Sales Tax Zen
Get in harmony with GST/HST

Marnie Stretch


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

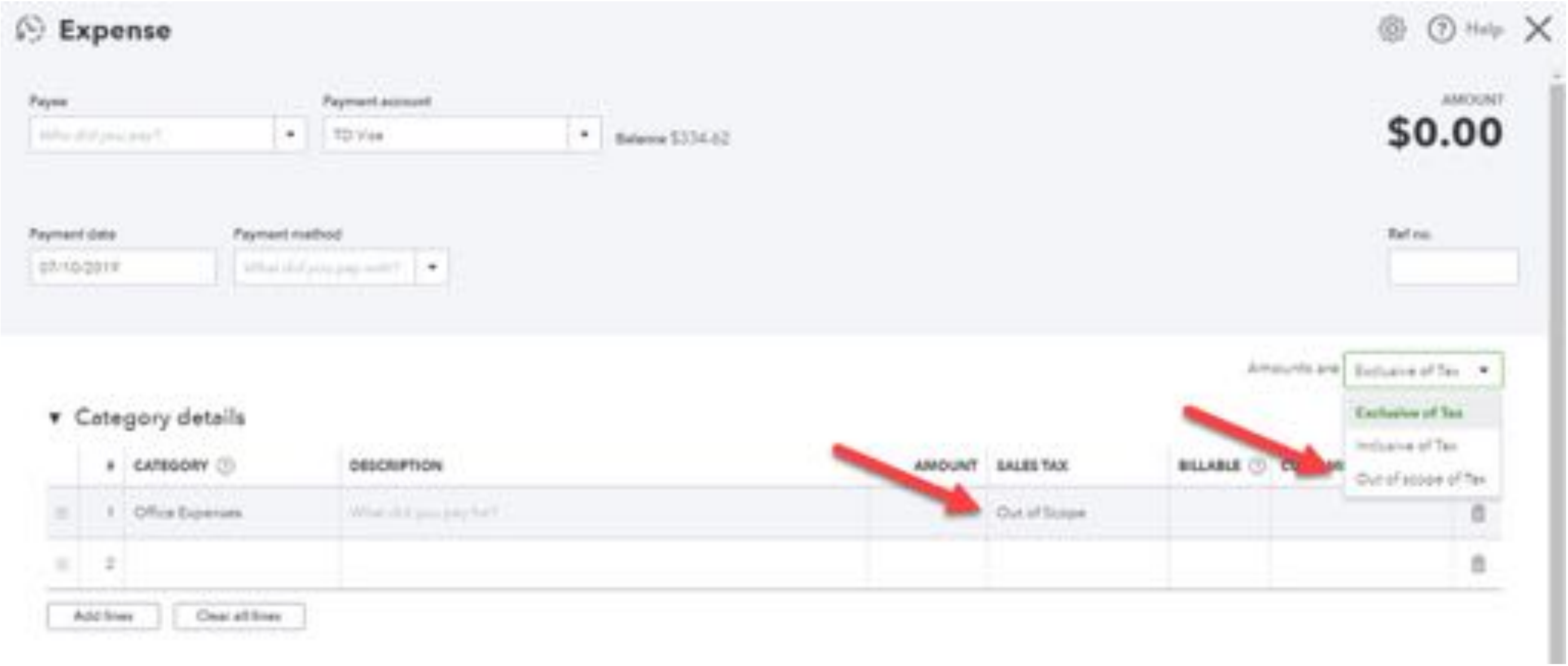
AGENDA

- 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
Help
Payee
Payment account
TD Visa
AMOUNT
$0.00
Payment date
Payment method
Ref no.
Amounts are
Exclusive of Tax
Inclusive of Tax
Out of scope of Tax
Category details
CATEGORY
DESCRIPTION
AMOUNT
SALES TAX
BILLABLE
Office Expenses
Out of Scope
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	Sales Forms	Deposits and JEs
Let you choose **purchase** codes	Let you choose **sales** codes	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

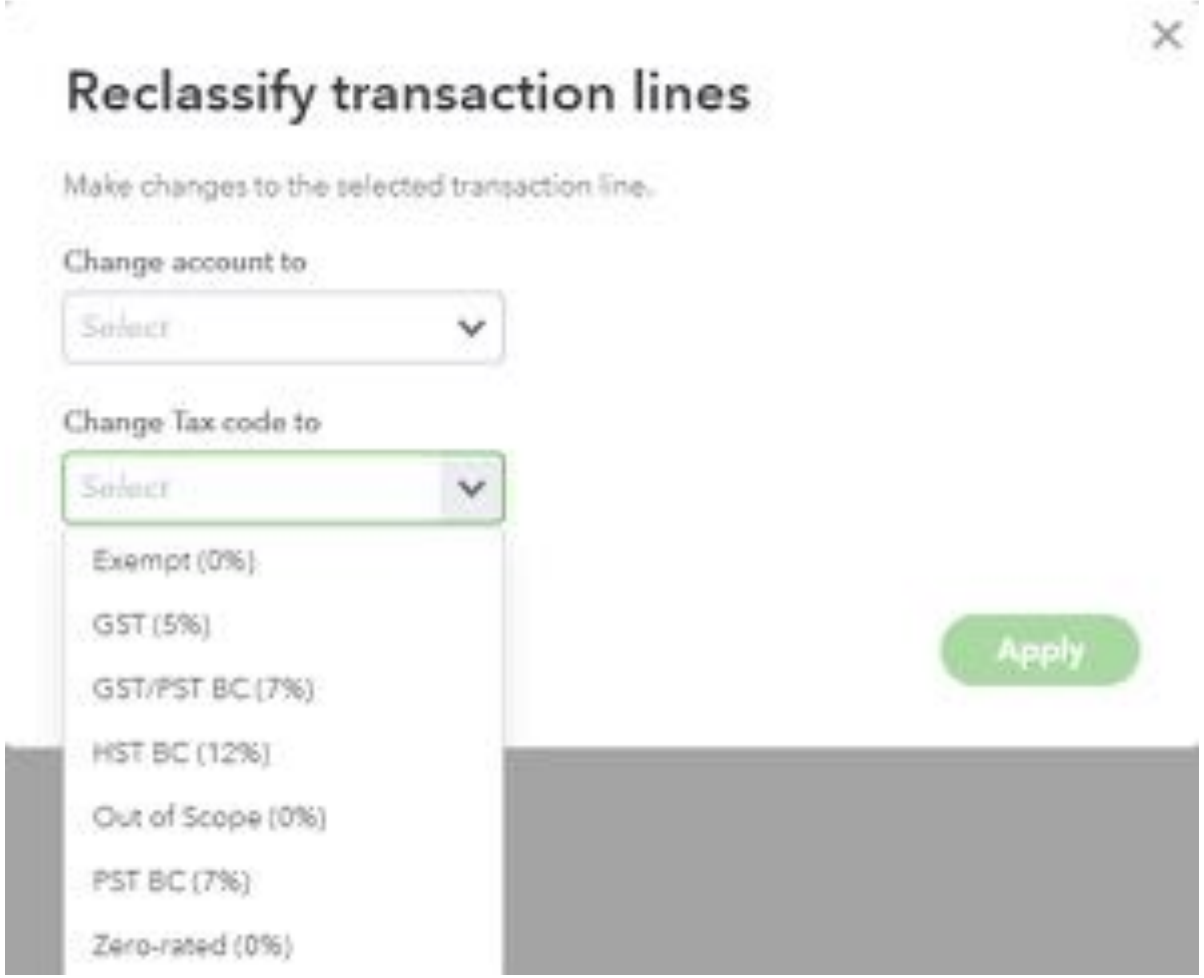
The ONE thing you must do….

