

GST Rate Change

November 1, 2007

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TABLE OF CONTENTS

GST Rate Change 1

Changing the GST Rate 2

Versions 4.0 – 5.0 2
Versions 2.6 – 3.70 3
School Divisions 4
Not-for-Profit 5

Changing the GST Rate for Credit Memos 6

Versions 4.0 – 5.0 6
Tax Groups 6
Tax Details 7
Versions 2.6 – 3.70 8
Tax Groups 8
Tax Details 9
School Divisions 10
Tax Groups 10
Tax Details 12
Not-for-Profit 13
Tax Groups 13
Tax Details 15

Additional Examples 16

GST RATE CHANGE

Effective January 1st, 2008, the GST rate changes from 6% to 5%. Navision calculates GST based on posting dates; by adding Tax Details with an effective date of January 1, 2008, the system will handle this change effortlessly. This first section of this document outlines how to make this change in the Tax Details.

Also, any credit memos you process that are to be applied against either sales or purchases invoices *that were created before January 1, 2008*, are to use the 6% GST rate. We strongly recommend that you do everything you can to get credit memos processed in December to avoid this tax complication.

There are three options for handling credit memos that apply to invoices dated before January 1, 2008. These are:

1. Use a Posting Date of December 31, 2007 for all credit memos dated January 1 or later that relate to invoices dated prior to January 1.
    a. Requires no changes to setup or processing except that Posting Date has to be changed.
    b. Will result in changes to December 2007 GL figures. Depending on materiality and whether December financials have been closed/released yet this option may not be viable. You could track all such credit memos and do an entry to move the related expenses to the proper period.
    c. If inventory is involved, this option is not advisable as it will result in incorrect inventory availability information.
2. Manually adjust calculated Tax Amounts using Navision's Tax Difference capability or by entering an adjustment line on the credit memo itself.
    a. Tax rate will still show as 5%, but the overridden tax amount will be correct.
    b. Adjustment line will be more obvious to anyone reviewing the transaction later on.
3. Setup additional Tax Groups to differentiate between the two different rates.
    a. This option may help reduce errors.
    b. Results in additional special purpose tax groups in the system that will not be used in the future. Deleting these Tax Groups in the future will cause problems if you ever need to re-print one of these documents or run the related Tax Reports.

Here is a link to the CRA information sheet regarding credit memo processing for the 2006 GST change:

http://www.cra-arc.gc.ca/E/pub/gi/gi-018/gi-018-e.pdf

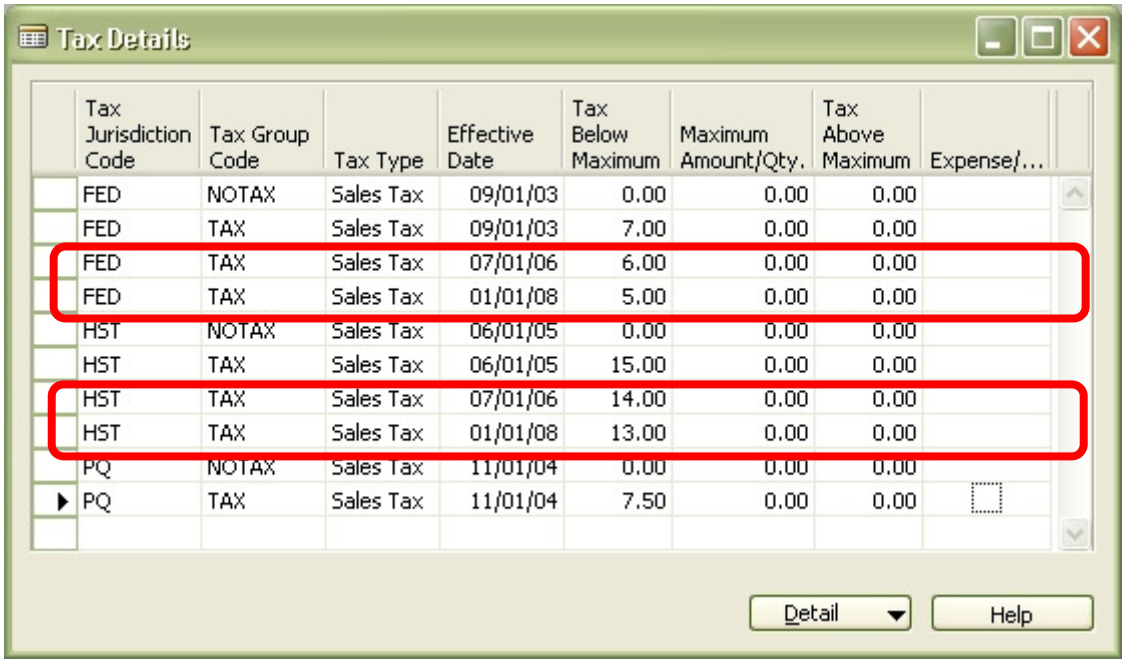
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CHANGING THE GST RATE

Versions 4.0 – 5.0

Go to **Financial Management > Setup > Sales Tax > Details**

Choose the code that is used for the GST, in this example, there are two and they are FED and HST.



Insert a new line or go to the next available line, and set this new Tax Detail up the same as the old GST rate, *except* change the rate to **5%** (13% for the HST in this example) and the Effective Date to **January 1, 2008**. The system will automatically know which rate to use based on the effective date. ***Remember to update all of your GST related tax codes!***

Versions 2.6 – 3.70

Go to **General Ledger > Setup > Sales Tax > Details**

Choose the code that is used for the GST, in this example, there are two and they are GST and HST.



Insert a new line or go to the next available line, and set this new Tax Detail up the same as the old GST rate, *except* change the rate to **5%** (13% for the HST in this example) and the Effective Date to **January 1, 2008**. The system will automatically know which rate to use based on the effective date. ***Remember to update all of your GST related tax codes!***

School Divisions

Go to **Financial Management > Setup > Sales Tax > Details**

School Divisions have several Tax Jurisdiction Codes to manage the different ways they handle GST.

Tax Jurisdiction Code	Tax Group Code	Tax Type	Effective Date	Tax Below Maximum	Maximum Amount/Qty.	Tax Above Maximum	Expense/Capitalize
FED-EXP	B	Sales Tax		0.00	0.00	0.00	✔
FED-EXP	GR	Sales Tax		2.24	0.00	0.00	✔
FED-EXP	GR	Sales Tax	07/01/06	1.92	0.00	0.00	✔
FED-EXP	GR	Sales Tax	01/01/08	1.60	0.00	0.00	✔
FED-EXP	I	Sales Tax		0.00	0.00	0.00	✔
FED-EXP	IP	Sales Tax		0.00	0.00	0.00	✔
FED-EXP	N	Sales Tax		0.00	0.00	0.00	✔
FED-EXP	R	Sales Tax		2.24	0.00	0.00	✔
FED-EXP	R	Sales Tax	07/01/06	1.92	0.00	0.00	✔
FED-EXP	R	Sales Tax	01/01/08	1.60	0.00	0.00	✔
FED-GST	B	Sales Tax		7.00	0.00	0.00	
FED-GST	B	Sales Tax	07/01/06	6.00	0.00	0.00	
FED-GST	B	Sales Tax	01/01/08	5.00	0.00	0.00	
FED-GST	GR	Sales Tax		0.00	0.00	0.00	
FED-GST	I	Sales Tax		7.00	0.00	0.00	
FED-GST	I	Sales Tax	07/01/06	6.00	0.00	0.00	
FED-GST	I	Sales Tax	01/01/08	5.00	0.00	0.00	
FED-GST	IP	Sales Tax		7.00	0.00	0.00	
FED-GST	IP	Sales Tax	07/01/06	6.00	0.00	0.00	
FED-GST	IP	Sales Tax	01/01/08	5.00	0.00	0.00	
FED-GST	N	Sales Tax		0.00	0.00	0.00	
FED-GST	R	Sales Tax		0.00	0.00	0.00	
FED-REB	B	Sales Tax		0.00	0.00	0.00	
FED-REB	GR	Sales Tax		4.76	0.00	0.00	
FED-REB	GR	Sales Tax	07/01/06	4.08	0.00	0.00	
FED-REB	GR	Sales Tax	01/01/08	3.40	0.00	0.00	
FED-REB	I	Sales Tax		0.00	0.00	0.00	
FED-REB	IP	Sales Tax		0.00	0.00	0.00	
FED-REB	N	Sales Tax		0.00	0.00	0.00	
FED-REB	R	Sales Tax		4.76	0.00	0.00	
FED-REB	R	Sales Tax	07/01/06	4.08	0.00	0.00	
FED-REB	R	Sales Tax	01/01/08	3.40	0.00	0.00	

