

# MYOB Advanced Business

## GST Rounding

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Cloud Solutions  
for Bigger Business

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# Introduction

In some cases, the Gross amount displayed on the MYOB Advanced Business GST Return does not match the Gross amount on invoices. These discrepancies are caused by rounding; however, even though different amounts appear in different places, the amounts are correct in the context they appear in.

## Disclaimer

While every effort has been made to ensure the information in this document is correct, it is ultimately the client's responsibility to obtain correct tax advice and meet their tax obligations, such as making any necessary adjustments, filing correct GST returns, and paying the correct amount of taxes. MYOB takes no responsibility for any penalties or other losses incurred by clients due to failing to meet their tax obligations.

## GST Rounding – Example

The following worked example illustrates the discrepancies that can arise with GST calculation and rounding in MYOB Advanced Business.

### Setup

This example uses a NZ database, configured to use GST-inclusive pricing. The system is using a default GST rate of 15%, i.e. post 1 October 2010.

# Invoices

An invoice is for \$100.05, excluding GST. The invoice shows:

- GST-exclusive (Net) amount: \$100.05
- GST amount: \$15.01
- **GST-inclusive (Gross) amount: \$115.06**

Main ▾ Invoices and Memos ★

RELEASE Actions ▾ Inquiries ▾ Reports ▾

Type: Invoice Customer: C1 - C1 Detail Total: 100.05  
Reference Nbr.: 000014 Location: MAIN - Primary Location Discount Total: 0.00  
Status: Open Terms: CASHONLY - Cash Only GST Taxable ... 100.05  
 Hold \* Due Date: 15/09/2015 GST Exempt ... 0.00  
Date: 15/09/2015 \* Prompt Paym... 15/09/2015 Tax Total: 15.01  
Post Period: 06-2016 Project: X - Non-Project Code. Balance: 115.06  
Customer Order: Rounding Diff.: 0.00  
Description: Amount: 115.06  
Prompt Paym... 0.00

Document Details Financial Details Billing Address Tax Details Salesperson Commission Discount Details Applications

View Schedule

Inventory ID	Transaction Descr.	Quantity	UOM	Unit Price	Ext. Price	Discoun Percent	Discoun Amount	Amount	Manual Discoun	Discount Code
		1.00		100.05	100.05	0.000000	0.00	100.05	<input checked="" type="checkbox"/>	

Main ▾ Invoices and Memos ★

RELEASE Actions ▾ Inquiries ▾ Reports ▾

Type: Invoice Customer: C1 - C1 Detail Total: 100.05  
Reference Nbr.: 000014 Location: MAIN - Primary Location Discount Total: 0.00  
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Customer Order: Rounding Diff.: 0.00  
Description: Amount: 115.06  
Prompt Paym... 0.00

Document Details Financial Details Billing Address Tax Details Salesperson Commission Discount Details Applications

Tax Details

* Tax ID	Tax Rate	Taxable Amount	Tax Amount
GST15DEBTOR	15.000000	100.05	15.01

Six more invoices with the same amounts are created in this period, resulting in the totals:

- Total GST-exclusive (Net) amount:  $\$100.05 \times 7 = \$700.35$
- Total GST amount:  $\$15.01 \times 7 = \$105.07$
- **Total GST-inclusive (Gross) amount:  $\$115.06 \times 7 = \$805.42$**

# GST Return

A GST Return for the period is created (the seven invoices are the only transactions for this period). The return shows:

- GST collected: \$105.07
- **Gross amount: \$805.54**

**Inland Revenue**  
Te Tari Taake

Goods and Services Tax Act 1985

## Goods and services tax return

For help in completing this return go to [www.ird.govt.nz](http://www.ird.govt.nz) (keyword: IR375)

**GST 101A**  
October 2010

Name and Address  
Main

Registration no. 1

Period covered by the return  
from 01/09/2015 2 to 15/09/2015

This return and any payment are due

If your correct postal address for GST is not shown above, print it in Box 3. Client copy only. Do not send to IRD.