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



Once you're done the sales tax code review

Balance Sheet matches sales tax centre → **View reports** drop down: run three reports → **Prepare return** drop down: run three reports → **Prepare return**: print as PDF → Looks good? 'Mark as filed'

Balance Sheet matches sales tax centre

- If not, **STOP**
- Troubleshoot
- Adjust if you cannot find source of discrepancy

View reports drop down: run three reports

- Taxable sales summary
- Transactions without sales tax (tip: sort by type)
- Profit and loss

Prepare return drop down: run three reports

- View summary
- View GST/HST details
- View exception details

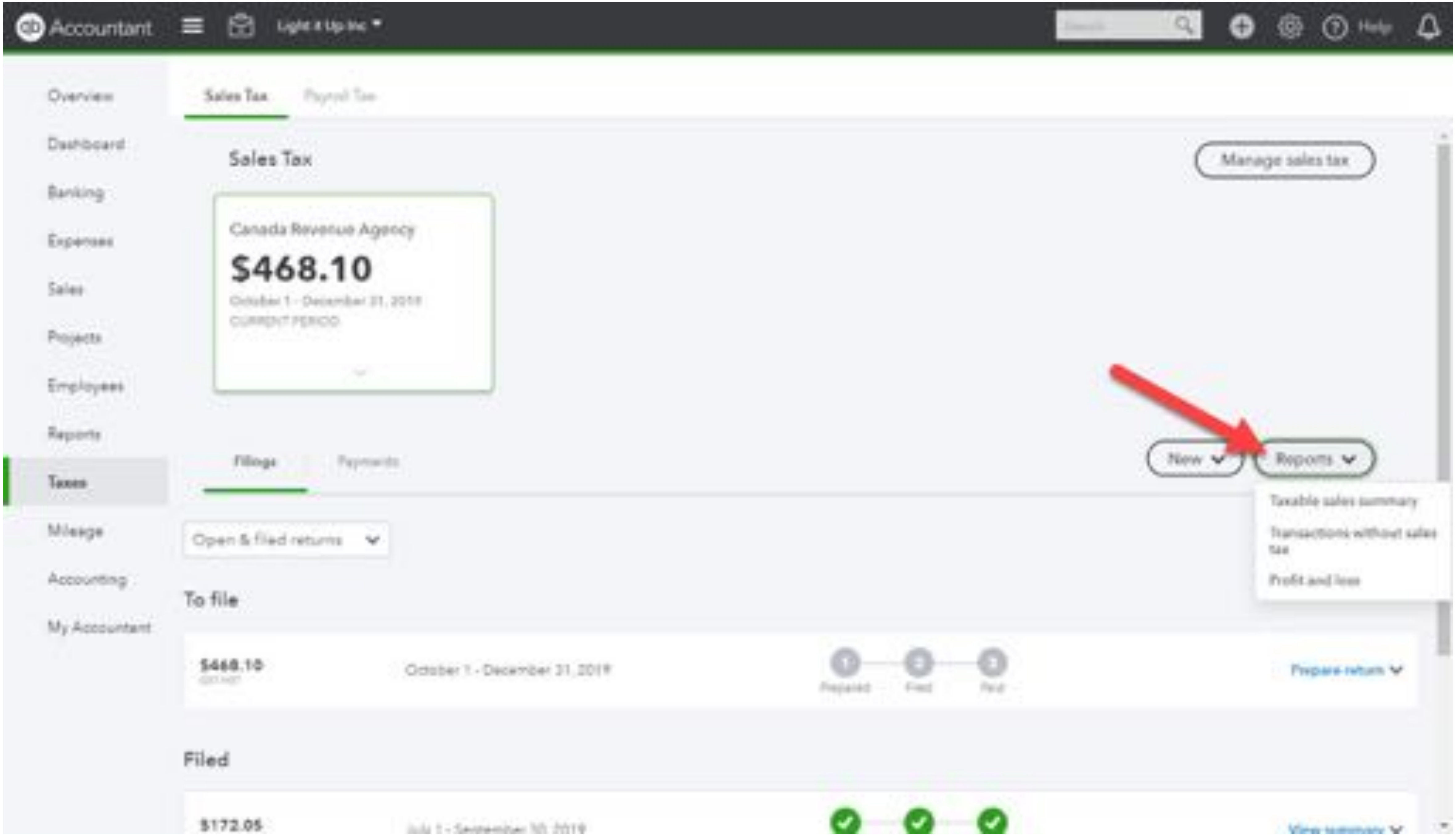
Prepare return: print as PDF

- You can exit anytime and come back
- You can't come back to print this one once you 'Mark as Filed'
- Here's where you enter adjustments