In the Details window, insert a new line for each code, and set this new Tax Detail up the same as the other codes, *except* change the rates and the Effective Date to **January 1, 2008**. The system will automatically know which rate to use based on the effective date.

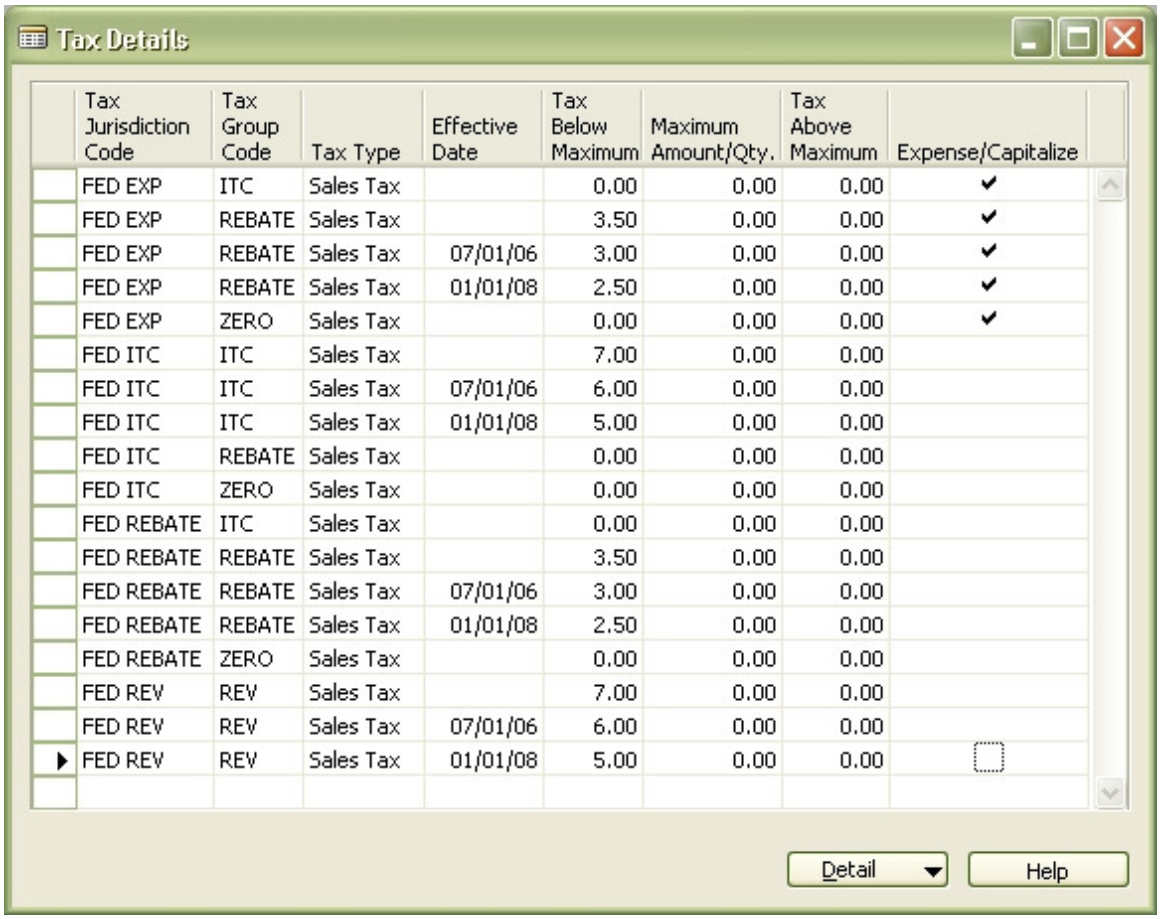
Navision handles the rebate (68%) and expense (32%) portions of GST using two percentages that add up to the total GST rate (currently it is 4.08 + 1.92 = 6%; starting January 1 it will be 3.40 + 1.60 = 5%). Be sure to check Expense/Capitalize Tax where appropriate as this is how the system knows to expense the tax rather than setup a rebate amount.

Remember to update all of your GST related tax codes!

Not-for-Profit

Go to **Financial Management > Setup > Sales Tax > Details**

Not-for-Profit organizations have several Tax Jurisdiction Codes to manage the different ways they handle GST.



Tax Jurisdiction Code	Tax Group Code	Tax Type	Effective Date	Tax Below Maximum	Maximum Amount/Qty.	Tax Above Maximum	Expense/Capitalize
FED EXP	ITC	Sales Tax		0.00	0.00	0.00	✔
FED EXP	REBATE	Sales Tax		3.50	0.00	0.00	✔
FED EXP	REBATE	Sales Tax	07/01/06	3.00	0.00	0.00	✔
FED EXP	REBATE	Sales Tax	01/01/08	2.50	0.00	0.00	✔
FED EXP	ZERO	Sales Tax		0.00	0.00	0.00	✔
FED ITC	ITC	Sales Tax		7.00	0.00	0.00	
FED ITC	ITC	Sales Tax	07/01/06	6.00	0.00	0.00	
FED ITC	ITC	Sales Tax	01/01/08	5.00	0.00	0.00	
FED ITC	REBATE	Sales Tax		0.00	0.00	0.00	
FED ITC	ZERO	Sales Tax		0.00	0.00	0.00	
FED REBATE	ITC	Sales Tax		0.00	0.00	0.00	
FED REBATE	REBATE	Sales Tax		3.50	0.00	0.00	
FED REBATE	REBATE	Sales Tax	07/01/06	3.00	0.00	0.00	
FED REBATE	REBATE	Sales Tax	01/01/08	2.50	0.00	0.00	
FED REBATE	ZERO	Sales Tax		0.00	0.00	0.00	
FED REV	REV	Sales Tax		7.00	0.00	0.00	
FED REV	REV	Sales Tax	07/01/06	6.00	0.00	0.00	
FED REV	REV	Sales Tax	01/01/08	5.00	0.00	0.00	☐

In the Details window, insert a new line for each code, and set this new Tax Detail up the same as the other codes, *except* change the rates and the Effective Date to **January 1, 2008**. The system will automatically know which rate to use based on the effective date.

