

# VAT Transaction Type Code Changes

## for Purchasing & Billing Transactions

### in NS Financials

**Effective Date: 12 June 2007 (V1.9)**

#### What is VAT?

VAT is the abbreviation of Value Added Tax. VAT is the international terminology used in the NS Financials system to refer to what we in Australia call GST – Goods & Services Tax. So, wherever you see VAT, think “GST”.

#### What is a VAT Transaction Type?

A VAT Transaction Type is the code used in NS Financials to define how the GST for a purchase or a bill is treated for reporting purposes, as part of our monthly ATO Business Activity Statement (BAS) return.

The code is updated via the VAT Details page.

Purchasing example:

The screenshot shows the 'Vat Defaults' page in NS Financials. The 'VAT Details' section is expanded, showing the following fields: 'Applicability' (Taxable), 'VAT Code' (AUSGST), 'Tax Rate' (10.0000), and 'Transaction Type' (AO). A red arrow points to the 'AO' value in the Transaction Type field. Below the 'VAT Details' section is an 'Adjust/Reset VAT Defaults' section with a yellow button labeled 'Adjust Affected VAT Defaults' and a blue information icon. To the right of the button is a text box explaining that clicking the button will adjust the VAT Defaults on this page affected by changes made to this page, while retaining other VAT Defaults that affect other VAT Defaults.

Billing example:

The screenshot shows the 'Vat Defaults' page in NS Financials. The 'VAT Details' section is expanded, showing the following fields: 'Applicability' (Taxable), 'VAT Code' (AUSGST), 'Tax Rate' (10.0000), and 'Transaction Type' (SALE). A red arrow points to the 'SALE' value in the Transaction Type field. Below the 'VAT Details' section is an 'Adjust/Reset VAT Defaults' section with a yellow button labeled 'Adjust Affected VAT Defaults' and a blue information icon. To the right of the button is a text box explaining that clicking the button will adjust the VAT Defaults on this page affected by changes made to this page, while retaining other VAT Defaults that affect other VAT Defaults. Below this section is a 'Levels' section with a dropdown menu set to 'This level only' and a yellow button labeled 'Reset All VAT Defaults'. To the right of the button is a text box explaining that clicking the button will reset all the VAT Defaults, losing all changes made to VAT Defaults.

When entering purchasing and billing transactions into NS Financials, we can allocate a separate VAT Transaction Type to each individual line.

## Why do we need to change the codes?

The main purpose of the change is to simplify the GST payment process in relation to imported goods.

UNSW is now registered with the Australian Tax Office (ATO) for the “GST Deferral Scheme” effective for all taxable imports received from 28<sup>th</sup> February 2007 onwards. When the goods have arrived, quote the UNSW ABN number **57 195 873 179** to Customs and/or the Customs Broker and say we are now registered for the GST Referral Scheme.

What this means is that any GST Customs would otherwise collect on taxable imports is automatically accounted for when our monthly BAS is lodged. Separate payment of GST is no longer required prior to collecting imported goods. Any assessed Customs duty will still be payable.

A review was also conducted by the Tax Team to ensure NS Financials is setup to comply with the current GST reporting requirements.

It was found that although the current codes used do comply, some additional codes were required for further categorisation of GST types.

## What will be changing?

Firstly, the VAT Transaction Types for Billing will not change.

For Purchasing, FREE has been split into 2 new codes FRAO and FRAC, plus there are 7 new codes.

How you perform your purchasing transactions will not change, only the codes used for some specific types of purchases will change.

## Change Highlights – Purchases Only

A full list of all codes, including explanations and examples is included at the end of this document.