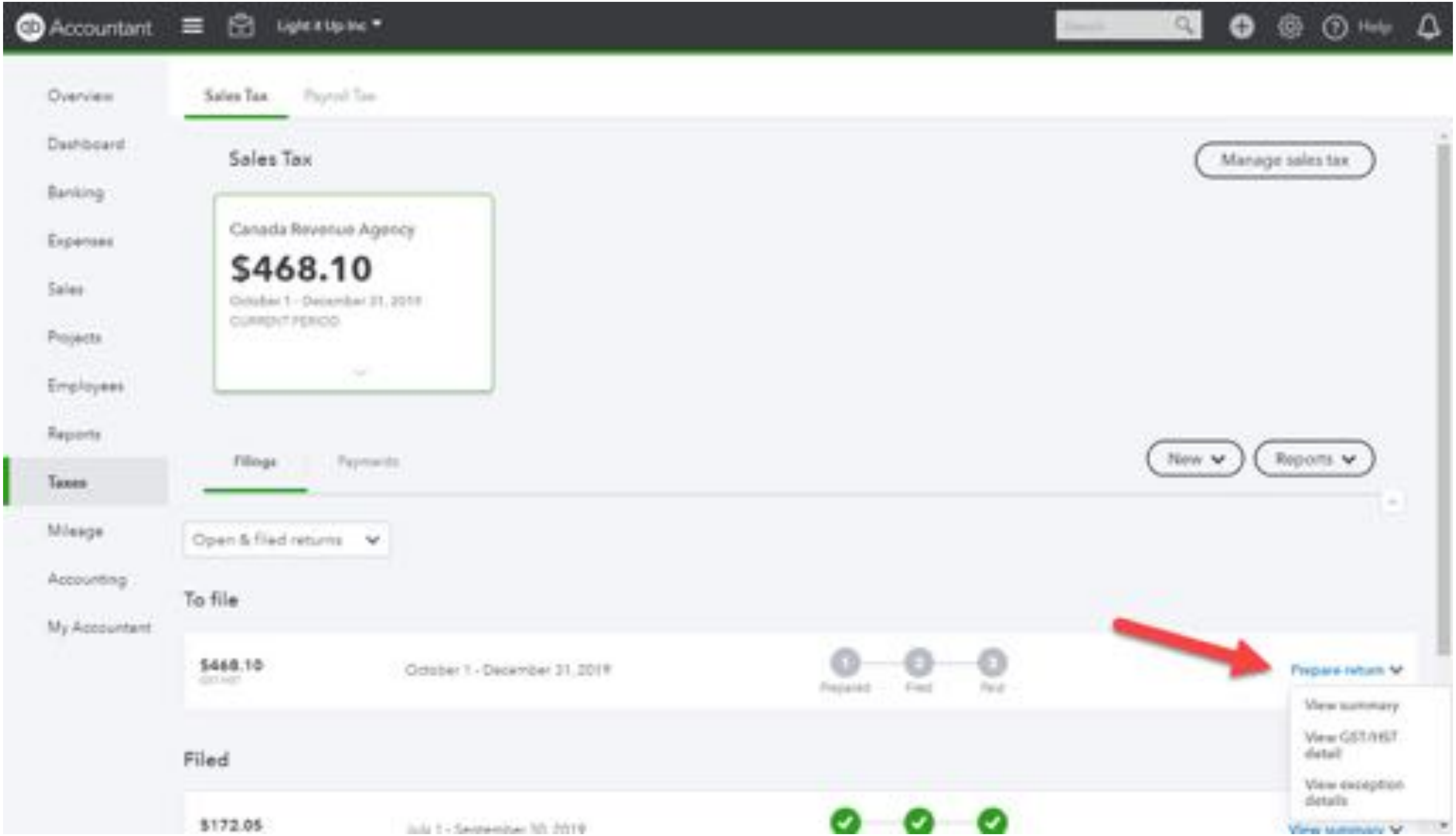
Looks good? 'Mark as filed'