Navision handles the rebate (50%) and expense (50%) portions of GST using two percentages that add up to the total GST rate (currently it is 3.00 + 3.00 = 6%; starting January 1 it will be 2.50 + 2.50 = 5%). Be sure to check Expense/Capitalize Tax where appropriate as this is how the system knows to expense the tax rather than setup a rebate amount.

Remember to update all of your GST related tax codes!

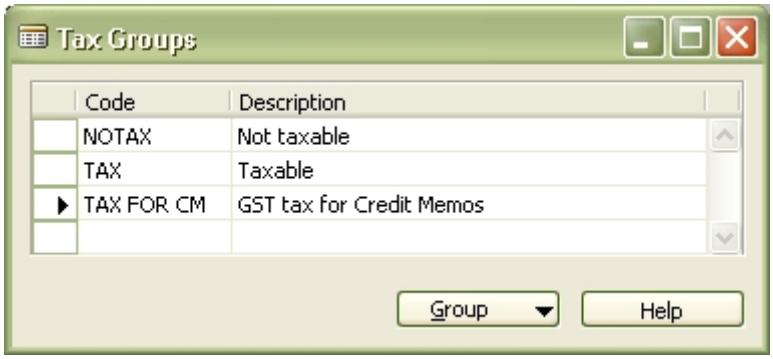
CHANGING THE GST RATE FOR CREDIT MEMOS

Versions 4.0 – 5.0

Tax Groups

When entering credit memos against purchases or sales made prior to January 1st, 2008, you can use one of the three methods outlined on Page 1. This section outlines creating another Tax Group to process these transactions. The next section, Tax Details, outlines creating new Tax Details.

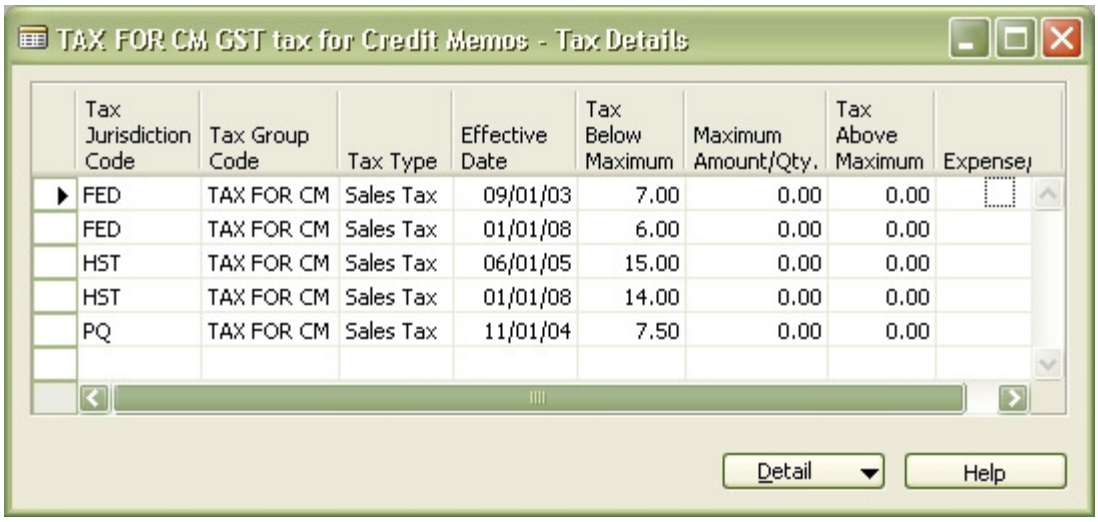
Go to Go to **Financial Management > Setup > Sales Tax > Groups**



Create a new Tax Group Code; be sure to give it a relevant description.

Next, select your other tax group code and click on the Group button, then select Details. This will open the Tax Details window. Select all the lines in this window and then click Edit > Copy. Close this window.

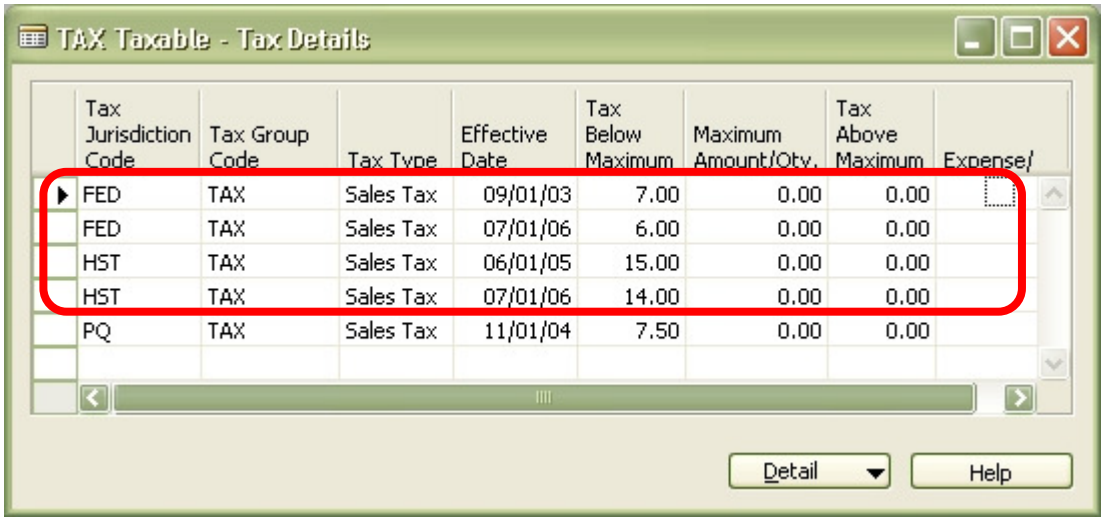
Now, select the tax group you just created and click Edit > Paste. All the tax details from the other tax group will now appear in the new tax group.

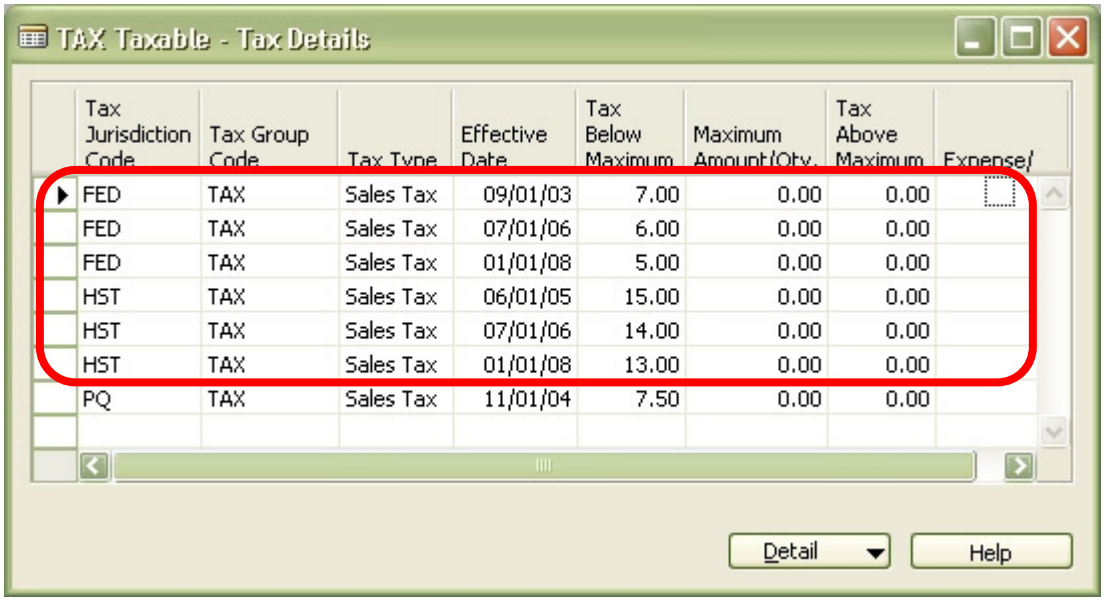


Tax Details

Go to **Financial Management > Setup > Sales Tax > Groups > Group button > Details**

Choose the group that is used for the tax calculation, in this example, it is TAX, and click the Group button > Details. Choose the code that is used for the GST, in this example, there are two and they are FED and HST.





