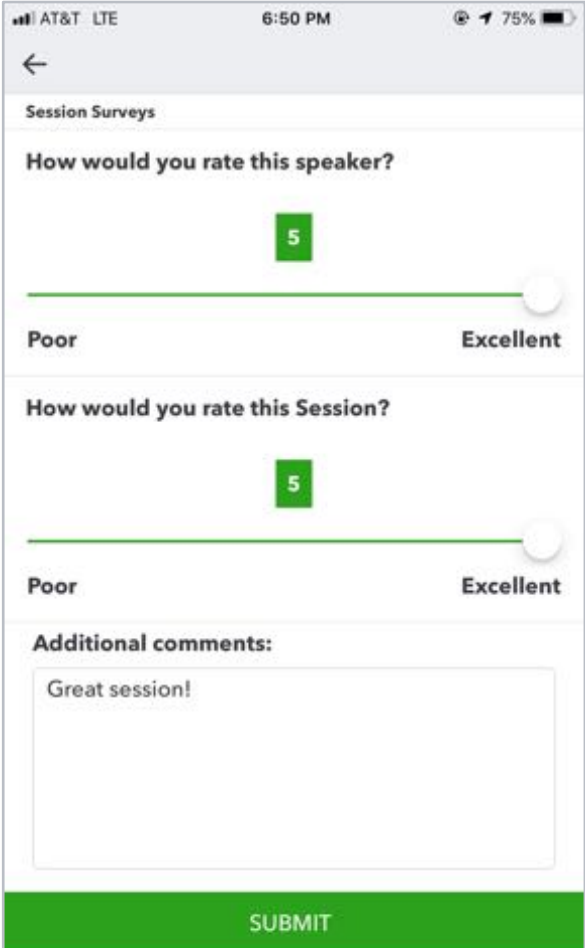
2. Select Session Title



3. Select Survey



3. Add Ratings



Material Download

1. Find the session on the agenda
2. Select + for more information
3. Download PDF of slides and/or supplemental material

<https://can.quickbooksconnect.com/agenda/>

The screenshot shows the QuickBooks Connect Canada 2023 agenda page. At the top, there's a navigation bar with links: Why Attend, Agenda (selected), Speakers, Pricing, Sponsors, Travel, and FAQ. Below this, there are tabs for the dates: December 9 (Accountant Day), December 10 (selected), and December 11. A 'Print Agenda' link is on the right. A paragraph describes the breakout sessions. Below that is a search bar labeled 'Search for sessions'. A 'Filters' section includes buttons for Organizational Culture, Life & Business Skills, Technology Training, Business Growth, Advisory, and Financial Health, with an 'Expand all +' link. The agenda list shows sessions from 7:30-9:00 am to 11:00 am-12:00 pm. The 'Breakout Sessions' section is expanded, showing details for 'Creating Your Small Business Culture', including a description, ideal audience, best for, speakers, location, track, CPD hours, and level. Other sessions listed are 'Understanding Personalities for Better Communication' and 'How to Use QuickBooks for Your Small Business: Introduction'.

QuickBooks CONNECT

Why Attend Agenda Speakers Pricing Sponsors Travel FAQ

December 9 Accountant Day December 10 December 11 Print Agenda

Attend breakout sessions to learn strategies to grow your business, how to hire and build an ideal culture, tips to improve your financial health and more. Connect with peers and experts for one-on-one learning. More information coming soon.

Search for sessions

Filters: Organizational Culture Life & Business Skills Technology Training Business Growth Advisory Financial Health Expand all +

7:30-9:00 am Registration, Breakfast & Exploration +

8:00-8:45 am Meetup: New to Networking +

9:00-10:00 am Morning Keynote +

10:00-11:00 am Exploration & Connection +

10:15-11:00 am Meetup: Women in the Workforce +

11:00 am-12:00 pm Breakout Sessions

Creating Your Small Business Culture

Many solopreneurs and small business owners feel like they don't have time to work on their company culture (or that they even should). Instead, they spend most of their days working in their business rather than "on" their business. In this session, you will receive tips on how to reduce stress, improve productivity, and improve your personal fulfillment all through the nurturing of your crew, your clients, your fans, AND yourself!

Ideal Audience: Business owners looking to enhance their culture.

Best For: Business Owners/Self-Employed

Speakers: Tamia Madenitz

Location: Room 201 CDEF

Track: Organizational Culture

CPD Hours: 1

Level: Introduction

Understanding Personalities for Better Communication +

How to Use QuickBooks for Your Small Business: Introduction +



OWN
THE
FUTURE