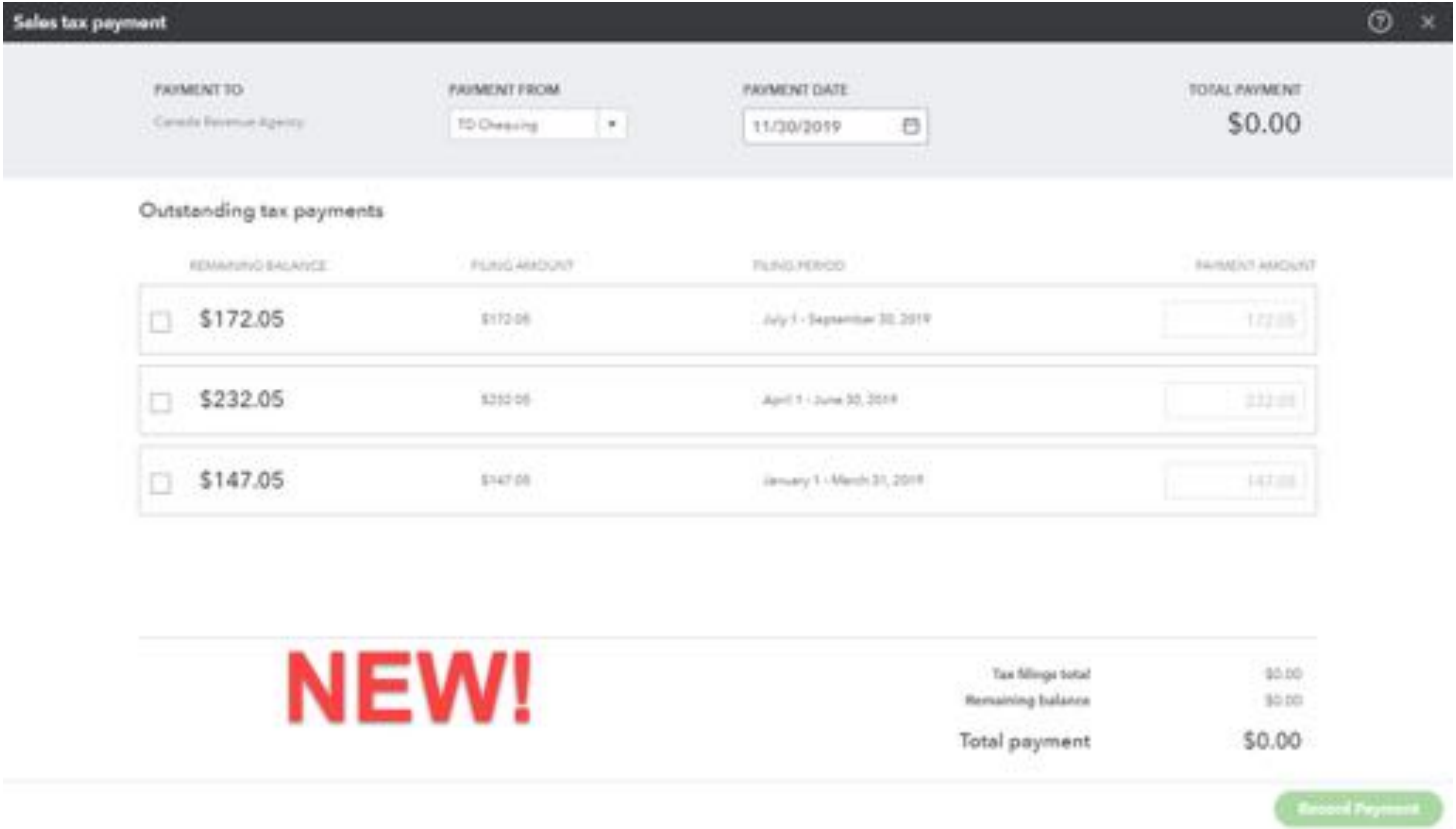
- **You still need to file with the CRA**
- Make the payment in the sales tax centre (payments can be deleted if entered incorrectly)

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



Accountant
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
CURRENT PERIOD
Filings
Payments
New
Reports
Taxable sales summary
Transactions without sales tax
Profit and loss
Open & filed returns
To file
$468.10
October 1 - December 31, 2019
Prepared
Filed
Paid
Prepare return
Filed
$172.05


Accountant
Light it Up Inc
Help
Overview
Dashboard
Banking
Expenses
Sales
Projects
Employees
Reports
Taxes
Mileage
Accounting
My Accountant
Sales Tax
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
October 1 - December 31, 2019
Prepare return
View summary
View GST/HST detail
View exception details
Filed
$172.05
July 1 - September 30, 2019

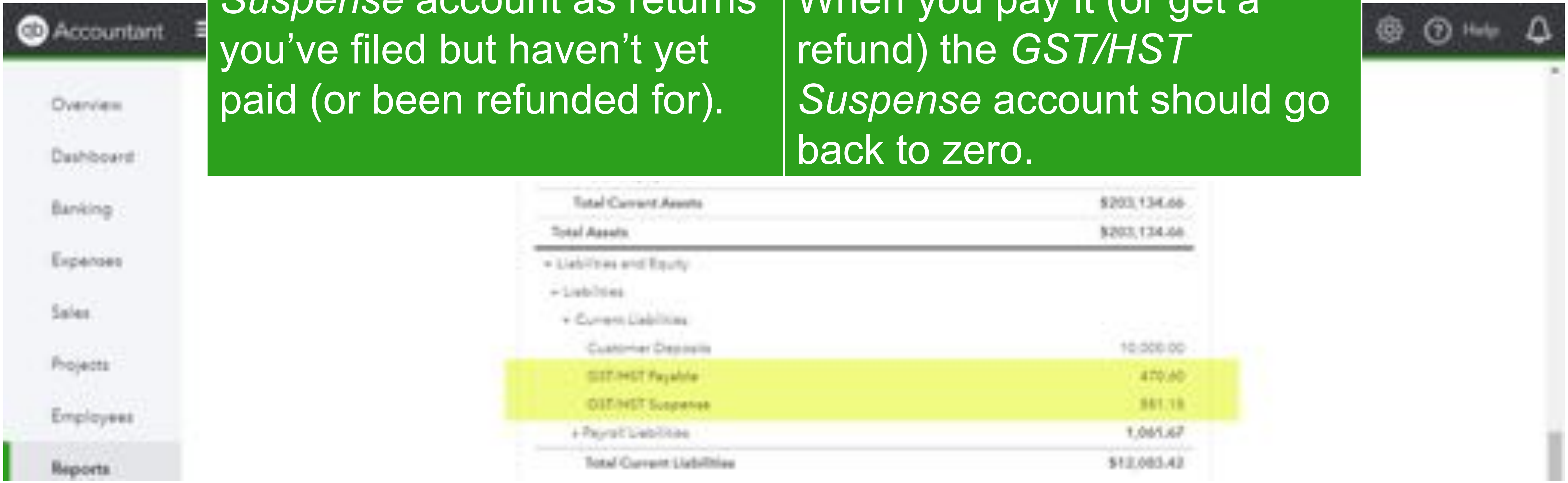

Sales tax payment
PAYMENT TO
PAYMENT FROM
PAYMENT DATE
11/30/2019
TOTAL PAYMENT
$0.00
Outstanding tax payments
$172.05
July 1 - September 30, 2019
$232.05
April 1 - June 30, 2019
$147.05
January 1 - March 31, 2019
NEW!
Tax filings total
$0.00
Remaining balance
$0.00
Total payment
$0.00

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).