If your correct daytime phone number is not shown here, print it in Box 4. Area code Phone number

<b>Goods and services tax on your sales and income</b>	Total sales and income for the period (including GST and any zero-rated supplies)	5	\$	805.54
	Zero-rated supplies included in Box 5	6	\$	0.00
	Subtract Box 6 from Box 5 and enter the difference here	7	\$	805.54
<b>Goods and services tax on your purchases and expenses</b>	Multiply the amount in Box 7 by three (3) and then divide by twenty-three (23)	8	\$	105.07
	Adjustments from your calculation sheet	9	\$	0.00
	Add Box 8 and Box 9. This is your total GST collected on sales and income	10	\$	105.07
<b>Declaration</b> <i>The information in this return is true and correct and represents my assessment as required under the Tax Administration Act 1994.</i>	Total purchases and expenses (including GST) for which tax invoicing requirements have been met—excluding any imported goods	11	\$	0.00
	Multiply the amount in Box 11 by three (3) and then divide by twenty-three (23)	12	\$	0.00
	Credit adjustments from your calculation sheet	13	\$	0.00
Add Box 12 and Box 13. This is your total GST credit for purchases and expenses		14	\$	0.00
Print the difference between Box 10 and Box 14 here		15	\$	105.07

OFFICE USE ONLY  
Operator code  Corresp. indicator   
Payment attached  Return cut

Signature  
Client copy only. Do not send to IRD

Date / /

If Box 14 is larger than Box 10 the difference is your GST refund  
If Box 10 is larger than Box 14 the difference is GST to pay (Tick one)  
Refund  \*  
GST to pay

Has payment been made electronically? Yes  No

The fields displayed in this report are dependent on the configuration of your MYOB Advanced system. It is essential that you cross-check the information you have entered for accuracy against the relevant tax reports in the system and seek advice from your qualified Taxation Accountant when preparing taxation remittances such as the Business Activity Statement.

While the GST amounts are the same, there is a \$0.12 difference between the Gross amount on the invoices and the Gross amount on the GST Return.

# Why is this Happening?

## On the Invoice

Each invoice has a GST-exclusive (Net) amount of \$100.05:

Net amount	\$100.05
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The Net amount is then multiplied by 15% to give the GST amount:

Net amount (invoice)	\$100.05
multiply by	15%
<hr/>	
GST amount	\$15.0075

**The GST amount is rounded to two decimal places, and is displayed on the invoice as \$15.01.**

GST amount (one invoice)	\$15.01
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GST amount (all invoices)	$\$15.01 \times 7 = \$105.07$
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This represents the amount of GST that will be charged to the customer, and therefore the amount that must be paid to the IRD.

The GST amount is added to the Net amount to calculate the Gross amount:

Net amount (one invoice)	\$100.05
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GST amount (one invoice)	\$15.01
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Gross amount (one invoice)	\$115.06
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Gross amount (all invoices)	$\$115.06 \times 7 = \$805.42$
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## On the GST Return

The GST Collected amount is equal to the GST on the invoices:

GST Collected	\$105.07
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The Gross amount is then **back-calculated from the GST amount** by multiplying by  $\frac{23}{3}$  (the coefficient of 15%). The gross amount must be calculated this way, because the IRD does the reverse when assessing the amount of GST to be paid.

GST Collected	\$105.07
multiply by	$\frac{23}{3}$
<hr/>	
“Calculated Gross”	\$805.53666666

**This “Calculated Gross” is rounded to two decimal places, and is displayed on the GST Return as \$805.54.**

Gross amount (GST Return)	\$805.54
Original Gross amount	\$805.42

Due to rounding and the need to back-calculate, the gross amount that appears on the GST Return is different from the original Gross amount on the invoices.

## Which Amount is Correct?

There are now two different Gross amounts—which is the correct one?

The answer is that they are both correct:

- The original gross of \$115.06 is the correct amount to be displayed on each invoice, as this is the GST-inclusive amount of the invoice. The total across all seven invoices is therefore \$805.42.
- The calculated gross of \$805.54 is the correct amount to be displayed on the GST Return, as this amount ensures that the GST amount will be correct.

The important point is that **the GST charged to the Customer must equal the GST paid to the IRD**. To ensure that this is the case, MYOB Advanced Business back-calculates the Gross amount for the GST Return from the (rounded) GST amount. As the IRD calculates the GST amount from the Gross amount, this back-calculation ensures that the GST amount will always be correct.