A summary of the main changes is set out below:

Existing Code	New Codes	Explanation
FREE	FRAO FRAC	Free has now been split into 2 categories: - Non-capital purchases (acquisitions) unit price <\$5,000 - Capital purchases (acquisitions) unit price >=\$5,000
n/a	IMAO IMAC IMFO IMFC	These are new codes setup for simplified handling of imports: - Importation Of Taxable Supplies of Goods And Services, Non-Capital <\$5,000 - Importation Of Taxable Supplies of Goods And Services, Capital >=\$5,000 - Importation Of GST-Free Goods And Services, Non-Capital <\$5,000 - Importation Of GST-Free Goods And Services, Capital >=\$5,000
n/a	NIAO NIAC	These are new codes setup for categorising specific non-deductible items: - GST In Price, GST Not Claimable Relates To Specific Non-Deductible Items, Non-Capital <\$5K - GST In Price, GST Not Claimable Relates To Specific Non-Deductible Items, Capital >=\$5,000
n/a	EXAD	This code will also be used for initial transactions in relation to Travel Allowances and Cash Advances.
EXCL	EXCL	This code already exists, but its use will be more limited than previously.

## When will the changes occur?

The changes in NS Financials are effective from 15<sup>th</sup> February 2007.

## GST (VAT) Transaction Types Used For Purchasing & Billing in NS Financials

Effective Date: 12 June 07 V1.9 changes in RED

SHORT DESCRIPTION	LONG DESCRIPTION	Purchasing Codes		Billing Codes
		Capital >=\$5,000	Non-capital See note over page	
	<b>Questions? Email the Tax Manager Anthony Watson: <a href="mailto:awatson@unsw.edu.au">awatson@unsw.edu.au</a> or extn 51313</b>			
<b>ACQUISITIONS (Purchases)</b>	<b>Acquisitions are the goods or services which the University buys.</b> Transactions affected: Requisitions, Purchase Orders, Credit Card Reconciliation, AP Vouchers & Journals.			
• <b>GST In Price, GST Is Claimable</b>	The purchase of taxable goods or services where GST is charged and it can be claimed (ie as an Input Tax Credit – ITC). This applies to the majority of purchases.	AC	AO	
• <b>GST In Price, GST Not Claimable &amp; Relates To An Input Taxed Supply</b>	The purchase of taxable goods or services which are input taxed supplies but the GST charged (ie an ITC) <b>cannot</b> be claimed. E.g. financial supplies (such as shares and bank charges), and certain supplies relating to accommodation.	ACIT	AOIT	
• <b>GST In Price, GST Not Claimable &amp; Relates To Specific Non-Deductible Items</b>	The purchase of taxable goods or services which are specific non-deductible items but the GST charged (ie an ITC) <b>cannot</b> be claimed. E.g. meal entertainment, fines and penalties. <b>Also used for transactions where the original tax invoice or receipt is lost. Note:</b> For meal entertainment expenses, also refer to the Fringe Benefit Tax (FBT) Guidelines as these purchases may also attract FBT.	NIAC	NIAO	
• <b>GST Free Purchase, No GST In Price.</b>	The purchase of goods or services with no GST in the price. These are referred to as GST Free purchases. E.g. GST-free basic food; water; sewerage and drainage; also used for purchases made which are consumed or used overseas eg accommodation; international air fares, taxi fares etc. <b>If goods and services are imported into Australia use the IMxx codes below.</b>	FRAC	FRAO	
• <b>No ABN or Declaration, Payment Made, ABN Withholding Applied</b>	Used where the Supplier you are buying from does not have an ABN number, and hasn't provided a declaration form (Statement by Supplier). UNSW are required to withhold 46.5% of the payment as withholding tax.	NABC	NABN	
• <b>Importation Of Taxable Goods And Services</b>	The overseas purchase of goods and services imported into Australia, where, had they been purchased in Australia instead, would have been subject to GST. E.g. machinery, equipment, computers, software etc.	IMAC	IMAO	
• <b>Importation of GST-Free Goods And Services</b>	The overseas purchase of goods and services brought into Australia, where, had they been purchased in Australia instead, would have been GST-Free anyway. E.g. Pharmaceutical and medicinal drugs. <b>Also for goods imported into Australia that don't require customs declaration.</b>	IMFC	IMFO	
• <b>Out Of Scope Payments</b>	Purchases or payments which are not reported on the ATO Business Activity Statement (BAS). E.g. transactions between members of same GST group, payments of taxes (eg. PAYG, payroll tax, employer payments such as wages, super), and gifts and donations.	EXCL	EXCL	
• <b>Interim Process for Taxable Importations</b>	This code is used for initial transactions in relation to Travel Allowances and Cash Advances.	EXAD	EXAD	
<b>SUPPLIES (Bills)</b>	<b>Supplies are the goods or services which the University provides to its customers.</b> Transactions affected: Billing/Invoice Generation, Journals.			
• <b>Taxable supplies</b>	The sale of goods or services that require 10% GST to be charged (majority of bills).			SALE
• <b>GST-Free Exported Supplies</b>	When selling goods to an overseas customer/buyer. No GST is charged. However the goods must leave Australia within 60 days of invoice or receipt of consideration, whichever is first. <b>Otherwise, GST will be added.</b> E.g. grants made to overseas bodies and services where the grant is performed outside Australia.			EXPT
• <b>GST-Free Other Supplies</b>	Other sale of goods or services that are GST free. No GST is charged. E.g. education courses such as degree and post-graduate diplomas; sale of a going concern; and sale of donated second hand goods.			FREE
• <b>Input Taxed Supplies</b>	Sale of input taxed supplies. No GST is charged. E.g. Residential rent - certain rental income from Kensington Colleges; certain fund-raising activities.			ITAX
• <b>Out Of Scope</b>	Sales or income which is not reported on the ATO Business Activity Statement (BAS). E.g. Transactions between members of same GST group; money received but no supply made i.e. gifts and donations.			EXCL