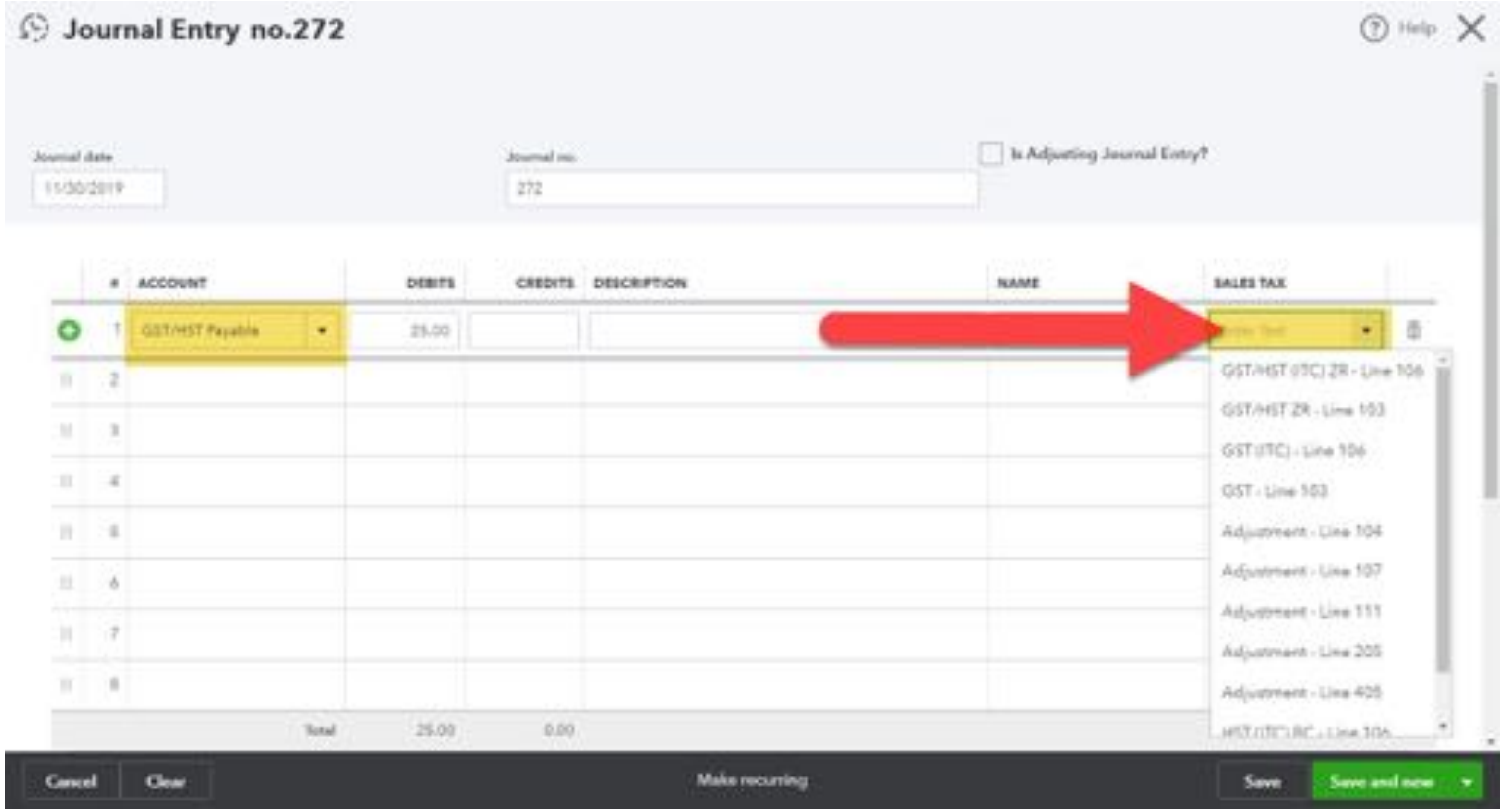
When you file a return, the amount you owe (or amount you're owed) is moved from the *GST/HST Payable* to *GST/HST Suspense*.

