

Business Activity Statement

**Small Business, Community and Educational
Adviser Education Programme**

**Case Study:
Completing the Business Activity Statement (BAS)**

WORKSHOP CASE STUDY

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IMPORTANT INFORMATION CONCERNING THIS MATERIAL - PLEASE READ

This material is provided under the Commonwealth's GST Start-Up Assistance Programme, and is designed to provide general information on the GST, PAYG and on business skills, practices and processes necessary to operate with the GST, focused on small and medium enterprises and the community and education sectors. Because business circumstances can vary greatly, the material is not designed to provide specific GST, PAYG or business advice for particular circumstances. Also, because aspects of the GST are complex and detailed, the material is not designed to comprehensively cover all aspects of the GST and PAYG as they apply to small and medium enterprises and the community and education sectors. Further, the laws implementing GST, PAYG and rulings and decisions under those laws, may change.

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' Commonwealth of Australia 2000

BAS WORKSHOP MATERIALS

CASE STUDY: COMPLETION OF FIRST QUARTERLY BAS

INTRODUCTION — PETER POT S CAFE

Peter Pot operates a cafe. Part of the workshop materials include a listing of supplies Peter made during early August and payments he made during that period for acquisitions. The receipts and payments relating to these supplies and acquisitions have been summarised in a sample cashbook which is also part of the workshop materials.

This case study now goes on to show how Peter Pot would complete his first quarterly GST section of the BAS for the period 1 July to 30 September 2000. The information that participants require is:

- an analysis of Peter s bankings for the quarter and
- an analysis of his payments for the same period

together with any explanatory remarks that will assist them to understand how to summarise this information for the BAS. This is set out in the case study.

The first part of the case study proceeds on the basis that Peter is registered for GST on a cash basis for completing his BAS.

Then the case study shows what adjustments are necessary to amend the cash basis BAS to allow Peter to compile a BAS as if he was registered under the non-cash basis of reporting.

The case study shows also how to calculate net profit, starting with information reported in the GST section of the BAS.

Finally the case study deals with how Peter would complete all the other sections of the BAS which might apply to him and his business. These are:

- PAYG withholding
- PAYG instalments
- Fringe benefits tax

The case study includes worksheets for participants to use.

The participants handouts include a blank sample BAS form which they may complete as the workshop progresses. This document includes Peter s completed BAS.

Example

Peter Pot operates a Cafe. Above the Cafe is a flat that he rents out.
(Assumption no fruit juices or bottled water sold.)

We will work through his transactions for a short period

Payments made 7.8.00

- | | |
|--|-----------|
| 1. Telephone bill (chq 156) for one month for Cafe | \$176.00 |
| 2. Purchases from supplier (chq 157) | \$2021.00 |

