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Support Bulletin # 75 ABM WET Tax Setup **DRAFT**

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Draft disclaimer

This manual is currently in a draft format and is not intended to be distributed to customers. Please contact support@bmsoft.com.au if you have any questions.

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Setup

All the setup items are REQUIRED unless otherwise stated.

Tools\Options\Company

1. In Tools/Options under the Company tab tick the *Use Wine Equalisation Tax* box.
2. Enter the company *Liquor Licence No* in the field provided. **Optional.**

Tools\Options\Prices

1. Tick the price scales that are to show GST and WET inclusive prices.

For the purposes of WET prices scales that are ticked will be treated as RETAIL.
Price scales marked as exclusive will be treated as WHOLESALE.

The notional wholesale price scale setting is not used at this time.

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Products

Each product that is sold under the WET tax scheme must have the *Wet Applies* box ticked under the financial tab.

1. Edit the product and tick the *Wet Applies* box ticked under the financial tab.

Open Product 1111 - Wine Product

Save and Close Copy Print Send to Excel Margins

Sales Graph Invoice History Movements Orders Specials Documents
Prices & Status Financial Sales Information Purchasing Notes Locations Components

Product Group: Other
Category:
GST Category: 10% GST ☒ WET Applies

Revalue Product

Stock	Quantity	Value	Average
On Hand	0	0.00	None
Last Delivery Details	0	0.00	None

Sales	Value	Cost	Gross Profit
This Period	0.00	0.00	0.00
This Year	0.00	0.00	0.00

Stock Ageing

September	0%
August	0%
July	0%
June	0%
May	0%
April	0%
March	0%
February	0%
January	0%
December	0%
November	0%
October	0%
Older	0%

Calculate Ageing %

The average age of this product is 0 days.

Retail WET customers group setup

1. The retail customer must belong to a Customer Group with a default price scale of INC GST otherwise they will be assumed as Wholesale and the WET amount will not be calculated using the *half retail price method*.

Open MO Domestic Customer Group

Save and Close Copy Print

Details

GroupTitle: MO Domestic
Accounting Method: Open Item
Price Scale: MailOrder
Usual Trading Terms: Cash Only

Invoices to these customers will show all prices GST Inclusive

Wholesale customers not exempt from WET group setup

1. The wholesale customer must belong to a Customer Group with a default price scale of EX GST otherwise they will be assumed as Retail.

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Open DomDist Customer Group

Save and Close Copy Print

Details

GroupTitle: DomDist

Accounting Method: Open Item

Price Scale: DomDist30 Invoices to these customers will show all prices GST Exclusive

Usual Trading Terms: 60 Days

Wholesale customers who Quote (exempt from WET) group setup

1. Enter the quote expiry date for the customer. Note that this is for internal use only and is **OPTIONAL**.
2. When entering a product line item you must select the QUOTE tax category (See GST Category setup QUOTE)
3. The wholesale quote customer must belong to a Customer Group with a default price scale of EX GST otherwise they will be assumed as Retail.

Customer Details

General Information

Customer Type: Active Customer

Customer Name: Wholesale Customer

Account Code: 9999 Category:

Country Currency: Australia

Customer Group: DomDist Prices exclude GST

Remarks:

Account Manager: Not applicable

Tax Status: Taxable

Customer ABN: 9999999999

Bank Name:

Bank Branch:

Usual Sales Analysis:

Liquor Licence No:

Quoting Expiry Date: 30/12/2008 Not Applicable

Credit Control

Stop Order Delivery Invoice

Forward Invoices	0.00
Current Balance	0.00
60 day Balance	0.00
120 day Balance	4672.36
180 day Balance	3012.24
240 day Balance	10915.52
Total Balance	18600.12

Credit Limit: 0.00

Trading Terms: 60 Days

Prompt Payment Discount: 0.00 %

Overdue Interest Rate: 0.00 %

Set E-mail Alert

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GST Category Setup

Own Use

1. Enter the *Category Title* as Own Use. Actual name entered is **Optional**.
2. Select from the *Category Type* dropdown list: *Wine Equalization Tax (Own Use)*
3. Enter WET Rate of 29%