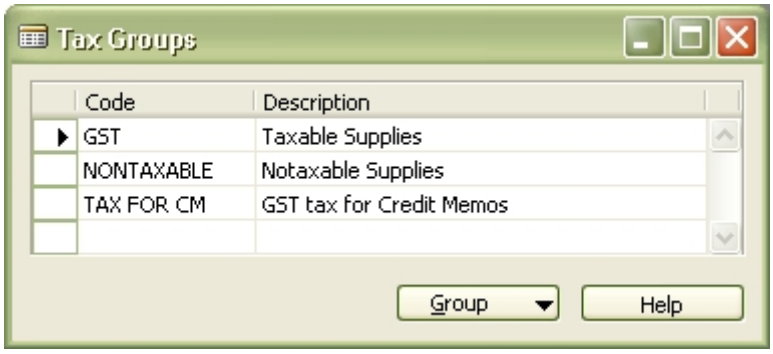
Insert a new line or go to the next available line, and set this new Tax Detail up the same as the old GST rate, *except* change the rate to **5%** (13% for the HST in this example) and the Effective Date to **January 1, 2008**. The system will automatically know which rate to use based on the effective date. ***Remember to update all of your GST related tax codes!***

Versions 2.6 – 3.70

Tax Groups

When entering credit memos against purchases or sales made prior to January 1st, 2008, you can use one of the three methods outlined on Page 1. This section outlines creating another Tax Group to process these transactions. The next section, Tax Details, outlines creating new Tax Details.

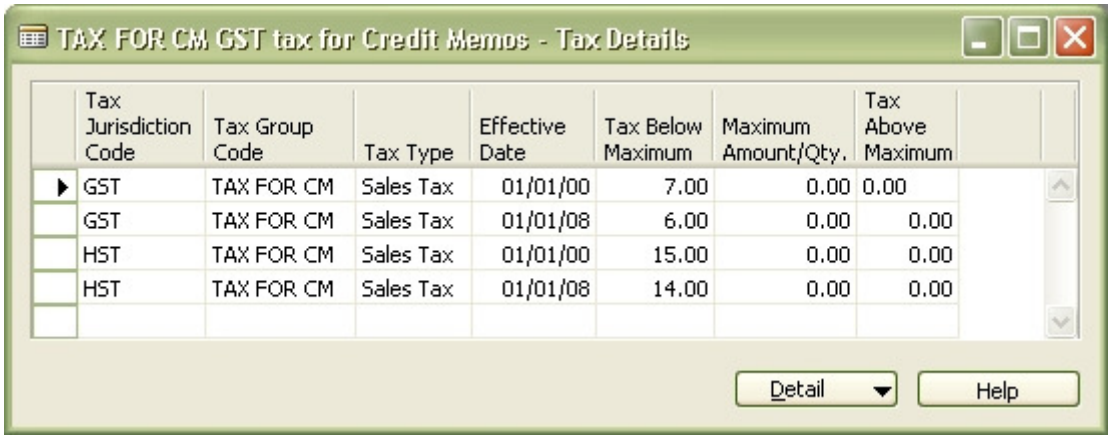
Go to Go to **General Ledger > Setup > Sales Tax > Groups**



Create a new Tax Group Code; be sure to give it a relevant description.

Next, select your other tax group code and click on the Group button, then select Details. This will open the Tax Details window. Select all the lines in this window and then click Edit > Copy. Close this window.

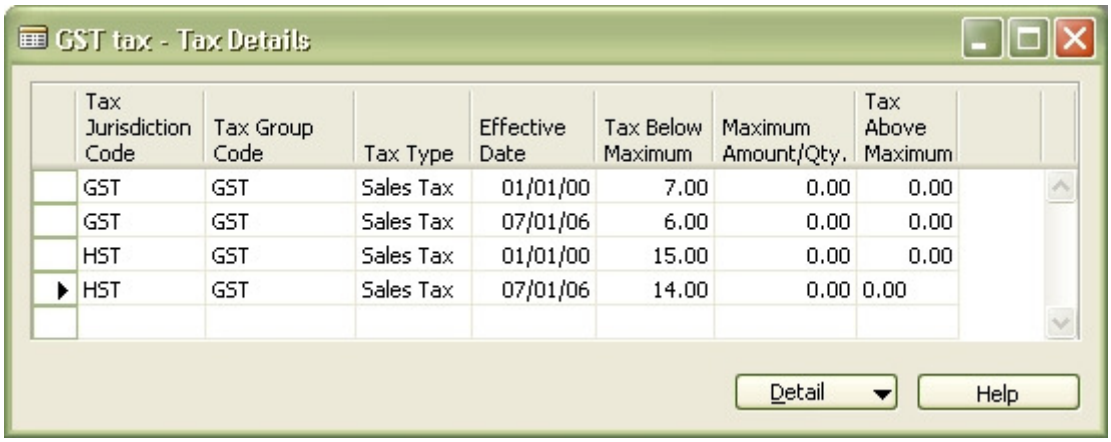
Now, select the tax group you just created and click Edit > Paste. All the tax details from the other tax group will now appear in the new tax group.

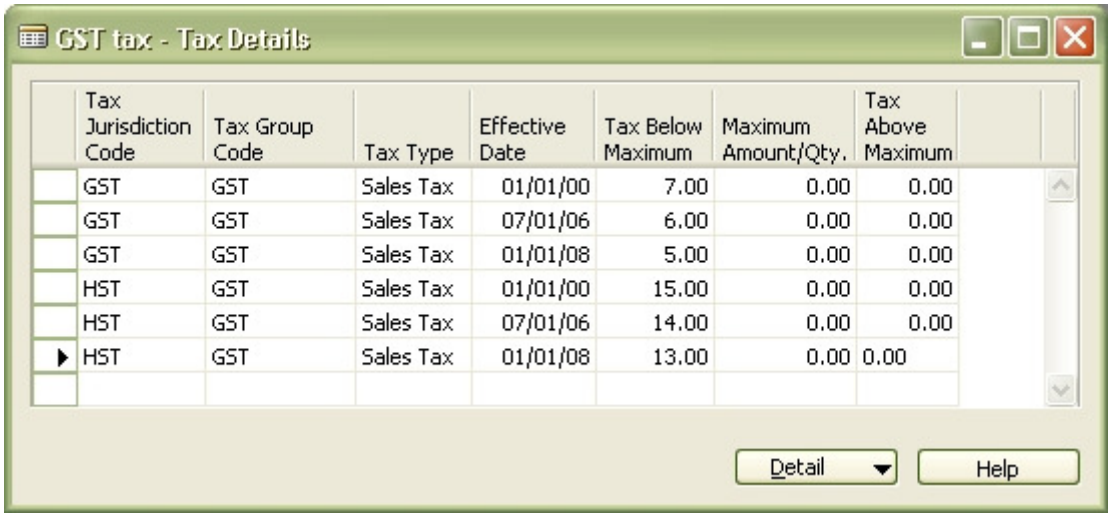


Tax Details

Go to **General Ledger > Setup > Sales Tax > Groups > Group button > Details**

Choose the group that is used for the tax calculation, in this example, it is GST, and click the Group button > Details. Choose the code that is used for the GST, in this example, there are two and they are GST and HST.