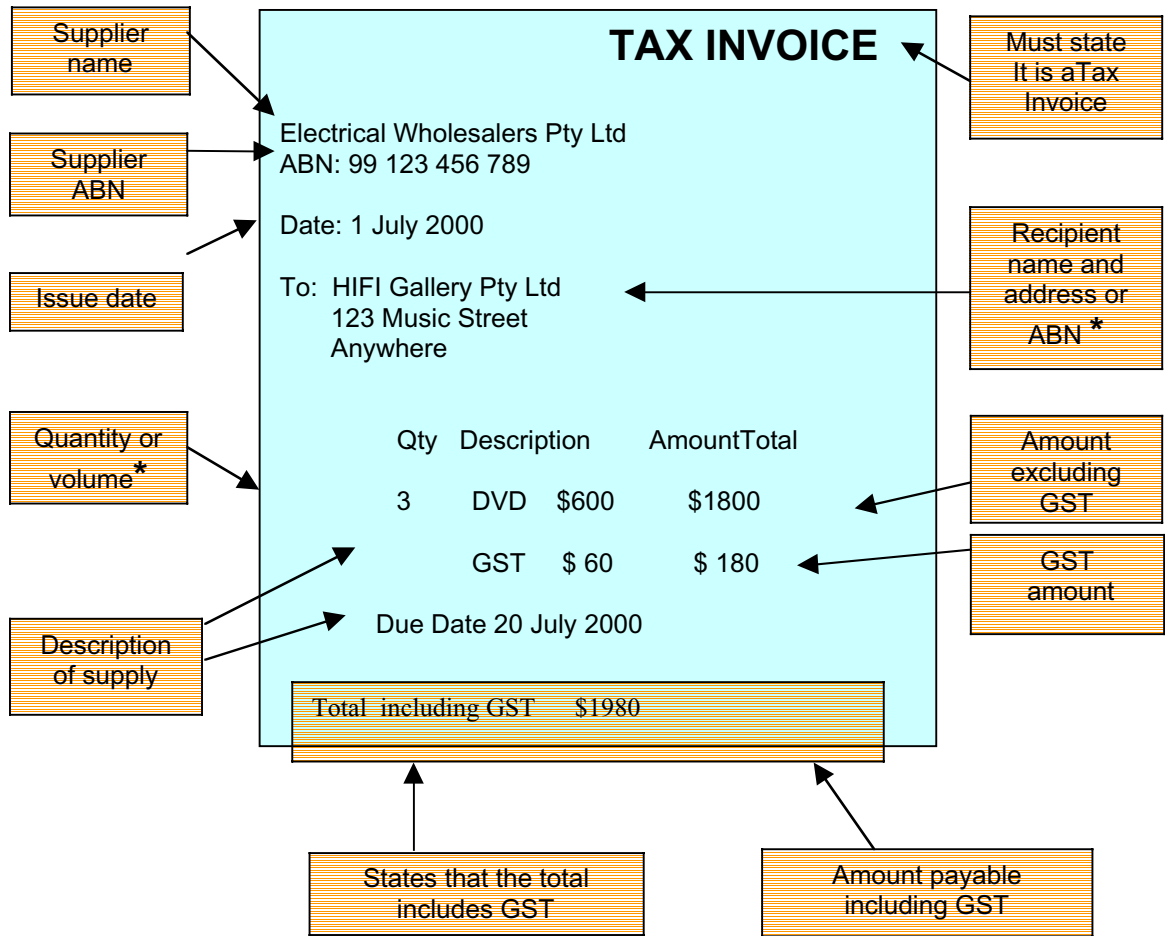
This was made up as follows


Bread	\$1658.00
Pies	\$220.00
Veges	\$143.00

- | | |
|---|-----------|
| 3. Confectionery purchased (chq 158) | \$77.00 |
| 4. Repairs for flat (chq 159) | \$280.00 |
| 5. Tables and Chairs for Cafe (chq 160) | \$1650.00 |
| 6. Loan payment on computer (principal only) DD | \$253.00 |
| 7. Purchases of soft-drinks (chq 161) | \$99.00 |
| 8. Payment of wages (chq 162) | \$690.00 |
| 9. Purchase of paper bags (chq 163) | \$330.00 |
| 10. Refund of purchase to customer (chq 164) | \$11.00 |


Inwards Cash


- | | |
|--|-----------|
| 1. Saturday sales (5.8.00) deposited Monday | \$5940.00 |
| 2. Sunday sales deposited Monday | \$4400.00 |
| 3. Rent from Flat | \$180.00 |
| 4. Refund from Supplier for spoiled cream buns | \$286.00 |
| 5. Monday sales \$920, including containers of milk on-sold | \$40.00 |
| 6. Sale of old chairs from Cafe | \$220.00 |
| 7. Sales Tuesday \$2200 less cash purchases of fruit \$55, deposit | \$2145.00 |
| 8. Transfers of funds from the business savings account of | \$1000.00 |



TAX INVOICE	
 Invoice No. 25688 ABN: 99 123 456 789	
1587 Sat Way VIC 3250 Date: 31 July 2000 To: Peter Pots Cafe 123 City Road Sugarloaf St	
	Charges Due \$176.00 Date Due 20/08/00
Summary of charges Telephone account July	\$176.00
Total Due Including GST	\$176.00