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



Troubleshooting

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



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

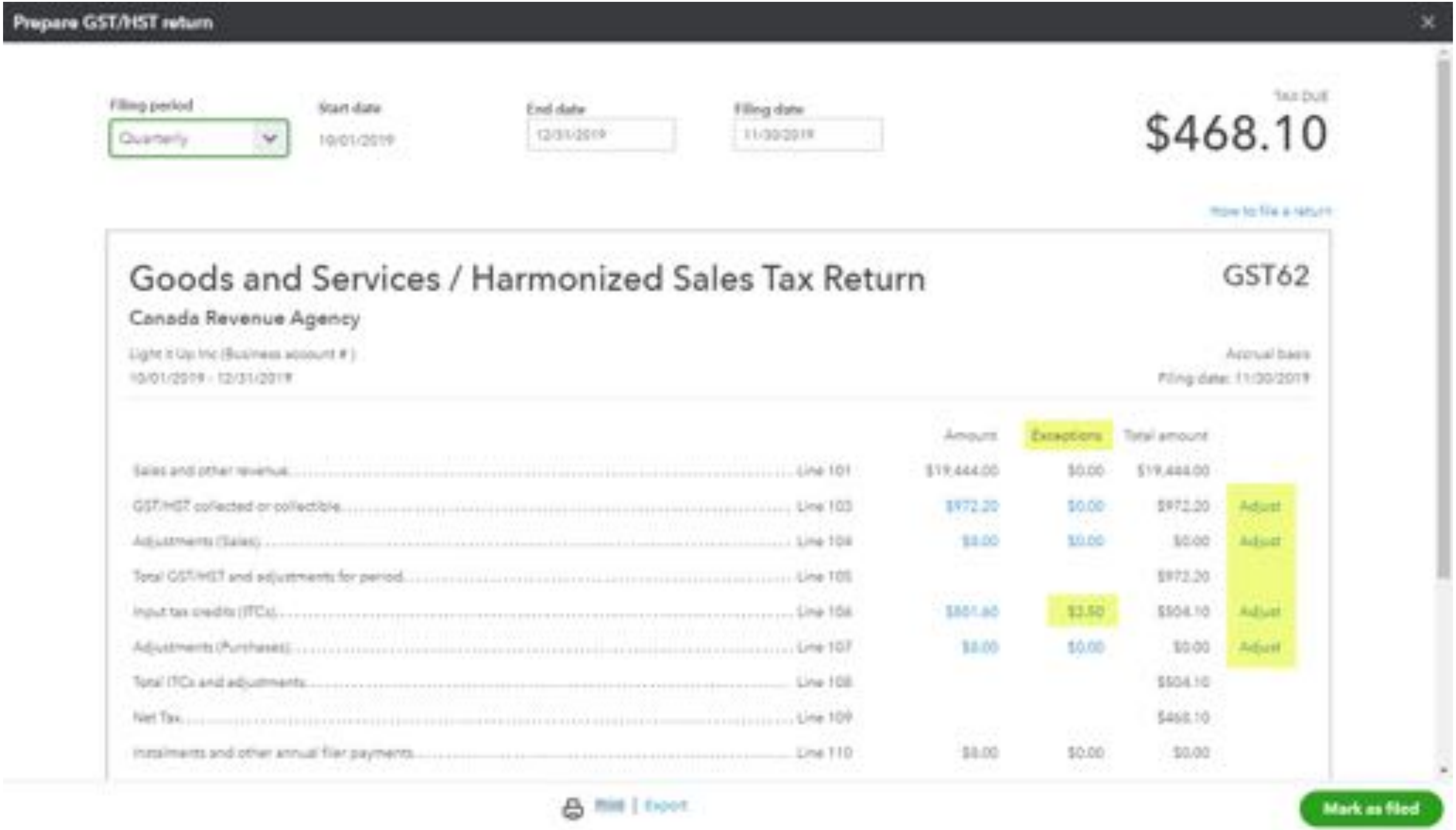
Review previous exception reports

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



Prepare GST/HST return

Filing period	Start date	End date	Filing date	Tax due
Quarterly	10/01/2019	12/31/2019	11/30/2019	$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

Accrual basis
Filing date: 11/30/2019

		Amount	Exceptions	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	Adjust
Adjustments (Sales)	Line 104	$0.00	$0.00	$0.00	Adjust
Total GST/HST and adjustments for period	Line 105			$972.20	
Input tax credits (ITCs)	Line 106	$501.60	$3.50	$504.10	Adjust
Adjustments (Purchases)	Line 107	$0.00	$0.00	$0.00	Adjust
Total ITCs and adjustments	Line 108			$504.10	
Net Tax	Line 109			$468.10	
Instalments and other annual filer payments	Line 110	$0.00	$0.00	$0.00	

Print | Export

Mark as filed

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

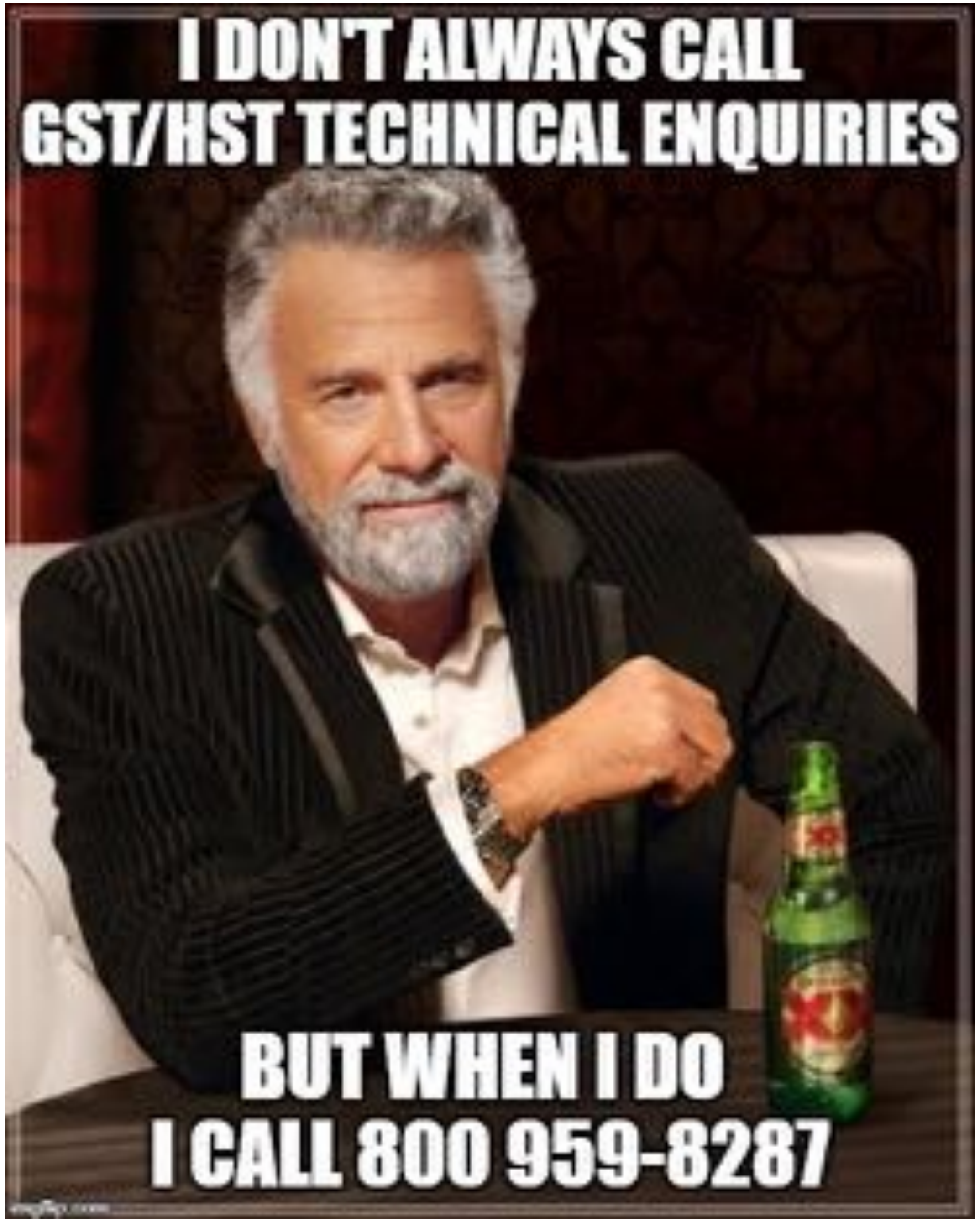
Remit separately from filing!