Insert a new line or go to the next available line, and set this new Tax Detail up the same as the old GST rate, *except* change the rate to **5%** (13% for the HST in this example) and the Effective Date to **January 1, 2008**. The system will automatically know which rate to use based on the effective date. ***Remember to update all of your GST related tax codes!***

School Divisions

Tax Groups

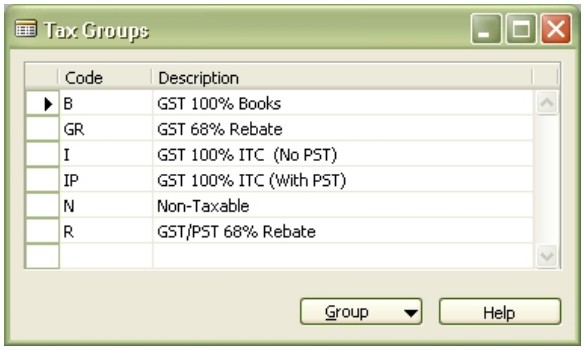
When entering credit memos against purchases or sales made prior to January 1st, 2008, you can use one of the three methods outlined on Page 1. This section outlines creating another Tax Group to process these transactions. The next section, Tax Details, outlines creating new Tax Details.

Please note, in Education Suite we have functionality that makes over-riding the tax amounts on payable credit memos very easy. It is not necessary that these additional Tax Groups be created, but this is at your discretion.

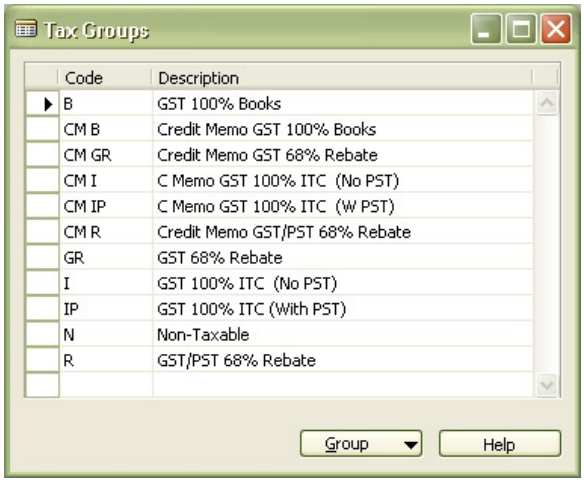
- Payables – override the GST amount as per the supplier credit memos.
- Receivables – setup a single Tax Group code "CM I" to handle the Sales credit memos that apply to pre-January 1 invoices.

As School Divisions have several tax groups set up to handle the various GST calculations, a new Credit Memo tax group is needed for each of these.

Go to Go to **Financial Management > Setup > Sales Tax > Groups**

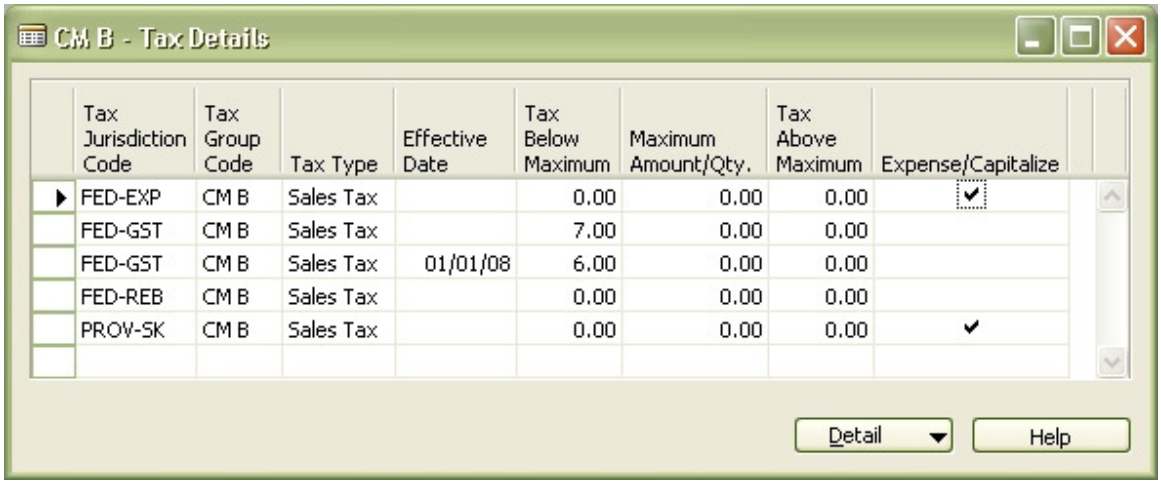


Create a new Tax Group Code for each of your tax groups, be sure assign relevant descriptions. For this example, all of the Credit Memo codes begin with CM, you can choose your own naming convention.



Next, select one of the non-CM tax group codes – we will start at the top and choose Tax Group Code B – and click on the Group button, then select Details. This will open the Tax Details window. Select all the lines in this window and then click Edit > Copy. Close this window.

Now, select the corresponding credit memo tax group you just created – CM B – and click Edit > Paste. All the tax details from the other tax group will now appear in the new tax group.



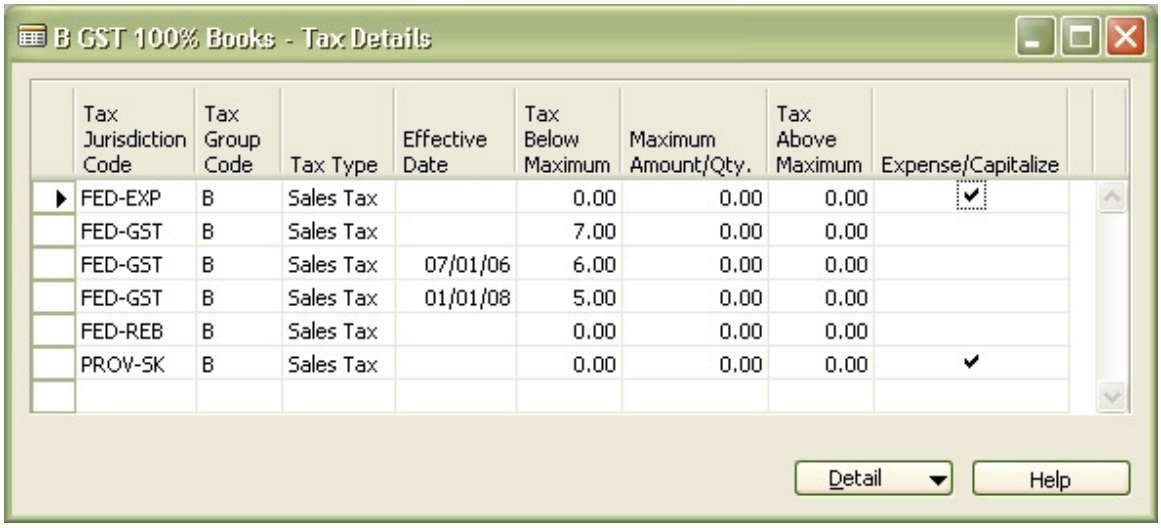
You will need to repeat this process for each tax group code.

