



# Ins and outs of Sales Tax

Marnie Stretch

A photograph of two young women with blonde hair, one in profile and the other with her back to the camera, engaged in conversation outdoors at night. The background is dark with some green foliage visible. The text is overlaid on the right side of the image.

**Take a few moments  
to CONNECT with  
your neighbour**

# CPD Process

## In order to receive CPD 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 CPD**
- CPD certificates are emailed directly to you within 4 weeks of the conference date to the same email address you used to register

## Today's speaker



**Marnie Stretch, CPB**  
Owner, Accounting Loft  
[@marniestretch](#)

# About today's speaker



Marnie Stretch, CPB  
Owner, Accounting Loft

Certified Professional Bookkeeper, IPBC

Member, Intuit Trainer Writer Network

Insightful Accountant Top 100 ProAdvisor 2018

Top Ten Influencer in the Canadian Bookkeeping World

Background in media production

Mom to Gabriel, fiancée of Steve

I love to kayak, travel, and dance; I'm learning French

# CPD Process

## In order to receive CPD 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 hours of CPD**
- CPD certificates are emailed directly to you within 4 weeks of the conference date to the same email address you used to register





# AGENDA

- **Know your Codes**
- **Filing Workflow**
- **Troubleshooting**
- **Adjustments**
- **Penalties & Interest**
- **Special Scenarios**

# Recent Changes







# **Sales Tax Journal Entry Line Assignment**



# **Manage Sales Tax**

Manage sales tax

Tax agencies

Group rates

Canada Revenue Agency

GST/HST

Filing: Quarterly

Show inactive

Add tax

Select the dropdown

Add custom rate

Edit agency settings

NAME	TAX ON SALES	TAX ON PURCHASES	DESCRIPTION	ACTIONS
HST BC	12%	12%	Harmonized federal and provincial tax (British Columbia)	<a href="#">Make inactive</a>
GST/HST BC	12%	12%	Combined federal and provincial tax (British Columbia)	<a href="#">Make inactive</a>
QST	9.9%	9.9%	Federal goods and services tax	<a href="#">Make inactive</a>
Zero-rated	0%	0%	Zero-rated	<a href="#">Make inactive</a>
Exempt	0%	0%	Tax-exempt	<a href="#">Make inactive</a>

Page

Page

1 of 5

Next

Back

# Coming Attractions





- **Dashboard redesign**
- **Improved flow of payments**
- **Efile with CRA**
- **Reclassify transactions by tax code**
- **Bulk edit tax codes**
- **Import CoA with tax codes**
- **New report: transaction detail by tax code**

This information is intended to outline our general product direction but represents no obligation and should not be relied on in making a purchasing decision.



# Top Takeaway

Balance  
Sheet

=

Sales Tax  
Centre





# Know your codes



# SALES

- **Z, E, Out of Scope....does it really matter?**
- **Which Out of Scope should I use?  
Transaction versus line.**
- **Watch for how third-party apps publish transactions.**

# LINE 101

- **Exempt sales on sales receipts, invoices, credit memos hit line 101; out of scope sales on the same don't.**
- **Exempt sales on JEs, deposits hit line 101; blank or out of scope on same don't. Be careful to choose correct code, you can grab a purchase code by accident.**
- **NOTE: Sales Receipts, Invoices, Credit Memos require tax code. JEs and Deposits don't.**



# LINE 101

- **Use caution when moving sales on/off the profit and loss to the balance sheet.**
- **Changes from a filed period are brought forward to the current filing.**



# WHAT ABOUT PURCHASES?

- **Z, E, Out of Scope....does it really matter?**
- **Which Out of Scope should I use?  
Transaction versus line.**
- **Watch for how third-party apps publish transactions.**

These  
are  
fun!