TAX INVOICE											
Wholesale Foods	Invoice No. 98652 ABN: 99 123 456 789										
P O Box 5680 VIC 3250 Date: 31 July 2000											
To: Peter Pots Cafe 123 City Road Sugarloaf St ABN 58 158 156 189	<table border="1"> <tr> <td>Charges Due</td> <td>\$2021.00</td> </tr> <tr> <td>Date Due</td> <td>20/08/00</td> </tr> </table>	Charges Due	\$2021.00	Date Due	20/08/00						
Charges Due	\$2021.00										
Date Due	20/08/00										
<p>Summary of charges</p> <table> <tr> <td>Qty</td> <td></td> </tr> <tr> <td>1220 Bread</td> <td>\$1658.00</td> </tr> <tr> <td>150 Pies*</td> <td>\$ 220.00</td> </tr> <tr> <td>25 Crates Vegetables</td> <td>\$ 143.00</td> </tr> <tr> <td>*GST included in supplies</td> <td>\$ 20.00</td> </tr> </table>	Qty		1220 Bread	\$1658.00	150 Pies*	\$ 220.00	25 Crates Vegetables	\$ 143.00	*GST included in supplies	\$ 20.00	
Qty											
1220 Bread	\$1658.00										
150 Pies*	\$ 220.00										
25 Crates Vegetables	\$ 143.00										
*GST included in supplies	\$ 20.00										
Total Due Including GST	\$2021.00										

TAX INVOICE					
					
Invoice No. 58648/1 ABN: 99 123 456 789					
P O Box 356 NSW 2054 Date: 31 July 2000					
To: Revive Cafe 123 City Road Sugarloaf St	<table border="1"> <tr> <td>Charges Due</td> <td style="text-align: right;">\$77.00</td> </tr> <tr> <td>Date Due</td> <td style="text-align: right;">1/08/00</td> </tr> </table>	Charges Due	\$77.00	Date Due	1/08/00
Charges Due	\$77.00				
Date Due	1/08/00				
Summary of charges					
Chocolate Gift boxes	\$ 77.00				
Total due including GST	\$ 77.00				

TAX INVOICE	
	2613 Veevee Rd Invoice No. 851 ABN: 99 123 456 789
Date: 31 July 2000	
To: Peter Pots Cafe 123 City Road Sugarloaf St	Charges Due \$280.00 Date Due 1/08/00
Summary of charges	
Repairs and Maintenance	
July	\$254.55
GST	25.45
Total due including GST	\$280.00

BUSINESS ACTIVITY STATEMENT



3050040

Document identification number
A1 12 123 123 123

Australian Business Number
A2 97 999 999 999

Period covered by this statement
 FROM **A3** 01/07/2000 TO **A4** 30/09/2000

This statement is due on **A5** 11/11/2000 Amount payable is due on **A6** 11/11/2000

When completing this form: • use a BLACK pen only
 • use the Business Activity Statement instructions

Show whole dollars only.

DEBITS

CREDITS

Goods and services tax payable **1A** \$

Credit for goods and services tax paid **1B** \$

Wine equalisation tax payable **1C** \$

Wine equalisation tax refundable **1D** \$

Luxury car tax payable **1E** \$

Luxury car tax refundable **1F** \$

Add 1A + 1C + 1E **2A** \$

Add 1B + 1D + 1F + 1G **2B** \$

2A minus **2B**
 GST net amount **3** \$

If the result is positive, this is your net amount of GST.
 If the result is negative, this is your net amount of GST credit.

Pay As You Go withholding **4** \$

Credit arising from reduced Pay As You Go instalments **5B** \$

Pay As You Go instalment **5A** \$

Credit arising from reduced fringe benefits tax instalments **6B** \$

Fringe benefits tax instalment **6A** \$

Deferred company fund instalment **7** \$

Add 2A + 4 + 5A + 6A + 7 **8A** \$

Add 2B + 5B + 6B **8B** \$

8A minus **8B**
 Net amount for this statement **9** \$

If the result is positive, the amount is payable to the ATO.
 If the result is negative, the amount will be refunded to you or offset against any other tax debt you have.

Declaration:

I declare that the information given on this form is true and correct, and that I am authorised to make this declaration. The tax invoice requirements have been met.

Signature _____ Date / /

Please return this completed form to

Australian Taxation Office
 Private Bag 6007
 ALBURY NSW 2640

Please provide an estimate of the time taken to complete this form.

HRS MINS
 [] [] [] []

NAT 3050-4.2000

The ATO is authorised by the tax laws to collect this information to administer those laws and may pass information to other government agencies.

