

QuickBooks Tax Codes - Basic Guide

GST

Sales transactions that include **GST** (Taxable Supplies & Services) - if you are registered for/charge GST, you should be using this tax code on ALL your sales (invoices, sales receipts)

FRE

Sales transactions that are **GST-Free** (eg Sale of Water, Healthcare etc) - only those supplies & services that the government has declared as GST-Free.
(* See notes below)

NCG

Business **Purchases & Expenses** that include **GST**

NCF

Business **Purchases & Expenses** that are **GST-Free** (eg if you pay Water Rates on your business premises, these rates are GST-Free. Bank fees & charges can also be assigned this tax code - although it is not technically the correct one, it is acceptable to simplify matters by using this one)
(* See notes below)

CAG

Capital (Business) Assets that include **GST** (eg Motor Vehicles, Plant & Equipment, Tools etc)

CAF (This one is rarely applicable)

Capital (Business) Assets that are **GST-Free**

*Opinion is divided on this, but to minimise confusion for the person entering & reporting on transactions, I believe Wages, Superannuation & internal fund transfers between bank accounts should **NOT** be coded in QuickBooks as these transactions fall outside the scope of the GST system!*

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*** A note on entering transactions where the customer/supplier is not GST-registered & therefore doesn't charge GST**

Being not-registered for GST myself, I was curious as to the correct way in which to enter these transactions. After contacting the ATO, I was issued with my own GST ruling by the Commissioner, which basically advised of the following:

- **If an entity is not registered for GST, their sales forms should be entitled "INVOICE"** (Not "TAX INVOICE" as in the case of those who **are** GST-registered!)
- **This invoice should include a line/note to the effect of: "No GST has been charged on this invoice"**
- **Only goods & services that the GST Act has deemed "GST-Free" ("FRE") should be coded as such** (eg Water, Medical expenses, Education fees, International travel/ mail or Government fees/charges. Therefore, if you're unregistered for GST, **DO NOT** use these tax codes on your invoices!)
- **Similarly, the same applies when entering expenses/bills/cheques. Only those goods & services that the GST Act has deemed "GST-Free" or "GST-Exempt" should be coded as "NCF" or "CAF"** (Therefore, if you are entering an expense/bill/cheque from an entity not GST-registered, **DO NOT** use these tax codes!)

In keeping with the above guidelines, I have created a few of my own tax codes:

For my sales: "GSTU" ("GST-Unregistered") &

For goods/services from a supplier who is not GST-registered: "NCU" (Non-Capital exp – Unregistered for GST)

Of course, you don't have to use these particular codes. You can create any abbreviation that you feel comfortable with & can most easily recognise their meaning. However, if you use the QuickBooks BAS feature, don't forget to also select your additional codes at the appropriate BAS labels