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

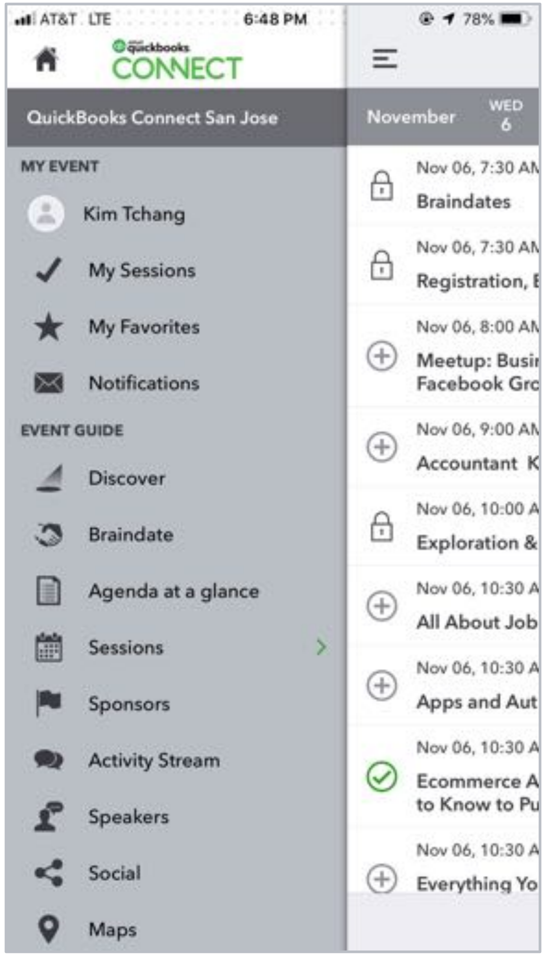

I DON'T ALWAYS CALL
GST/HST TECHNICAL ENQUIRIES
BUT WHEN I DO
I CALL 800 959-8287

Questions?

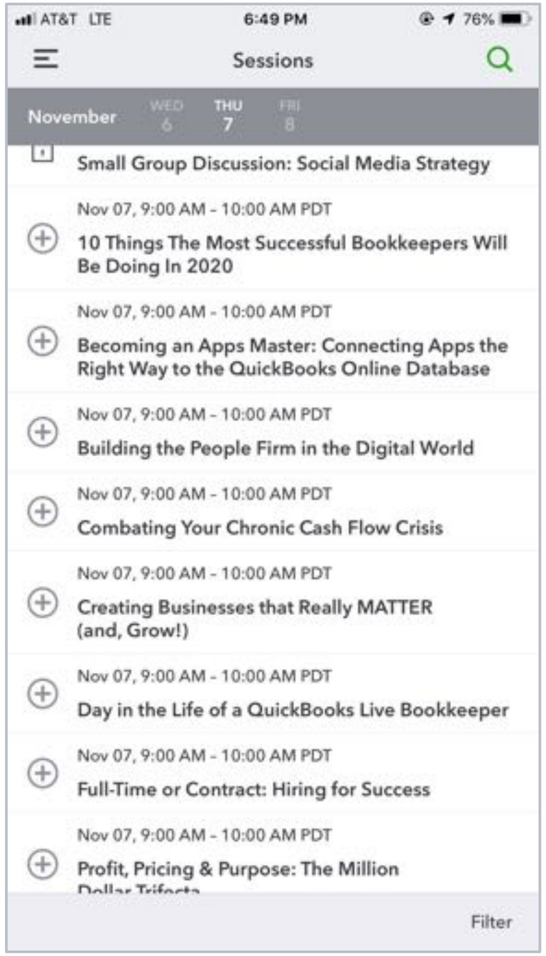
Rate this Session on the QuickBooks Connect Mobile App

