



GST Rate Changing July 1, 2006

The change to 6% GST will create a certain amount of angst for bookkeepers and spouses (who do the bookkeeping) and business owners. In a perfect world, we would change our QuickBooks (or other accounting software) so that the new rate of GST is 6%, but in reality, it is more complicated than that. In reality, we don't have all of our data entry done up to and including June 30th, 2006 which is the day before the change comes into effect.

Changing the GST codes in QuickBooks is relatively simple. Keep in mind that 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 posted into QuickBooks prior to July 1, 2006.

To change the default tax codes to 6% 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 6%. Click OK.
- double-click on the "S" code. Change the GST rate to 6%. Click OK.

Do not close the Tax Code List.

To add 2 new tax codes to use until such time as all of the paperwork up to and including June 30th is done:

- 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 7%. Click beside "Tax Exempt" on the PST side. Click OK.
- 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 7% 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.

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