## How To Use This Table - Purchases

1. In both the “Acquisitions” and “Long Description” columns, read through the information to identify which one applies to the purchase you are making.
2. If the purchase is for an Asset only, determine if the total unit price of each asset is  $\geq \$5,000$  (excl GST).
3. If it is an Asset purchase  $\geq \$5,000$  select the code in the Capital column.
4. **Otherwise, if it just a general purchase of goods or service or an Asset purchase  $< \$5,000$ , select the code in the Non-Capital column.**
5. On the VAT Details page for that purchasing line item, set the VAT Transaction Type to the code in the corresponding column.

**Important Note:** In some cases, a single purchase amount is made up of two or more different types of VAT Transaction Types. This is called a mixed supply. Eg: you buy both GST Free and GST supplies from a supermarket using your university credit card. For the reconciliation, you would need to split the amount into 2 lines containing the GST and GST Free amounts. The portion of the purchase containing GST would have the VAT Transaction Type set to AO, and the portion of the purchase which was GST Free would have the VAT Transaction Type set to FRAO (assuming they were all non-capital items).

## How To Use This Table - Bills

1. In both the “Supplies” and “Long Description” columns, read through the information to identify which circumstance applies to the invoice you are raising.
2. On the VAT Details page for each bill line, set the VAT Transaction Type to the code in the corresponding Billing Codes column.

**Note:** The default VAT Transaction Type for all Bills = ‘SALE’. Therefore you only need to change the code if you’re NOT billing with the standard GST added, ie if it is anything other than ‘SALE’.

## Where To Get Help?

If you are unsure as to which code to apply to your purchase or bill, contact the Manager, Tax Anthony Watson, email: [awatson@unsw.edu.au](mailto:awatson@unsw.edu.au) phone 02 938 51313 in Financial Control, Chancellery.

Please provide all details of the item(s) in question and the circumstances, and he will guide you as to the correct code to use.

## What transactions in NS Financials do these codes apply to?

### **Purchasing:**

- eProcurement Requisitions
- Purchase Orders
- Vouchers
- UNSW Credit Card Reconciliations
- Staff & Student Reimbursement Forms
- Travel Advances / Cash Advances

### **Billing:**

- Standard Billing (no changes to the existing code though)

### **Journals:**

All journal types entered by Client Services Accountants or Finance Specialists.



