



GST Rate Changing January 1, 2008

The change to 5% GST will create a certain amount of angst for bookkeepers, spouses who do the bookkeeping and business owners. In reality, we don't have all of our data entry done up to and including December 31st, 2007 which is the day before the change comes into effect. This means there will be some data entry required for the "OLD" rate of 6% GST as well as upcoming data entry for the "NEW" rate of 5% GST.

The New GST Rate:

Changing the GST codes in QuickBooks is simple. To change the default tax codes to 5% GST in QuickBooks, click on the "Lists" menu, click on the "Tax Code List":

- double-click on the "G" code. Change the GST rate to 5%. (PST should be marked as "Exempt"). Click OK.
- double-click on the "S" code. Change the GST rate to 5%. Click OK.

Do not close the Tax Code List.

The Old GST Rate:

You will want to not only edit the existing "default" tax codes ("S" and "G"), you will want to create 2 NEW tax codes. The 2 new tax codes will come in handy for all the paperwork that isn't yet posted into QuickBooks prior to January 1, 2008 (the "OLD" rate of GST).

To add 2 new tax codes to use until such time as all of the paperwork up to and including December 31st is done:

1. right-click anywhere in the Tax Code List or click on the "Tax Code" button at the bottom left. Select "New". Create a brand-new tax code using something like "F". This will be the GST only rate at 6%. Click beside "Tax Exempt" on the PST side. Click OK.
2. right-click anywhere in the Tax Code List or click on the "Tax Code" button at the bottom left. Select "New". Create a brand-new tax code using something like "R". This will be the GST rate at 6% and the PST at the current rate (in British Columbia, it is 7%). Click OK.

Where your Tax Code list is more extensive than the default tax codes mentioned here, you may need to edit and add where applicable.

Note that if you have already created and used Tax Codes "F" and "R" (remember, the GST changed on July 1, 2006), you can simply EDIT those tax codes to 6% GST instead of creating new tax codes. Changing the rate on any tax code will not have any affect transactions that are already recorded.

GST and Meals:

If you wish to use a separate tax code for "Meals" whereby QuickBooks calculates exactly HALF of the GST for 2008 (2.5%) in the transaction, you will need to create a tax code something like "M". The rate of GST for that tax code is 2.439% (PST is marked as "Exempt"). For the "OLD" rate of GST up to and including December 31st, 2007, the GST rate needs to be 2.9126% (PST is marked as "Exempt").

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