Tax Details

Go to **General Ledger > Setup > Sales Tax > Groups > Group button > Details**

Using the B Tax Group Code from the previous example, we will now update the details. Choose the B Tax Group Code and click the Group button > Details.

School Divisions have several Tax Jurisdiction Codes to manage the different ways they handle GST.



In the Details window, insert a new line for each code, and set this new Tax Detail up the same as the other codes, *except* change the rates and the Effective Date to **January 1, 2008**. The system will automatically know which rate to use based on the effective date.

Navision handles the rebate (68%) and expense (32%) portions of GST using two percentages that add up to the total GST rate (currently it is 4.08 + 1.92 = 6%; starting January 1 it will be 3.40 + 1.60 = 5%). Be sure to check Expense/Capitalize Tax where appropriate as this is how the system knows to expense the tax rather than setup a rebate amount.

Remember to update all of your GST related tax codes!

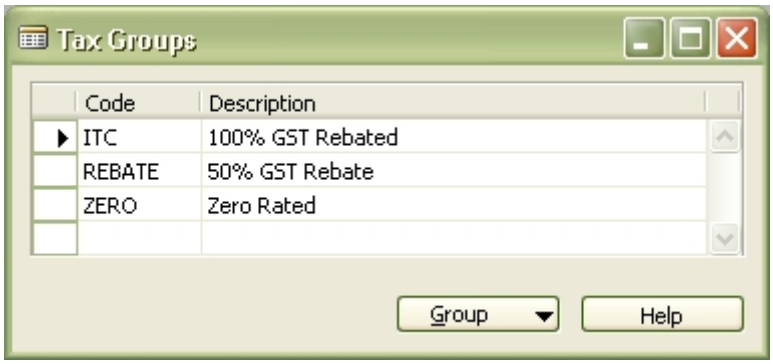
Not-for-Profit

Tax Groups

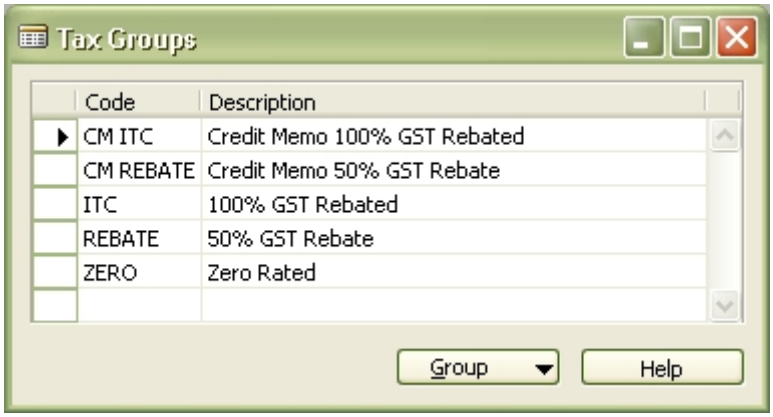
When entering credit memos against purchases or sales made prior to January 1st, 2008, you can use one of the three methods outlined on Page 1. This section outlines creating another Tax Group to process these transactions. The next section, Tax Details, outlines creating new Tax Details.

As Not-for-Profit Societies have several tax groups set up to handle the various GST calculations, a new Credit Memo tax group is needed for each of these.

Go to Go to **Financial Management > Setup > Sales Tax > Groups**

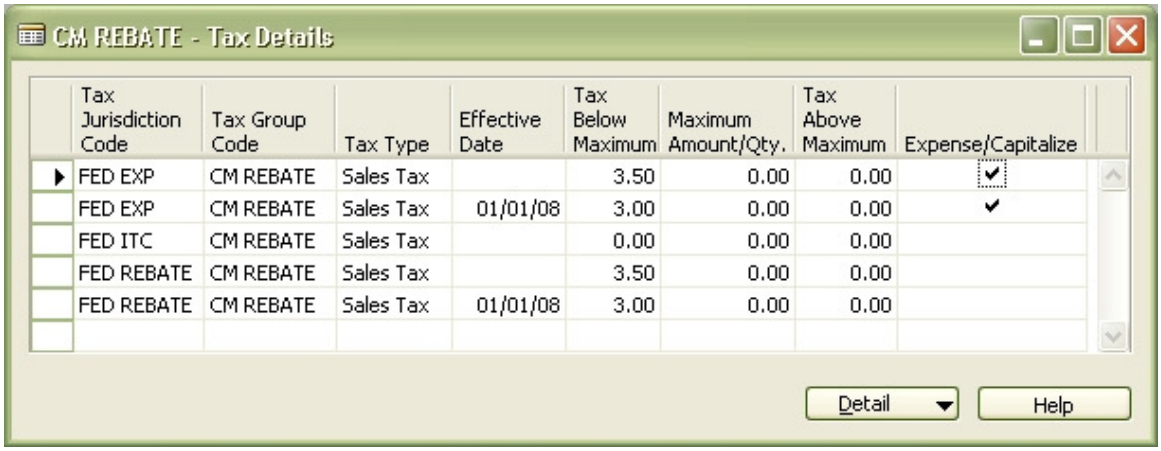


Create a new Tax Group Code for each of your tax groups, be sure assign relevant descriptions. For this example, all of the Credit Memo codes begin with CM, you can choose your own naming convention.



Next, select one of the non-CM tax group codes – we will start at the top and choose Tax Group Code REBATE – and click on the Group button, then select Details. This will open the Tax Details window. Select all the lines in this window and then click Edit > Copy. Close this window.

Now, select the corresponding credit memo tax group you just created – CM B – and click Edit > Paste. All the tax details from the other tax group will now appear in the new tax group.



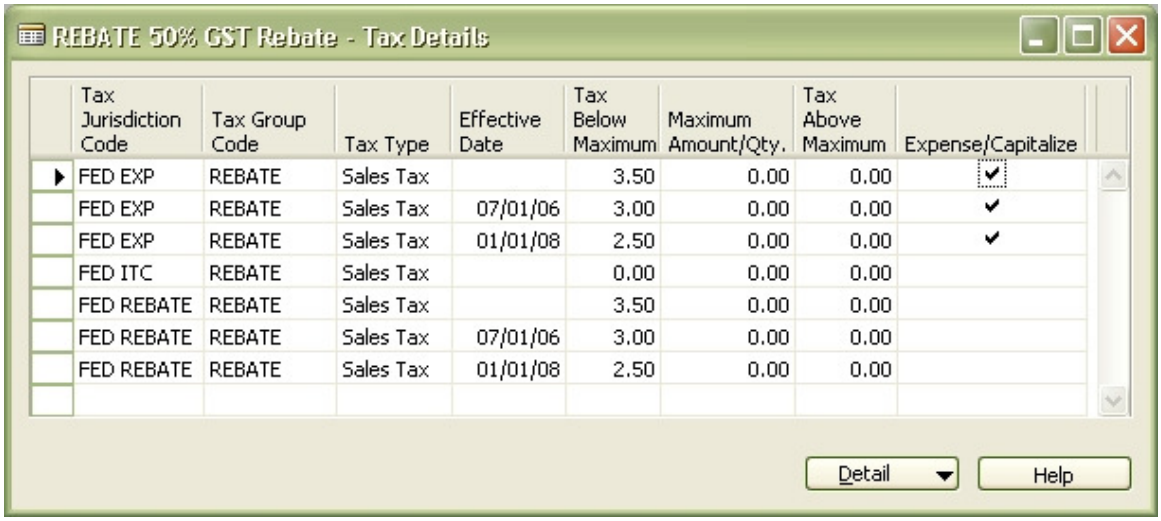
You will need to repeat this process for each tax group code.

