

# Common BAS errors

## 16 General problems and solutions

### Many solved with Acpert

Problems	Solutions
Including wages and superannuation contributions as purchases at <b>G11</b>	You must report wages at <b>W1</b> . You don't need to report superannuation contributions..
Lodging blank forms.	When lodging statements with nothing to report at any label (a nil statement), insert zeros against labels <b>1a</b> , <b>1b</b> and <b>9</b> .
Lodging printed activity statements	You must lodge original activity statements with the Australian Taxation Office (ATO)
Not registering with the ATO for tax obligations reported in your activity statement.	It is important to ensure that you are correctly registered for all your tax obligations. To register or cancel registration for PAYG withholding, goods and services tax, luxury car tax or wine equalisation tax, contact the ATO on <b>13 28 66</b> .
Not notifying the ATO of the accounting method used.	If you are new to business reporting, notify us on 13 28 66.
Using the Incorrect accounting method.	If you are using the cash accounting method and your business turnover is expected to exceed \$1 million, you must change to the accrual accounting method and notify the ATO on <b>13 28 66</b> . They will consider requests for continued use of the cash accounting method. However, approval is dependent on circumstances.
Not including cash taken from the till to pay for purchases.	Total sales ( <b>G1</b> on your BAS) should include all cash payments made out of the till for purchases.
Including dollars and cents.	Show only whole dollars when completing your activity statement. To avoid processing errors and to ensure the prompt issue of your refund, do not use cents, decimal points, commas, symbols or words such as \$, nil and n/a.
Not lodging your activity statement by the due date	You must lodge your activity statement and pay any amounts owing by the due date. The only time you don't have to lodge is if you receive an instalment notice (they have the letter N, R, S or T in the top left-hand corner) and pay the pre-printed instalment amount by the due date.
Missing dates and details	Provide a contact name and daytime phone number.

<p>Being unsure about when to leave boxes blank and when to report a zero in a box</p>	<p>Generally, leave boxes blank if they do not apply to your business. For example, if you do not have exports to report, leave the box at <b>G2</b> blank. However, you should write a zero (0) if you are:</p> <p>using GST Option 1 or Option 2, you haven't traded for a tax period, and have nothing to report – write '0' at G1 and 1A (these boxes must always be completed)</p> <p>using PAYG Option 2 but you don't have any instalment income - write '0' at <b>T1</b> and <b>5A</b></p> <p>varying your instalment down to 0 for either GST or PAYG - you must complete the appropriate variation labels and write '0' at <b>1A</b> for GST or <b>5A</b> for PAYG.</p>
<p>Signing your activity statement</p>	<p>Sign your activity statement using your AUSkey as your digital signature and lodge with the ATO by the due date.</p>
<p>Needing to lodge an activity statement if you have nothing to report</p>	<p>Even if you have nothing to report, you must lodge your completed activity statement by the due date, unless otherwise directed on the form. If you have nil activity to report, you may be eligible to use the ATO's nil lodgement automated phone service.</p>
<p>Lodging your activity statement late</p>	<p>Penalties now apply automatically for late lodged activity statements at a rate of \$170 every 28 days or part thereof (to a maximum of \$850). Higher rates will apply to medium or large taxpayers.</p>
<p>Talking to someone on the phone</p>	<p>When phoning the ATO, ensure you have your tax file number ready. If you're phoning on behalf of someone, you must be the authorised contact person.</p>
<p>Not knowing how to make payments at Australia Post</p>	<p>If you are unable to pay by BPAY® or credit card, you can pay in person at Australia Post. If you have a pre-printed ATO payment slip with a barcode underneath the amount field, you can pay in person at any Australia Post outlet. Cheques and money orders must be for amounts in Australian dollars and payable to 'Deputy Commissioner of Taxation'. Cheques should be crossed 'Not Negotiable' and must not be post-dated.</p>

## 18 GST problems and solutions

### Many solved with Acsperit

Problems	Solutions
Overlooking boxes, such as 1A (GST sales or GST instalment) and 5A (PAYG income tax instalment)	You must complete <b>1A</b> if you're reporting a GST obligation and <b>5A</b> if you're reporting a PAYG obligation (even when your instalment amount is zero).
Not correctly reporting all amounts at <b>G1</b>	You must include all payments and other consideration you have received during the quarter for sales you have made in the course of your business. This includes amounts you have shown at: <b>G2</b> (Export sales) <b>G3</b> (GST-free)  input taxed supplies like interest on investments and rent on residential properties (shown at <b>G4</b> if you are using the calculation sheet method).
Reporting the wrong amounts at <b>G1</b>	Do not report the following amounts at <b>G1</b> : inter-entity loans transfers between bank accounts private money  other entities' income (for example, rent for rental property that is in another entity's name).
When you're offered options for your GST obligation, completing boxes for more than one option	Complete the boxes for one option only.
Completing <b>G2</b> (Export sales) incorrectly (for example, treating supplies as exports when the goods are consumed within Australia)	You should only report the following at <b>G2</b> : the free on board value of exported goods that meet the GST-free export rules payments for the repairs of goods from overseas that are to be exported payments for goods used in the repair of goods from overseas that are to be exported.
Incorrectly claiming GST credits on the total price of a car that exceeds the car limit	To correctly claim, the following applies:  The car limit for the 2011–12 financial year is \$57,466 (including GST). This limit is reviewed each financial year and may change.  The fuel efficient car limit for the 2011–12 financial year is \$75,375 (including GST). This limit is reviewed each financial year and may change.  If you purchase a car and the price is more than the car limit, you are restricted to making a maximum claim of 1/11th of the limit.