### Payment/Fare Details

Form of Payment	CREDIT CARD - MASTERCARD : XXXXXXXXXXXXX 4895
Fare Calculation Line	YMQ WS YEA186.00CAD186.00END
Fare	CAD 186.00
Taxes/Fees/Carrier-Imposed Charges	CAD 7.12 CA1 (AIR TRAVELLERS SECURITY CHARGE)

---

	CAD 10.81 XG4 (GOODS AND SERVICES TAX (GST))
	CAD 1.25 XG3 (GOODS AND SERVICES TAX (GST))
	CAD 25.00 SQ3 (AIRPORT IMPROVEMENT FEE (AIF))
	CAD 21.56 XQ (QUEBEC SALES TAX)
	CAD 2.49 XQ3 (QUEBEC SALES TAX)
	CAD 23.00 YQI (OTHER AIR TRANSPORTATION CHARGES)
Total Fare	CAD 277.23



# Filing Workflow



# 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**

# Once you're done the sales tax code review

Balance Sheet  
matches sales  
tax centre

- If not, **STOP**
- Difference could be due to a JE or missing exceptions
- Drill down into GST/HST Payable to make sure you have no rogue JEs

View reports  
drop down:  
run three  
reports

- Taxable sales summary (report you need to separate exempt sales)
- 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't come back to print this one
- You can exit anytime
- 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!**

# Troubleshooting



# WHY?

- Did you post directly to the GST/HST Payable account on a Journal Entry without a tax line?
- Did you undo a filing that had exceptions? It *might* have ‘dropped’ the exceptions from the sales tax centre.



# NOW WHAT?

- Investigate the GST/HST Payable account
- Investigate the audit trail
- Review previous exception reports



A scenic landscape featuring a rocky beach in the foreground, a calm lake in the middle ground, and mountains in the background under a cloudy sky. The text "WHAT NEXT?" is overlaid on the left side of the image.

**WHAT NEXT?**

# Adjustments





# A FEW EXAMPLES

- 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*

# Penalties & Interest



# Penalties & interest

## ONE (paid with remittance)

When recording payment in sales tax centre, enter ENTIRE amount including penalties & interest. The difference will post to GST/HST Suspense. And it will match the bank feed.

Enter a JE to capture the penalties and interest (debit) and credit your GST/HST Suspense account *or*

Enter a zero-dollar bill, first line penalties and interest, second line negative GST/HST Suspense account.

## TWO (paid with remittance)

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

Enter an EXPENSE from the **Clearing** account showing 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.

## THREE

Remit separately from filing!

Enter as bill; pay bill

# Special Scenarios







# Links

- **Meals:** <http://bit.ly/2B7dPDg>
- **Charity – GST on Sales:**  
<http://bit.ly/2Dmr9ZH>
- **Charity – PSB Rebate:**  
<http://bit.ly/2B7MC3s>



# RAPID PROTOTYPING

- Feedback
- Fun
- Sugar

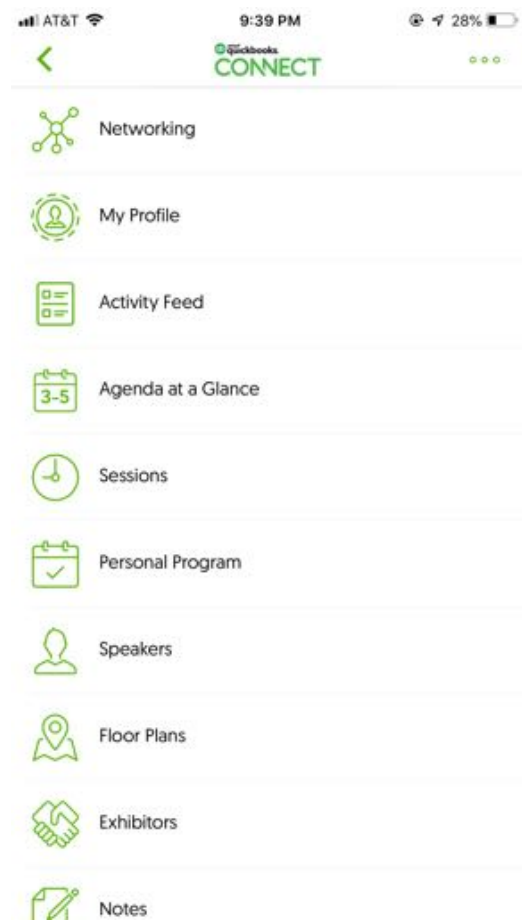


THANK  
YOU!