Tax Details

Go to **General Ledger > Setup > Sales Tax > Groups > Group button > Details**

Using the REBATE Tax Group Code from the previous example, we will now update the details. Choose the REBATE Tax Group Code and click the Group button > Details.

Not-for-Profit Societies have several Tax Jurisdiction Codes to manage the different ways they handle GST.



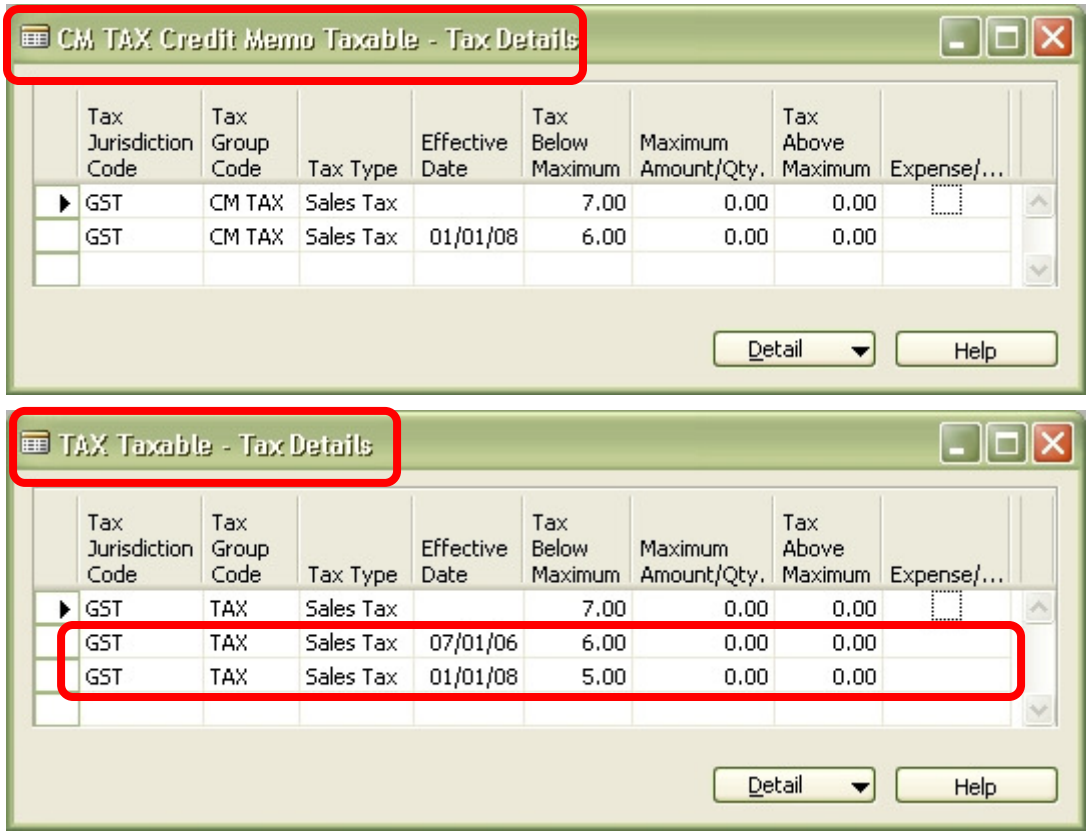
Tax Jurisdiction Code	Tax Group Code	Tax Type	Effective Date	Tax Below Maximum	Maximum Amount/Qty.	Tax Above Maximum	Expense/Capitalize
FED EXP	REBATE	Sales Tax		3.50	0.00	0.00	✔
FED EXP	REBATE	Sales Tax	07/01/06	3.00	0.00	0.00	✔
FED EXP	REBATE	Sales Tax	01/01/08	2.50	0.00	0.00	✔
FED ITC	REBATE	Sales Tax		0.00	0.00	0.00	
FED REBATE	REBATE	Sales Tax		3.50	0.00	0.00	
FED REBATE	REBATE	Sales Tax	07/01/06	3.00	0.00	0.00	
FED REBATE	REBATE	Sales Tax	01/01/08	2.50	0.00	0.00	

In the Details window, insert a new line for each code, and set this new Tax Detail up the same as the other codes, *except* change the rates and the Effective Date to **January 1, 2008**. The system will automatically know which rate to use based on the effective date.

Navision handles the rebate (50%) and expense (50%) portions of GST using two percentages that add up to the total GST rate (currently it is 3.00 + 3.00 = 6%; starting January 1 it will be 2.50 + 2.50 = 5%). Be sure to check Expense/Capitalize Tax where appropriate as this is how the system knows to expense the tax rather than setup a rebate amount.

Remember to update all of your GST related tax codes!

ADDITIONAL EXAMPLES



CM TAX Credit Memo Taxable - Tax Details

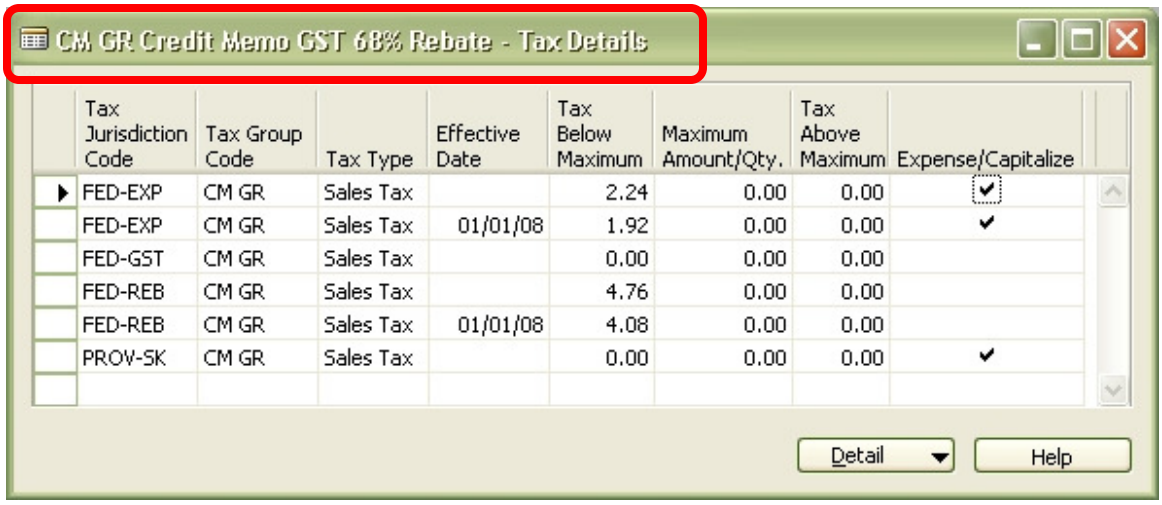
Tax Jurisdiction Code	Tax Group Code	Tax Type	Effective Date	Tax Below Maximum	Maximum Amount/Qty.	Tax Above Maximum	Expense/...
GST	CM TAX	Sales Tax		7.00	0.00	0.00	
GST	CM TAX	Sales Tax	01/01/08	6.00	0.00	0.00	