## What does it mean for me?

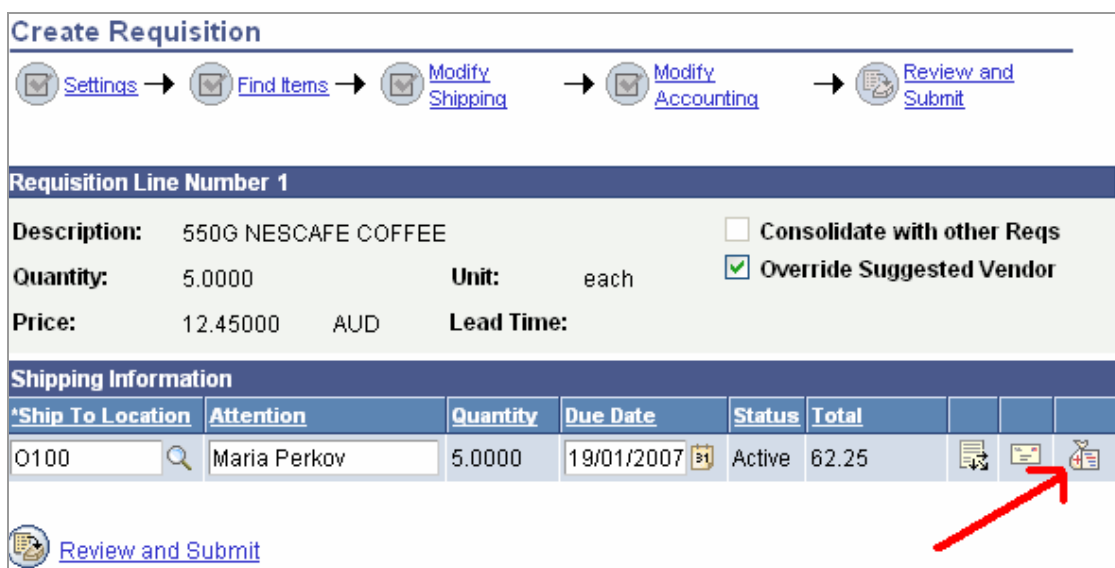
### **eProcurement Requisitions**

When you are creating a Requisition in NS Financials you will need to take care to select the correct new VAT Transaction Type for each Requisition line.

The default value is set according to the Category Code selected for each product/service else ie mostly "AO" for 'Taxable' Categories or 'FRAO' for 'GST Free' Categories.

All Requisition lines for Roundtrip Vendor purchases (via the Web tab) are defaulted to AO (10%). Therefore, if you are buying a GST Free item from a Roundtrip Vendor, you will manually need to change the VAT Transaction Type code to FRAO or FRAC on each line.

To change the VAT Transaction Type, navigate to the Review & Submit Page. Click on the  "truck" icon. Once the Shipping Information is displayed, click on the money bags icon . Then, expand the VAT Details section.





*Ship To Location	Attention	Quantity	Due Date	Status	Total			
0100	Maria Perkov	5.0000	19/01/2007	Active	62.25			

## Purchase Orders

When you are entering Purchase Orders into NS Financials you will need to take care to select the correct new VAT Transaction Type for each Purchase Order line.

The default value is set according to the Category Code selected for each product/service else ie mostly "AO" for 'Taxable' Categories or 'FRAO' for 'GST Free' Categories.

To change the VAT Transaction Type, navigate to the Schedules page by clicking on the  "schedule" icon. Once on the Schedules page, click on the money bags icon . Then, expand the VAT Details section:

**Schedules**







Unit: ENGIN Vendor: BANDWIDTHHF-001  
PO ID: 0000012033 PO Date: 14/11/2006  
PO Status: Open

[Return to Main Page](#)

**Lines** Find | View All First 1 of 1 Last


Line: 1 Item: MASK FABRICATION OF YWFINAL\_GDS DESIGN AS PER ATTACHED QUOTATION : 81106D01 PO Qty: 1.0000

**Schedules** Customize | Find | View All First 1 of 1 Last

Sched	*Due Date	*Ship To	*PO Qty	Price	Amount	Status						
1	21/11/2006	E150	1.0000	637.00000	637.00	Active						

[Add ShipTo Comments](#)

Save Return to Search Next in List Previous in List Notify Refresh




## AP Vouchers

When you are entering a Voucher into NS Financials, you will need to take care to select the correct new VAT Transaction Type for each line. For PO Vouchers, the VAT Transaction Type will have defaulted from the Requisition/Purchase Order details. If you are entering a non-order voucher, the VAT Transaction Type defaults to AO. Change the code for each voucher line, as necessary.