Australian Taxation Office

PAYMENT ADVICE - 60

0000 0156 03

97 999 999 999

\$

Australian Taxation Office
 Private Bag 6007
 ALBURY NSW 2640

EFT code 97999 999 999 9360



PETER POT S CAFE
SUMMARY OF FINANCIAL TRANSACTIONS 1/7/00 TO 30/9/00

The earlier part of the workshop demonstrated how Peter's system accounts for GST through his cash book analysis of bankings. GST that Peter collects for supplies that he makes is accumulated in a GST account. In the analysis of bankings shown below the total GST collected for the quarter is separately shown. All other figures exclude GST.

ANALYSIS OF BANKINGS

Sales	-	June takings		4536
Sales	-	taxable	194164	
Sales	-	GST-free	2642	
Sales	-	Shop plant	475	
Other income —		Rent flat	<u>2340</u>	199621
Loan from father				10000
GST collected				19464
<u>Total bankings for the quarter</u>				<u>\$233621</u>

Peter has also paid for acquisitions in cash and taken cash for his personal use. He records these cash transactions in a notebook which he has summarised for the quarter.

The summary has to be done in two parts. The first part shows the total money not banked and the analysis of the takings from those supplies Peter made.

The second part of the summary shows how Peter spent the unbanked money and paid in cash for the acquisitions he made and also used for personal spending.

Analysis of Takings not banked

Sales	-	taxable-GST inclusive	2970
Sales	-	GST free	<u>478</u>
			<u>\$ 3448</u>

Takings not banked but used to pay suppliers

Purchases	-taxable	350
Purchases	-GST free	250
Purchases	-Non-registered suppliers	250
Personal drawings		2563
GST paid		<u>35</u>
		<u>\$ 3448</u>

At the close of business on 30 September, Peter had takings which he did not bank until October as follows:

Takings on hand 30/9/00

Banked in October		
Sales	- taxable-GST inclusive	5973
Sales	- GST free	<u>57</u>
		<u>\$ 6030</u>

ANALYSIS OF PAYMENTS — EXCLUDING PAYMENTS IN CASH

The earlier part of the workshop demonstrated how Peter's system accounts for GST through his cash book analysis of payments. GST that Peter pays for creditable acquisitions that he makes is accumulated in a GST account. In the analysis of payments shown below the total GST paid for the quarter is separately shown. GST paid for Peter's input taxed supplies is not included in the GST account.

Purchases	-May & June supplies	30900
Purchases	-Taxable	23576
Purchases	-GST Free	55013
Purchases	-Tables & Chairs	1500
Purchases	-Non-Registered suppliers	1300
Printing & Stationery		298
Power		1649
Telephone		927
Accounting Fees		1400
Legal Fees — Flat		1793
Repairs — Flat		1925
Insurance — Flat		473
Rent for Premises		15000
Insurance — shop		2300
Repairs & Maintenance — shop		1250
Entertainment Expenses		400
Bank Interest		1641
Bank Fees		539
Credit Card Fees		298
Staff wages		48600
Personal Drawings		20000
Repayments — father's loan		3000
GST paid		<u>4640</u>

TOTAL PAYMENTS FOR QUARTER \$218422

- None of the May & June supplies included GST.
- The non-registered suppliers have ABN's

- Insurance policies cover one year from 15 August 2000. Peter's premium from 1 July 2000 to 14 August 2000 was \$330 including GST. He paid that, as part of the annual premium, in August 1999.
- The rent for the premises is \$5500 a month including GST. Based on a valuer's report 90% of the rent is for the shop and 10% for the upstairs flat.
- Entertainment expenses are non-deductible for income tax.
- Included in wages paid is \$8900 for tax deducted from staff wages. Of that \$3100 related to wages paid in June. PAYG withholding from staff in September was \$2800 and is not included in wages paid to 30/9/00. The net amount of wages paid to staff in September was \$12277.

INFORMATION TO COMPLETE GST SECTION OF BAS ON A NON-CASH BASIS

Although Peter is registered for GST on a cash basis and will use that basis to complete his GST section of the BAS, the case study can demonstrate the non-cash basis option. To do this, let's suppose at the close of business on 30 September 2000 the totals and the analysis of the acquisitions Peter had made but had not paid for are:

- | | |
|----------------------|--------------------|
| • Purchases-taxable | 6191 including GST |
| • Purchases-GST free | 14445 |
| • Power | 770 including GST |
| • Telephone | 495 including GST |

There were no amounts owing by customers to Peter for supplies he had made to them in the cafe.

