

GST - Checks and Balances: Learning Resource

This worksheet is to help you develop your own GST return checklist and troubleshoot when GST is out of balance.

GST Return Checklist:

- Create consistent approach with all GST returns being prepared
- Useful record in the event of having an IRD GST Review/Audit
- Demonstrates best practice bookkeeping
- Can be customised for different clients as applicable.

✓	Check	Notes
	Verify GST settings	GST settings (basis + frequency) should be the same in both the accounting software and IR
	Bank accounts in balance	<ul style="list-style-type: none"> ▪ Includes PayPal, payment gateways like Stripe ▪ Follow up on unreconciled transactions (can be in balance but not all reconciled) ¹ ▪ Periodically review against actual bank statement
	Undeposited Funds	<ul style="list-style-type: none"> ▪ Cash banking relating to GST reporting period; being banked after month-end date ▪ May include Eftpos/Stripe etc
	Receivables check	<ul style="list-style-type: none"> ▪ Clear small balances ▪ Review credit notes / deleted invoices ▪ Check if any cash coding made in error
	Payables check	<ul style="list-style-type: none"> ▪ Clear small balances ▪ Review credit notes / deleted invoices ▪ Check if any cash coding made in error.
	Dating issues	<ul style="list-style-type: none"> ▪ Look for possible past/future dating issues
	Business expenses paid owner funds	<ul style="list-style-type: none"> ▪ Process with correct dates ▪ Source documents
	Confirm if any loans / asset purchases / sale or disposal of assets	<ul style="list-style-type: none"> ▪ Ask! ▪ Source documents ▪ Process as applicable ▪ Include workings/documentation with GST return workpapers

¹ ALL income should be reconciled, expenses paid can be included as Late Claims in future returns (up to 2 years)

✓	Check	Notes
	Staff Expense claims	<ul style="list-style-type: none"> ▪ Process with correct dates ▪ Source documents
	Customs GST	<ul style="list-style-type: none"> ▪ Review customs agent bills ▪ Check gst on customs coding correct ▪ Include bill copies with GST return workpapers
	GL Check	<ul style="list-style-type: none"> ▪ Check details of: <ul style="list-style-type: none"> ○ Entertainment ○ Travel ○ General expenses ○ Assets / Minor assets ○ Other codes where miscoding poss ▪ GST treatment on e-commerce transactions
	Reports sanity check	<ul style="list-style-type: none"> ▪ Review Profit and Loss ▪ Review Balance Sheet ▪ Look for anomalies and large amount variances
	GST Detail for reporting period	<ul style="list-style-type: none"> ▪ Review return period detail ▪ Work in excel if for a large business ▪ Review and correct any coding/gst errors
	GST Reconciliation	<ul style="list-style-type: none"> ▪ Confirm in balance ▪ Troubleshoot if out of balance
	GST Workpapers	<ul style="list-style-type: none"> ▪ Key docs saved ▪ GST Reconciliation workbook ▪ Notes as applicable ▪ Completed GST checklist ▪ Ir-filed return pdf
	GST Return – Client approval	<ul style="list-style-type: none"> ▪ [As per agreed process] ▪ Signoff / email saved
	GST Return – ir file	<ul style="list-style-type: none"> ▪ [As per agreed process] / [Role] ▪ Pdf copy of filed return – add to workpapers
	Tax payment set up / approved	<ul style="list-style-type: none"> ▪ [As per agreed process] / [Role]



Like to learn more?

Leaine Jones has set up Smart Books to provide online learning for bookkeepers and business owners and their staff. Learn smart and join the Smart Bookies Club! Be an early adopter for our course curriculums currently under development.



leaine@smartbookscourses.com

027 251 2788

GST Reconciliation

Invoice Basis

GST Ledger balance should match the GST return form to pay/refund due

Payments Basis

GST as per Balance Sheet

Less GST on Accounts receivable

Plus GST on Payables

= GST Payable = GST Form

Troubleshooting out of balance

(by no means a complete list!)

- Unpaid GST from prior periods
- GST on arrangement
- IR have transferred GST refund to other tax type(s)
- Prior GST payments including IR use of money interest / late payment penalties
- Timing differences with mis-matched dates
- Journals with GST incorrectly processed
- Receivables / Payables totals differ to what is displayed on the Balance Sheet (dating issues)
- Other tax payments incorrectly coded as GST payments
- Re-run last GST rec checks and see if anything has changed
- Year end adjustments from last tax year not yet entered (EOFY alignment journal required – especially if financials prepared in accountant's software)
- No opening GST balances
- Incorrect opening GST balances

Useful Links

<https://www.ird.govt.nz/gst/charging-gst>

<https://www.ird.govt.nz/managing-my-tax/record-keeping/records-of-income-and-expenses>

<https://www.ird.govt.nz/gst/gst-adjustments>

<https://www.ird.govt.nz/gst/charging-gst/special-supplies>

<https://www.ird.govt.nz/gst/gst-for-overseas-businesses/gst-on-low-value-imported-goods/when-to-charge-gst-on-low-value-imported-goods>

<https://www.ird.govt.nz/cryptoassets/taxing/cryptoassets-and-gst>

Example Customs charges coding

New Bill

Date: 24 May 2022 | Due Date: 20 Jun 2022 | Reference: 12345

ollar

Description	Qty	Unit Price	Account	Tax Rate
Customs charges - not containing GST	1.00	27.50	415 - Customs charges	No GST
Customs GST - claimable GST return	1.00	295.00	820 - GST	GST on Imports
Customs and admin charges - with GST	1.00	57.50	415 - Customs charges	15% GST on Expenses

myIR – Check GST settings

myIR

< More...

Account details

GST
[REDACTED] GST002
[REDACTED]

Attributes

Account registration details

Accounting basis : Payments (cash)
Filing frequency : Two monthly - periods ending odd months
Paper return : No
Refund bank : [REDACTED]