OverNet Computer Services
Mechanic helpdesk query

GST Setup and Calculations – for invoices, purchases, (Accruals Method).

All Mechanic general ledger accounts require one of the following GST attributes:
- T   Taxable
- I   Input taxed
- F   Free of GST
- E   Export

New general ledger accounts automatically default to T for Taxable because this is the most common type.

Mechanic can only calculate the GST correctly if the ledger accounts are setup correctly. If in doubt, verify the ledger with your accountant because GST attributes cannot be changed mid stream.

If you have incorrect GST attributes in any given ledger account, create a new account with the correct GST attribute and transfer the balance using a journal entry.

INCLUDING / EXCLUDING GST
Often, when entering dollar values, it is necessary to enter either the GST included price or the GST exempt price.

Mechanic has a built in calculator to convert "GST inc" to "GST ex" and vice versa. Simply enter the dollar and cents value followed by an "I" if the amount includes GST, "E" if the amount excludes GST or "G" for adding GST.
For example:
>   An entry of… $11.00i   will be converted to $10.00
>   An entry of… $10.00g   will be converted to $11.00

Often you will need to adjust or override the normal GST calculation. Reasons for this are normally that some items are not "GSTable" and that the supplier may round the GST total differently. There are two methods…

METHOD ONE
- From the parts section:
- Press Alt-A (Adjust GST)
- Use the up or down arrows to adjust GST amount + or – 99 cents.
- Press [ENTER].

METHOD TWO
- From the parts section:
- Press Alt-T (Type in Tax)
- Type in GST total value.
- Press [ENTER].

SUPPLIER SETUP

In Mechanic, each supplier has a TAX CLASS. This can be set to…
- S   to "S"how the GST amount "S"eparately.
- I   to "I"nclude GST.

Use "S" when the suppliers purchase order amounts normally exclude GST amounts and use "I" when they increase GST. This will simplify the entry of purchase orders.

PURCHASING COSTS

There are two main sections of the Purchase document:
Parts (Alt P): this section is used to input purchases of "Parts for re-sale".
General (Alt G): this section is used to input items that are not parts for re-sale.

Mechanic automatically allocates "Cost of Sales" or directly to Expense accounts depending upon the setting of option 16050 in Control Panel.

GST-FREE INVOICES

In the Work To Be Done section, add a separate line in the left top line that says…
>   GST EXEMPT

will cause Mechanic to calculate the entire invoice free of GST. Press Ctrl-T to verify the GST total is now $0.00. Naturally any adjustments can be made in the Alt-G general section of the invoice.

ADJUSTING TRANSACTIONS

Adjustments to the GST for cash receipts, direct purchases and remittances can be made by editing the underlying GST calculator.
From within the Direct Purchase, press F6 and edit as required:
- On GST calculated line, press Ctrl-D to delete all the GST calculated.
- On GST calculated line insert O (not zero) hard left and arrow to $ value and change as required. (the password will be required to do this).

PART PAYMENT – USING THE CASH METHOD

ATO ruling - Any part payments made from within an invoice, under the Cash Method will incur the full amount of GST.

If you are using the cash method, the GST will need to corrected according to the payment. The GST under the cash method, is to be paid in full on the first part payment. (ATO ruling)

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