INFORMATION TO COMPLETE OTHER SECTIONS OF THE BAS

Peter's total PAYE for the year ended 30 June 2000 was greater than \$25000.

For the year ended 30 June 1999 Peter's income tax return included:

Total income (excluding capital gains)	850000
Total expenses	<u>(716125)</u>
<u>1999 Taxable income</u>	<u>\$133875</u>

Using the rates of income tax for the year ended 30 June 2000, Peter's income tax on 1999 income of \$133875 is say \$5531.

Peter paid fringe benefits tax for the year ended 30 June 2000 amounting to \$4000

WORKSHEETS FOR COMPLETING BAS ON A CASH BASIS

GST COLLECTED

Sales	-	Takings Banked	_____
Sales	-	Plant	_____
Sales	-	Takings not banked	_____
Sales	-	Takings Banked October	_____

		<u>TOTAL GST COLLECTED</u>	= \$ _____

GST PAID

Purchases - Taxable	_____
Purchases — Tables & Chairs	_____
Printing & Stationery	_____
Power	_____
Telephone	_____
Accounting fees	_____
Rent for premises	_____
Insurance for shop	_____
Repairs & maintenance — shop	_____
Add GST on insurance for shop paid in August 1999	_____
Add purchases paid from cash takings	_____
	<u>TOTAL GST PAID</u>
	\$ _____

Note:

GST charged on rent	_____
Less allocated as input taxed supply (10%)	_____
	\$ _____

PETER POT S CAFE — BAS — SUPPLIES PETER MADE

CASH BASIS

NON-CASH BASIS

1. Total sales and income & other supplies		
Banked	_____	
Not Banked	_____	
Not Banked	_____	
GST on Bankings	_____	
	_____	G1
2. Exports	_____	G2
3. Other GST Free supplies		
Banked	_____	
Not banked	_____	
Not banked	_____	
	_____	G3
4. Input taxed income		
Rent	_____	G4
5. G2 + G3 + G4	_____	G5
6. G1 minus G5	_____	G6
7. Adjustments	_____	G7
8. Add G6 + G7 =		
Total taxable supplies	_____	G8
9. Divide G8 by Eleven	_____	G9

NOTE: As Peter has no amounts owing to him at 30 September, no adjustments are required to convert the cash basis compilation to a non-cash basis.

GST actually collected:	
Bankings	_____
Takings not banked	_____
Takings on hand	_____
Agree to Box G9	_____

PETER POT S CAFE — BAS — ACQUISITIONS PETER MADE

	<u>CASH BASIS</u>	<u>NON-CASH BASIS</u>
1. Capital Acquisitions		<u>Adjustments</u>
Payment — Tables & chairs _____ (including GST) \$ _____ G10		_____ \$ _____ G10
2. Other Acquisitions		
Purchases _____		
Printing & Stationery _____		
Power _____		
Telephone _____		
Accounting Fees _____		
Rent for premises _____		
Insurance Shop _____		
Repairs Shop _____		
SUBTOTAL:		
Plus 10% GST _____		
SUBTOTAL:		
Paid ex takings _____		
Plus 10% GST _____		
SUBTOTAL:		
Entertainment _____		
SUBTOTAL:		\$ _____
Legal Fees _____		
Repairs Flat _____		
Insurance Flat _____		
Flat Rent-Paid _____		
Paid GST Free _____		
Cash GST Free _____		
Paid no GST _____		
Cash — no GST _____		
Bank interest _____		
Bank Fees _____		
Credit Card Fees _____		
SUBTOTAL:		
Insurance paid 1999 _____		
\$ _____ G11		\$ _____ \$ _____ G11
3. Add G10 + G11		
Total acquisitions \$ _____ G12		\$ _____ \$ _____ G12