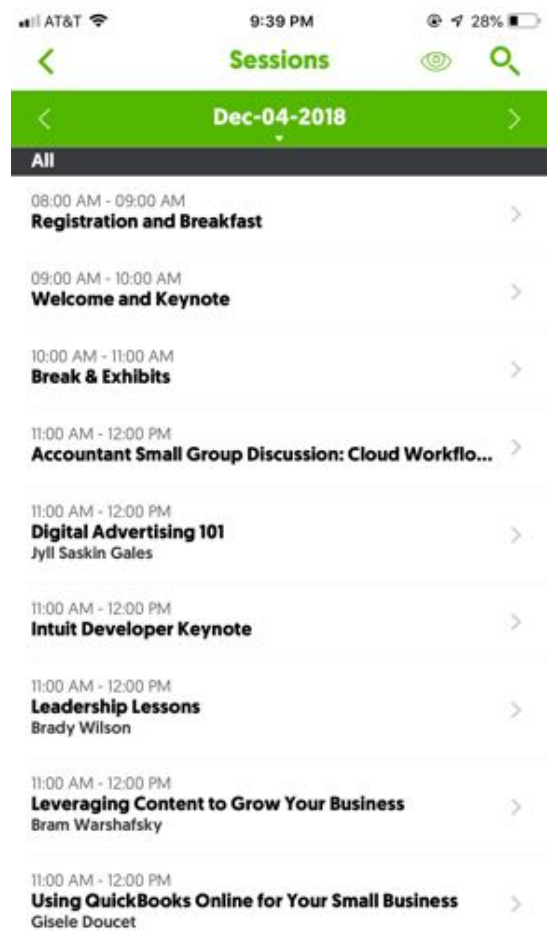
# Questions?

# Rate this session in the mobile app

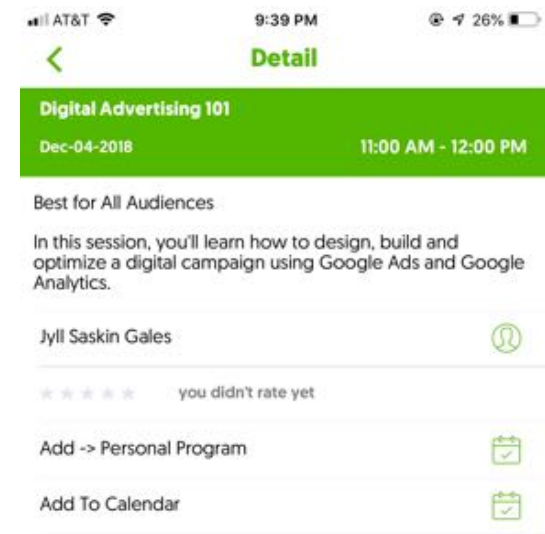
## 1. Select Sessions



## 2. Select Title



## 3. Add Rating





# Material Download

Session slides can be found on the QuickBooks Connect agenda page

- 1) Find the session on the agenda
- 2) Select + for more information
- 3) Download PDF of slides

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

11:00 am-12:00 pm	Breakout Sessions	
	Digital Advertising 101	+
	Leveraging Content to Grow Your Business	+
	Leadership Lessons	+
	Using QuickBooks Online for Your Small Business	+
	Warrior Approach to Productivity • session repeats	+
	Accountant Small Group Discussion: Cloud Workflows	+
	Intuit Developer Keynote • session repeats	+