Provide feedback to help us design content for future events

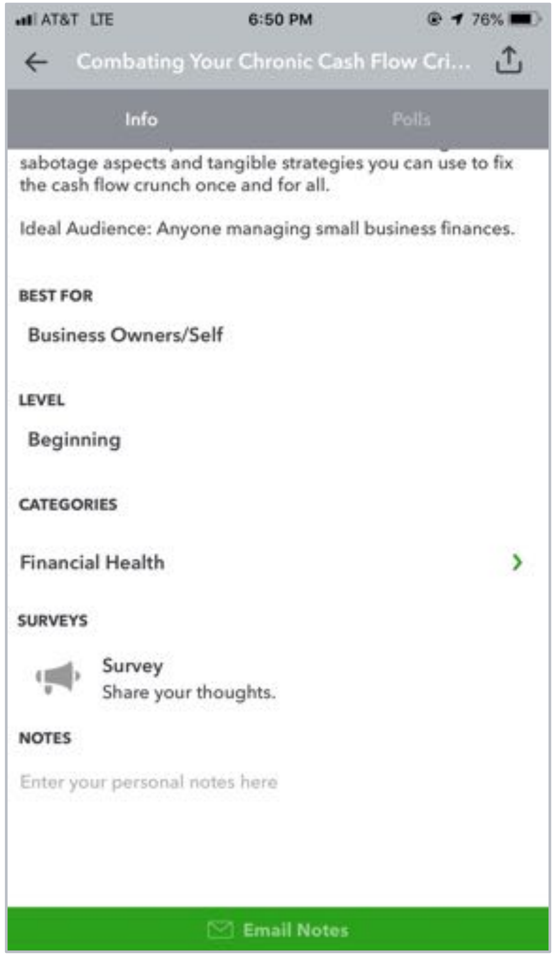
1. Select **Sessions**



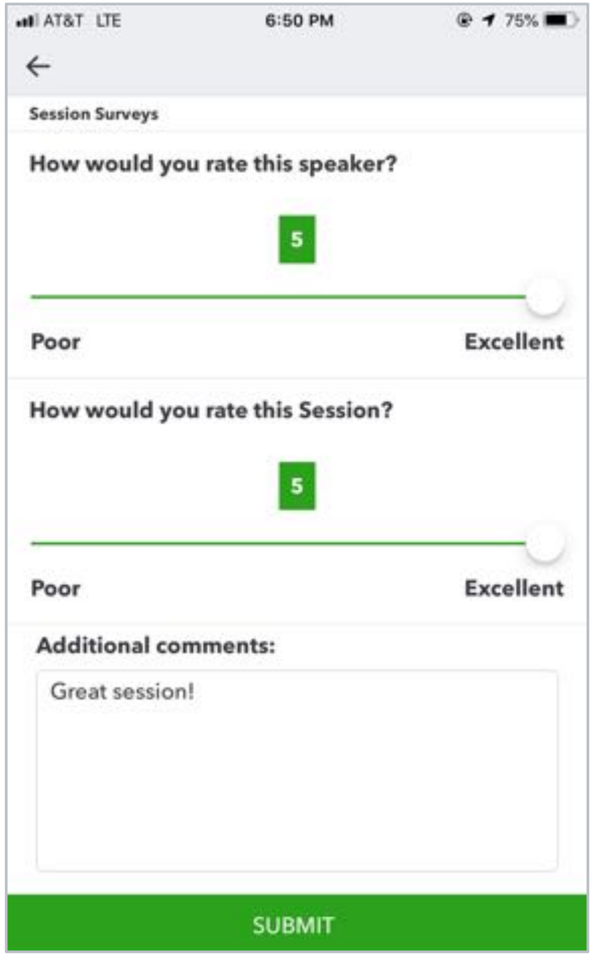
2. Select **Session Title**



3. Select **Survey**



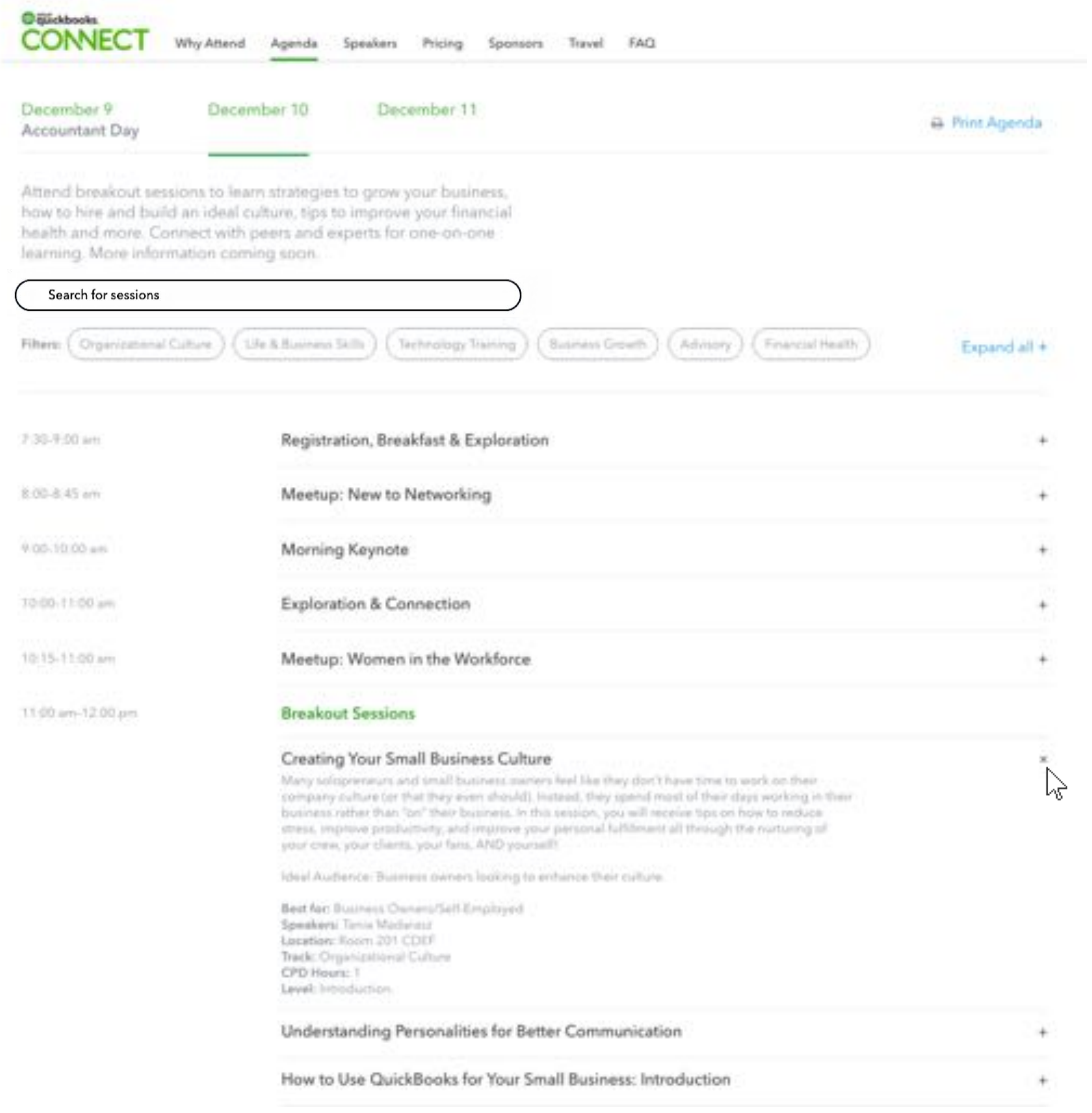
3. Add **Ratings**



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/



intuit quickbooks

CONNECT

OWN THE FUTURE