PETER POT S CAFE — BAS — ACQUISITIONS PETER MADE

<u>CASH BASIS</u>		<u>NON-CASH BASIS</u>	
		<u>Adjustments</u>	
4. Acquisitions for Input taxed income	\$ _____ G13	_____	\$ _____ G13
5. Acquisitions with no GST	\$ _____ G14	_____	\$ _____ G14
6. Non income tax deductible acquisitions	\$ _____ G15	_____	\$ _____ G15
7. Add G13 + G14 +G15 = Non-creditable acquisitions	\$ _____ G16	_____	\$ _____ G16
8. G12 minus G16 = Total creditable acquisitions	\$ _____ G17	_____	\$ _____ G17
9. Adjustments	\$ _____ G18	_____	\$ _____ G18
10. Add G17 + G18	\$ _____ G19	_____	\$ _____ G19
11. Divide G19 by Eleven	\$ _____ G20	_____	\$ _____ G20
<u>GST actually paid</u>		<u>GST invoiced but not paid</u>	
Payments total	\$ _____	Purchases	_____
Cash payments	\$ _____	Power	_____
Insurance paid 1999	\$ _____	Telephone	_____
<u>Agree to Box G20</u>	\$ _____	\$ _____	_____
		Divide by 11 \$	_____

USING THE BAS FOR MANAGEMENT INFORMATION

BAS BASIS				
	<u>CASH</u>		<u>NON-CASH</u>	
<u>INCOME:</u>				
Total sales and income		G1		G1
Less sale of capital items (excl GST)	_____		_____	
Less debtor at start (excl GST)	1			
Add debtors at end (excl GST)	1			
Less GST for period		G9	_____	G9
<u>TOTAL NET INCOME (A)</u>				
<u>EXPENSES:</u>				
Total acquisitions		G12		G12
Less cost of capital items (excl GST)		G10		G10
Less GST for period		G20		G20
Less creditors at start (excl GST)	2			
Less stock at end (excl GST)	3			
Add creditors at end (excl GST)	4			
Add stock at start (excl GST)	3			
Add wages paid				
Add PAYG owing at end				
Less PAYE owing at start				
<u>TOTAL EXPENSES (B)</u>	_____		_____	
<u>NET PROFIT</u>				
(Before depreciation and income tax)				
(A — B)				

Note — amounts shown above for total acquisitions at G12 exclude \$330 insurance premium paid August 1999 for the period 1 July to 14 August 2000. This is a one-off transaction for the first BAS.

EXPLANATORY NOTES:**1. Debtors**

Peter had no debtors at start or end. Under the GST cash reporting basis amounts owing by debtors at start and end must be included to calculate net profit for the period. Under the GST non-cash basis debtors at start and end are already included in calculating the amount at Box G1.

2. Creditors

Peter had creditors at start and end. At start these were \$30900 and have not been adjusted under the cash basis approach because they are not included in acquisitions for the first GST period. For the second and subsequent reporting periods creditors at start for entities reporting for GST on a cash basis must be included to calculate net profit for the period. Creditors at end for Peter — being \$21223 have been included to calculate net profit and this treatment applies to cash basis reporting for all subsequent periods.

Under the GST non-cash basis creditors at start (except 30 June 2000) and end are already included in calculating the amount at Box G1.

3. Stock

For the purposes of this case study on completing the BAS trading stock has been ignored. Stock at start and end is not part of the BAS compilation. However to calculate net profit for any period the value of trading stock at start and end needs to be adjusted for.

4. Wages

Amounts paid to employees, because they are not included in acquisitions when compiling the BAS amounts, must be included to calculate net profit.

PETER POT S CAFE**STATEMENT OF TRADING PERFORMANCE****1/7/2000 to 30/9/2000**Sales

Shop Sales 205471

Purchases 100812

Wages 48300(149112)GROSS PROFIT

56359

Expenses

Printing & Stationery 298

Power 2349

Telephone 1377

Accounting Fees 1400

Shop Rent 13500

Shop Insurance 2300

Shop Repairs 1250

Entertainment 400

Bank Interest 1641

Bank Fees 539

Credit Card Fees 298(25352)

31007

Other Income and Expenses

Flat Rent 2340

Flat Legal Expenses (1793)

Flat Repairs (1925)

Flat Insurance (473)

Flat Rent expense (1650)(3501)NET PROFIT FOR PERIOD\$27506

(before Income Tax and Depreciation)