Open Own Use

Save and Close Copy Print

Details

Category Title:

Category Type:

WET Rate:

Balances

	Sales Value	Sales GST	Purchase Value	Purchase GST
This Period to date	0.00	0.00	0.00	0.00

BAS Boxes to which this category is allocated

	Gross Value inc. GST	Tax Amount
Sales Invoices		1C
Purchase Invoices		1D
Sales Credits		1C
Purchase Credits		1D

Quote

1. Enter the *Category Title* as Quote. Actual name is **Optional**.
2. Select from the *Category Type* dropdown list: *Wine Equalization Tax (Quote)*
3. Enter WET Rate of 0.00%

Open Quote

Save and Close Copy Print

Details

Category Title:

Category Type:

WET Rate:

Balances

	Sales Value	Sales GST	Purchase Value	Purchase GST
This Period to date	0.00	0.00	0.00	0.00

BAS Boxes to which this category is allocated

	Gross Value inc. GST	Tax Amount
Sales Invoices		1C
Purchase Invoices		1D
Sales Credits		1C
Purchase Credits		1D

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29% Wet Tax

1. Enter the *Category Title* as 29% WET. Actual name is **Optional**.
2. Select from the *Category Type* dropdown list: *Wine Equalization Tax*
3. Enter WET Rate of 29%
4. NOTE: This tax category is NOT USED when entering transactions, but needs to exist in a WET dataset.

Open 29% WET

Save and Close Copy Print

Details

Category Title: 29% WET

Category Type: Wine Equalisation Tax

WET Rate: 29.00 %

Balances

	Sales Value	Sales GST	Purchase Value	Purchase GST
This Period to date	0.00	87.00	0.00	0.00

BAS Boxes to which this category is allocated

	Gross Value inc. GST	Tax Amount
Sales Invoices		1C
Purchase Invoices		1D
Sales Credits		1C
Purchase Credits		1D

Customer Groups – Wet GL Control Account

The Retentions Receivable control account link in Customers Groups is currently used for the WET Payable/Receivable postings. When transactions are created the reportable WET value will post to the account nominated. This should be set up for both Retail and Wholesale customer groups.

Open DomDist Customer Group

Save and Close Copy Print

Details

GroupTitle: DomDist

Accounting Method: Open Item

Price Scale: DomDist30

Usual Trading Terms: 60 Days

Invoices to these customers will show all prices GST Exclusive

Ledger Control Accounts

Changing control accounts after transactions have been posted will cause the new control account to differ from the total it represents. A manual journal adjustment will be needed to restore the balance.

Balance Sheet Debtors Account	1105.00	Trade Debtors
GST Payable Account	1880.00	GST Collected
P & L Discounts Given Account	0050.00	General Item Sales
Retentions Receivable Account	1890.00	WET Payable/refundable



Methodology

Wholesale customer sales not exempt from WET

WET wholesale 29% sales occur under the following conditions in ABM:

1. Customers must belong to a customer group where the default price scale is EX GST.
2. Products must be set up as WET applies.
3. Use the 10% GST tax category so all GST reporting flows correctly.

When a line item sale is made under these conditions, WET is calculated as 29% of the ex GST price. The WET amount will report on the BAS 1C cell.

Code	Description	Quantity	Price	Discount	WET	Exc.GST	GST	Inc.GST
RV05M-c	This is a WET product	1	100.0000	0.00	29.00	129.00	12.90	141.90
Line No.1	All prices exclude GST							
	Totals			0.00	29.00	129.00	12.90	141.90

Wholesale customers who Quote (exempt from WET)

Sales to wholesales customers who quote need to select the Tax Code Quote for each product on the invoice. No Wet is calculated on the sale. Note: Quoting works regardless of the default GST price scale, but should apply to wholesale customers only.