To change the VAT Transaction Type, on the Invoice Information Tab on the voucher entry pages, scroll down to the Invoice Lines section. Click on the [VAT](#) hyperlink. Then, expand the VAT Details section.

**Invoice Lines** Find | View All First 1 of 1 Last

Line	*Distribute by	Item	Description	Quantity	UOM	Unit Price	Extended Amount	
1	Amount		Grey Storage Cabinets	5.0000	EA	200.00000	1,000.00	

Ship To: SUMAN RE SpeedChart  Use One Asset ID [VAT](#) 


**Distribution Lines** Customize | Find | View All First 1 of 1 Last

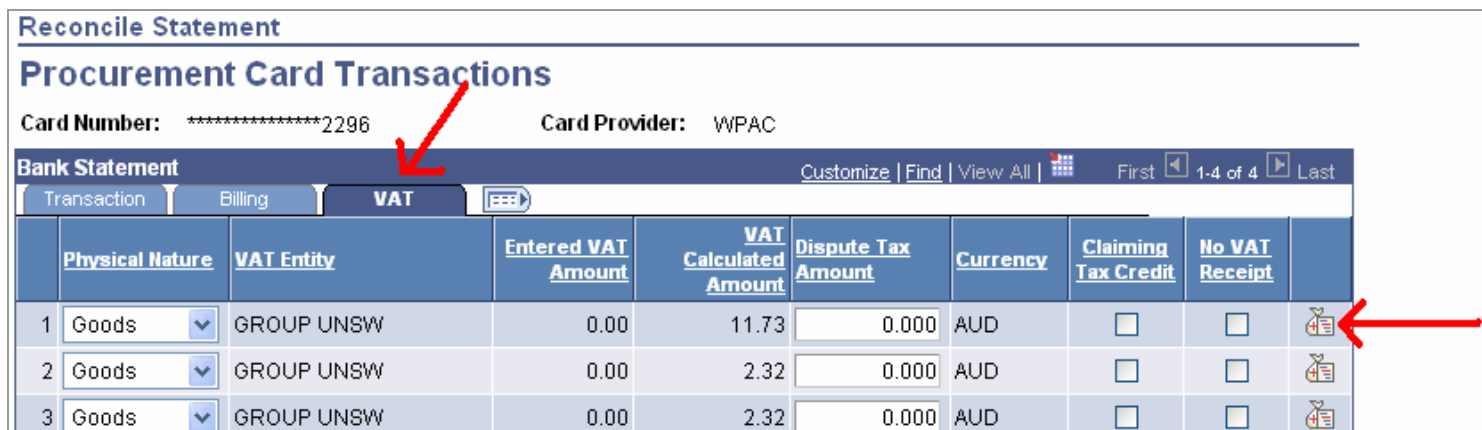
GL ChartFields 1	GL ChartFields 2	Exchange Rate	Statistics	Assets	VAT							
Amount	Quantity	*GL Unit	*Account	Fund	Department	Program	Class	Project	Affiliate	OpenItem		
1	1,000.00	5.0000	UNSWA	5600	op001	CEIC	0000	00				

## Credit Card Reconciliation

When you are reconciling a UNSW credit card, you will also need to take care to select the correct new VAT Transaction Type for each transaction line.

The defaulted value is “AO” for ALL card transactions, so it only needs to be changed if the correct GST code is not ‘AO’.

To change the VAT Transaction Type, on the Reconcile Statement page, click on the VAT tab. (**Always use the VAT tab on the main page to navigate to the Money Bags icon** - DO NOT use the Money Bags icon on the Chartfield Distribution line as this does not work!) Click on the money bags icon . Then, expand the VAT Details section:







**Reconcile Statement**

**Procurement Card Transactions**

Card Number: \*\*\*\*\*2296      Card Provider: WPAC

Bank Statement      Customize | Find | View All | First 1-4 of 4 Last

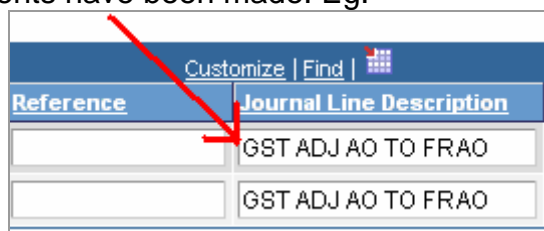
Transaction    Billing    **VAT**    

	Physical Nature	VAT Entity	Entered VAT Amount	VAT Calculated Amount	Dispute Tax Amount	Currency	Claiming Tax Credit	No VAT Receipt	
1	Goods	GROUP UNSW	0.00	11.73	0.000	AUD	<input type="checkbox"/>	<input type="checkbox"/>	
2	Goods	GROUP UNSW	0.00	2.32	0.000	AUD	<input type="checkbox"/>	<input type="checkbox"/>	
3	Goods	GROUP UNSW	0.00	2.32	0.000	AUD	<input type="checkbox"/>	<input type="checkbox"/>	

## Journals

For any adjustments to transactions, it is recommended that these be completed using NS Financials transactions. Only where it is not possible to correct an error via a transaction, should a journal be used to correct accounting entries.

For all GST Adjustment journals, the Journal Line Description needs to include what the VAT Transaction Code is being changed from and to. This will assist in the preparation of the BAS to determine what manual adjustments have been made. Eg:



Reference	Journal Line Description
	GST ADJ AO TO FRAO
	GST ADJ AO TO FRAO

## Adjustments for Purchasing

Only Purchasing transactions with VAT Transaction Types of “AO” or “AC” cause a GL entry to be posted to the 3505 GST ‘paid’ account code. Therefore, if an adjustment is being made for a transaction changing to or from VAT Transaction Types “AO” or “AC” via a journal, you will also need to add a journal line for the corresponding GST amount change.

## Adjustments for Billing

Only Billing transactions with a VAT Transaction Type of “SALE” causes a GL entry to be posted to the 8505 GST ‘collected’ account code. Therefore, if an adjustment is being made for a transaction changing from or to ‘SALE’ via a journal, you will also need to add a journal line for the corresponding GST amount change.

## Staff & Student Reimbursement Forms

Fill out your form using the appropriate code for the type of purchase you are being reimbursed for.

### Travel Advances / Cash Advances

These are processed via an AP Voucher transaction. The table below indicates the codes to be entered:

Advance Type	Method	GST Code For Initial Processing	GST Code When Acquired
International Travel	Lump Sum By Receipts	EXAD	7570 – Actual Expenses, codes as per invoices / receipts provided eg FRAO.
Cash Advances (not travel related)	Lump Sum No Receipts & Statutory Decl.	EXAD	7572 – Actual Expenses, codes as per invoices / receipts provided.
Cash Advances (not travel related)	Lump Sum By Receipts	EXAD	7572 – Actual Expenses, codes as per invoices / receipts provided.

### Per Diem Allowances

Advance Type	Method	GST Code
Domestic Travel	Per Diem	EXAD
International Travel	Per Diem	EXAD

### What do I need to do?

- Familiarise yourself with the new VAT Transaction Types for purchasing.
- Print out the list and put it up on your wall or in your purchasing folder for easy reference.
- Contact Manager, Tax Anthony Watson in Chancellery if you are not sure which code to use, BEFORE you enter anything into NS Financials.

### What support is available?

When the implementation date is announced, the new list of VAT Transaction Types will be posted to the Accounting Services website for easy reference. Go to [www.fsd.unsw.edu.au](http://www.fsd.unsw.edu.au), click on Training, scroll down to the Other Handy Links table. You'll find the link to the document in there.

#### **GST Questions**

Email the Manager, Tax: Anthony Watson [awatson@unsw.edu.au](mailto:awatson@unsw.edu.au)  
Ph 02 938 51313

#### **'How To' Questions In NS Financials**

Email the relevant Chancellery contact.

Contact list available at [www.fsd.unsw.edu.au](http://www.fsd.unsw.edu.au), click on [Who Can Help](#)

#### **Online Training Tool**

The training topics will be updated over time to reflect the new codes.