<p>Incorrectly claiming GST credits</p>	<p>You cannot claim: for bank fees and charges, third party insurance and stamp duty</p> <p>for the full amount of a purchase when the goods are to be used for private purposes (even if only partially used for private purposes). You can only claim for the business portion of the expense</p> <p>where the supplier of the goods or services is not registered for GST. You must also hold a valid tax invoice when you make your claim. You must also hold a valid tax invoice for purchases of \$82.50 or more (GST inclusive) when you make your claim.</p>
<p>Not recording the sale of business assets.</p>	<p>The sale price of business assets, that are not input taxed or GST-free are taxable and must be reported at <b>G1</b> and <b>1A</b>.</p>
<p>Not including the sale of a business.</p>	<p>The following applies: You must report the sale price of a business, including any GST, at <b>G1</b>.</p> <p>If the sale is a GST-free sale of a going concern, you also include this amount at <b>G3</b>.</p> <p>If the sale is taxable, you must report the GST amount at <b>1A</b>.</p>
<p>Not providing your estimated net GST for the year when requesting a variation to your GST instalment amount</p>	<p>When varying GST instalments, you must provide an estimated annual net GST amount in <b>G22</b>.</p>
<p>Notifying a variation to your GST or PAYG Instalment after the due date for the instalment to be paid.</p>	<p>By law, you must notify us of your variations by the date the instalment is due to be paid.</p>
<p>Claiming GST credits for the full amount of a purchase when the goods are to be used partially or wholly for private purposes</p>	<p>You can only claim GST credits on the proportion of the expense used for business.</p>
<p>Being unaware that you are subject to an increasing adjustment at <b>G1</b> on your previous activity statement for assets disposed of</p>	<p>The following applies: You need to account for GST on an asset disposal.</p> <p>If you sell a business asset you will generally need to account for GST and include the price of the asset sold at <b>G1</b> and the GST payable at <b>1A</b> on your activity statement.</p> <p>When completing your tax return you need to ensure that the GST exclusive amount of the asset is included in business income. All income amounts included on the return should be exclusive of GST. Including the GST inclusive amount of the asset will overstate your business income and you will pay additional income tax.</p>

<p>Claiming GST credits where the contractor or supplier is not registered or required to be registered for GST.</p>	<p>You cannot claim GST credits where the contractor or supplier of the goods or services is not registered or required to be registered for GST as no GST is included in the price.</p>
<p>Changing the legal structure of your business entity and continuing to lodge activity statements under the ABN of the old entity.</p>	<p>If you change the legal structure of the entity used to carry on your business, you cannot continue lodging your activity statements under the same ABN. You need to apply for a new ABN and register the new entity for GST if that entity is required to be registered for GST, or chooses to register for GST. Examples of changes in legal structure include:</p> <p>changing from a sole trader to a partnership, trust or company, or vice-versa reconstituting a partnership.</p>
<p>Not explaining your variations or providing a variation code</p>	<p>When you vary a GST or PAYG instalment amount, you must also say why you made the variation at label G24 (for GST) or label T4 (for PAYG). The reason for varying codes are:</p> <ul style="list-style-type: none"> <li>21 Change in investments</li> <li>22 Current business structure not continuing</li> <li>23 Significant change in trading conditions</li> <li>24 Internal business restructures</li> <li>25 Change in legislation or product mix</li> <li>26 Financial market changes</li> <li>27 Use of income tax losses.</li> </ul>
<p>Claiming full GST credits on the purchase of real property (or deposit) at the time of entering into a standard land contract</p>	<p>If you hold a tax invoice, you claim the GST credit for the deposit or full payment of a creditable purchase of land under a completed standard land contract in the activity statement for the tax period in which settlement occurs. This applies whether or not you account for GST on a cash basis.</p>
<p>Showing total sales at <b>G1</b> but leaving <b>1A</b> or G3 blank If you have selected GST option 1 or 2 and your total sales amount at G1 is more than zero, you must show an amount for GST on sales at 1A and other GST</p>	<p>Report GST Free sales at <b>G3</b>. If you have nothing to report at <b>1A</b> and/or <b>G3</b>, show zero at these labels.</p>

<p>Showing no reason code if varying your instalment</p>	<p>If you vary your PAYG instalment amount or rate, or your GST amount, you must show one of the following reason codes at label T4 (for PAYG instalments) or label G24 (for GST) on your activity statement:</p> <ul style="list-style-type: none"> <li>21 Change in investments (PAYG only)</li> <li>22 Current business structure not continuing (GST and PAYG)</li> <li>23 Significant change in trading conditions (GST and PAYG)</li> <li>24 Internal business restructures (GST and PAYG)</li> <li>25 Change in legislation (GST and PAYG)</li> <li>26 Financial market changes (GST and PAYG)</li> <li>27 Use of income tax losses (PAYG only)</li> <li>33 Entering or exiting a consolidated group – only head companies should use this code (PAYG only).</li> </ul>
<p>Claiming GST credits without a tax invoice</p>	<p>You must have a valid tax invoice to GST credits.</p>
<p>When accounting for GST on a cash basis, claiming GST credits at the commencement of a hire purchase or lease contract</p>	<p>GST credits may only be claimed at the time a repayment is made for a hire purchase or lease contract, when accounting for GST on a cash basis.</p>
<p>Claiming GST credits for the full amount of a purchase, even when the goods or services are used partially or wholly for private purposes</p>	<p>GST credits may only be claimed for the business portion of the expense.</p>
<p>Including private expenses when claiming GST credits and deductions on business tax returns</p>	<p>Do not include private expenses on your activity statements or tax returns. This means if you have one bank account for both your business and private purposes, you need to separate the amounts.</p>
<p>Including wages and superannuation contributions as non-capital purchases (<b>G11</b>)</p>	<p>Do not report wages and superannuation contributions in the GST section of the activity statement. Instead, report wages at <b>W1</b>. You do not need to report superannuation contributions.</p>