Code	Description	Quantity	Price	Discount	WET	Exc.GST	GST	Inc.GST
1111	Wine Product	1	100.0000	0.00	0.00	100.00	10.00	110.00
Line No.1	All prices exclude GST							
	Totals			0.00	0.00	100.00	10.00	110.00



Retail customer WET sales

WET retail sales occur under the following conditions in ABM:

1. Customers must belong to a customer group where the default price scale is INC GST.
2. Products must be set up as WET applies.
3. Use the 10% GST tax category so all GST reporting flows correctly.

When a sale is made under these conditions ABM WET product wet is calculated using the ATO Half Retail Price Method **Fifty per cent of the WET and GST inclusive retail selling price × 29%**. The 10% GST category is selected and the WET amount will flow through to the BAS 1C cell.

The half retail price method

Fifty per cent of the WET and GST inclusive retail selling price × 29%

The WET payable is shown at Label 1C on your *Business activity statement*.

Code	Description	Quantity	Price	Discount	WET	Exc. GST	GST	Inc. GST
1111	Wine Product	1	100.0000	0.00	14.50	90.91	9.09	100.00
Totals				0.00	14.50	90.91	9.09	100.00

Own Use

As there is no GST liability on tastings supplied free of charge a special Own Use tax Code is used to record Own Use or Sample wine product usage. WET is calculated and reported at 29% of ex GST (wholesale) price.

1. Products must be set up as WET applies.
2. Use the Own Use tax code so WET reporting flows correctly.

The line item value is zero and no GST, sales, or trade debtor's values are reported.

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If the control accounts are left as standard the Sales Account Posting will post through to the GL Sales control account with a debit for the WET amount value.

Sales Control = \$29

WET Payable = \$(29)

Stock On Hand = \$(107.50)

P & L Closing Stock = \$107.50

This may not be the desired result and the control accounts should be changed to accommodate the accounting requirements of the client.

Own Use example of tracking Product Cost + WET on the P & L:

Some sites may require tracking the product cost + wet as a Material – Own Use GL account in cost of sales on the Profit and Loss. To accomplish this the ABM automatic postings controls can be manipulated in the Product Locations setup so that the Sales Control Account + P & L closing stock postings combine to make a posting to a Materials – Own Use Cost of Sales account.

To accomplish this a new product location called SAMPLES is created and the control accounts for Sales and P & L Closing stock are both pointing the a Material – Own Use cost of sales GL account. If the product is sold out of this location, the WET amount and closing stock value combine to make a single posting.

WET Payable = \$(29)

Stock On Hand = \$(107.50)

COG's Materials - Own Use = \$136.50

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Functionality Currently Not Supported

WET exclusive on transaction views

Currently there are no WET + GST Exclusive amounts on transaction views. The Ex Tax amounts include the WET value.

Date	Reference	Customer ...	Description	Batch	Total inc. Tax	Total ex. Tax	WET Amount
02/10/2008	SI07904		Invoice	233	141.90	129.00	29.00

Includes WET

☒ Show All Transactions for ☒ Last 3 months ☐ Show Outstanding Items Only

Standard Reports and WET reporting

Sales and GST reports do not report WET as a separate value on transactions and instances where the Ex GST value is calculated the WET amount may be included in the total. Reports must be modified to exclude/include the WET amount from the appropriate fields/formulas. Please contact support as we have already customised some reports to work with ABM 2008 and WET (currently located in G:\Team\SUPPORT\ABM\WET Reports).

Examples of reports that need to be modified:

- Sales Journal + GST Detail & Summary
- Sales by Customers by Product Detail and Summary
- Product Sales by Location
- Gross Profit and Sales

ATO Retail Sale – Notional Average wholesale price method

ATO Retail Sale average wholesale price method is NOT currently supported in ABM.

Method 2: notional average wholesale price method

Weighted average wholesale price of the wine × 29%

Note: You can only use Method 2 if your wholesale sales of the particular grape wine are at least 10% by value of your total sales of that wine.

The WET payable is shown at Label 1C on your *Business activity statement*.

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