

Doing my BAS with GnuCash

Doing my quarterly BAS returns to the ATO is easy. Because I have set up my accounts and transactions correctly and accurately, the tallying up and submission of BAS takes me a few minutes only each quarter.

First, I have GnuCash set up to track my accounts. Consider the common situation whereby I have a bank account, a home loan, regular business income (charging GST) and regular business expenses (paying GST). The BAS activity aims to tally up all the GST charges and payments over a quarter, calculating the difference, and submitting it to the ATO.

My account set up

My accounts are set up as follows:

- Asset:Bank
- Asset:House
- Liability:Home Loan
- GST:GST on Sales
- GST:GST on Purchases
- GST:GST claims on BAS
- Income:Sales
- Expense:Office
- Expense:Service Fee
- Expense:Groceries
- etc

How do I record everyday transactions?

First, I regularly update the bank account from my day-to-day transactions. For instance, spending \$10 on groceries would involve a transaction as follows:

- 25/09/2020 Buying Groceries
Asset:Bank -\$10
Expense:Groceries +\$10

Conversely receiving \$200 on GST-free sales is recorded as follows

- 29/09/2020 Sales
Asset:Bank +\$200
Income:Sales -\$200

Note the income amount is typically negative.

How do I record business transactions?

Business transactions typically involve GST being collected and paid and must be tracked as such.

Consider I purchased \$200 insurance, plus \$20 GST. This \$20 GST is claimable. I want to track it.

- 01/10/2020 Annual insurance premium
Asset:Bank -\$220

Expense:Insurance +\$200
 GST:GST on Purchases +\$20

Conversely, I have generated sales of \$2000, plus \$200 GST.

- 02/10/2020 Sales
 Asset:Bank +\$2200
 Income:Sales -\$2000
 GST:GST on Sales -\$200

Reporting the Business Activity Statement

Regularly, I will need to tally all GST collected and paid in the past period; e.g. the Q4 BAS will regard all GST activity from 01-October to 31-December. In the above example, I have collected \$200 GST on sales, and paid \$20 on purchases so far. The difference \$180 must be remitted to the tax office.

Option 1 – Use Transaction Report

The versatile Transaction Report can be used to select the source accounts *GST:GST on Sales* and *GST:GST on Purchases*, limiting the dates *from the start of last quarter to the end of last quarter*, and reviewing the report which would specify:

GST on Sales			
02/10/2020	Sales		\$200
GST on Purchases			
01/10/2020	Annual Insurance premium	\$20	
Grand Total			\$180

The grand total \$180 is to be sent to the tax authorities.

Option 2 – Use the Income and GST Statement

This report is designed to calculate amounts from GST. You can select the source accounts *Income:Sales* and *Expense:Office, Expense:Service Fee* etc.

Date	Desc	Gross Sales	Net Sales	Tax on Sales	Gross Purchases	Net Purchases	Tax on Purchases
01/10/20	Annual Premium				220	200	20
02/10/20	Sales	2200	2000	200			
Total		2200	2000	200	220	200	20

This tabular view will sum all columns involved. The total tax collected is \$200 and total tax paid is \$20. Submission of these values to the ATO results in the difference \$180 being payable.