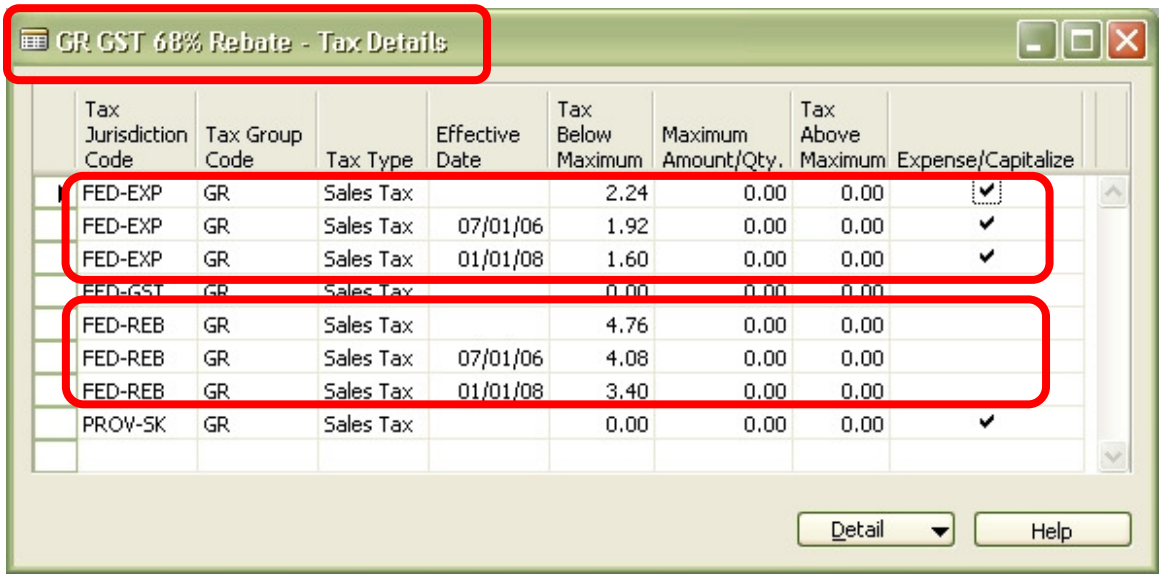
Detail | Help

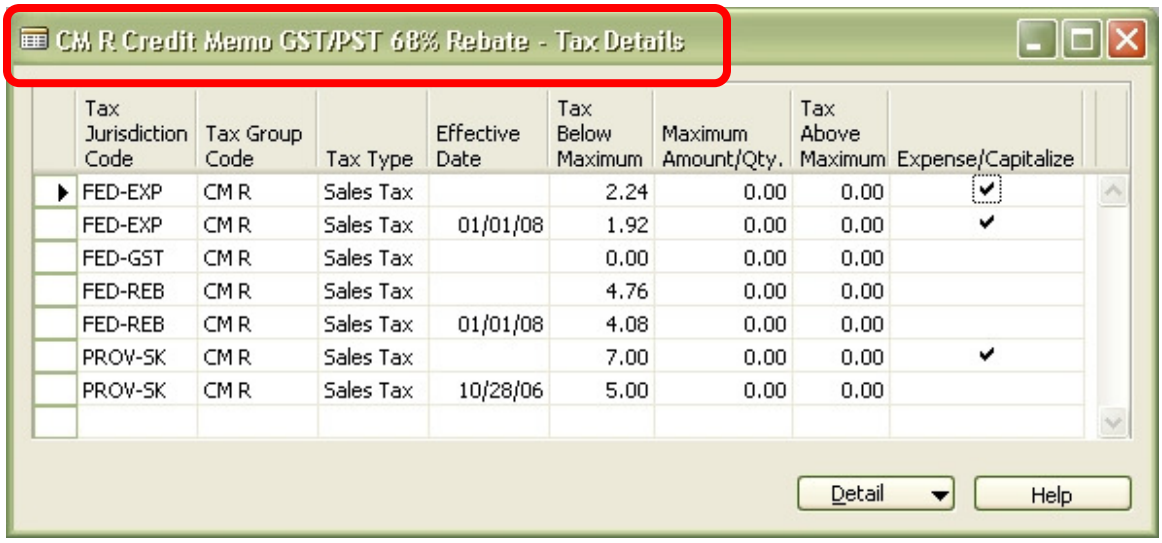
TAX Taxable - Tax Details

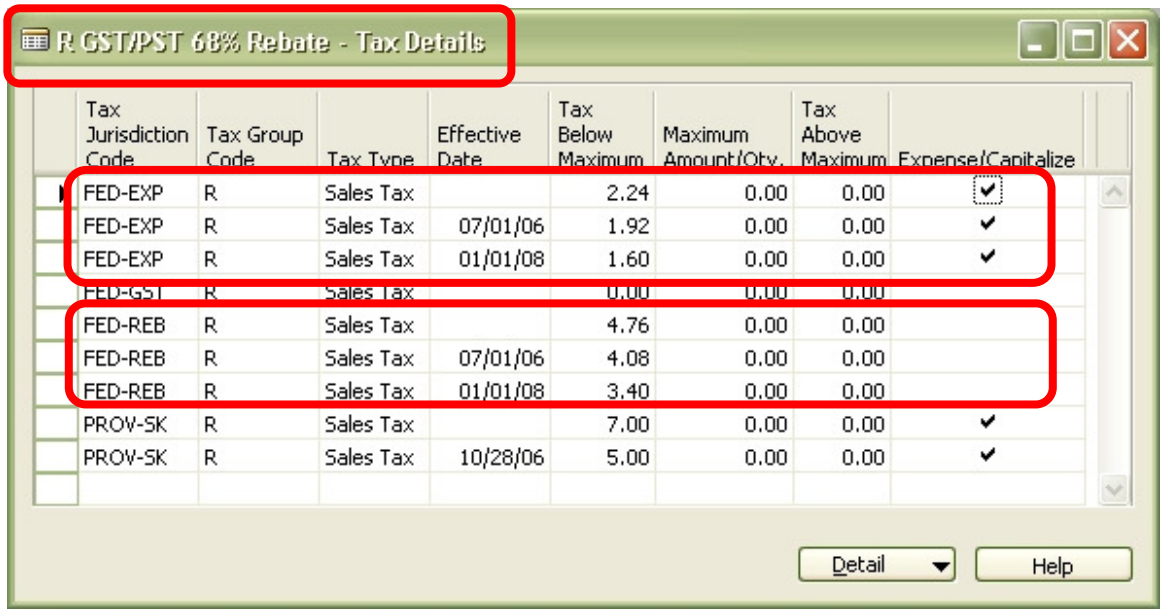
Tax Jurisdiction Code	Tax Group Code	Tax Type	Effective Date	Tax Below Maximum	Maximum Amount/Qty.	Tax Above Maximum	Expense/...
GST	TAX	Sales Tax		7.00	0.00	0.00	
GST	TAX	Sales Tax	07/01/06	6.00	0.00	0.00	
GST	TAX	Sales Tax	01/01/08	5.00	0.00	0.00	

Detail | Help

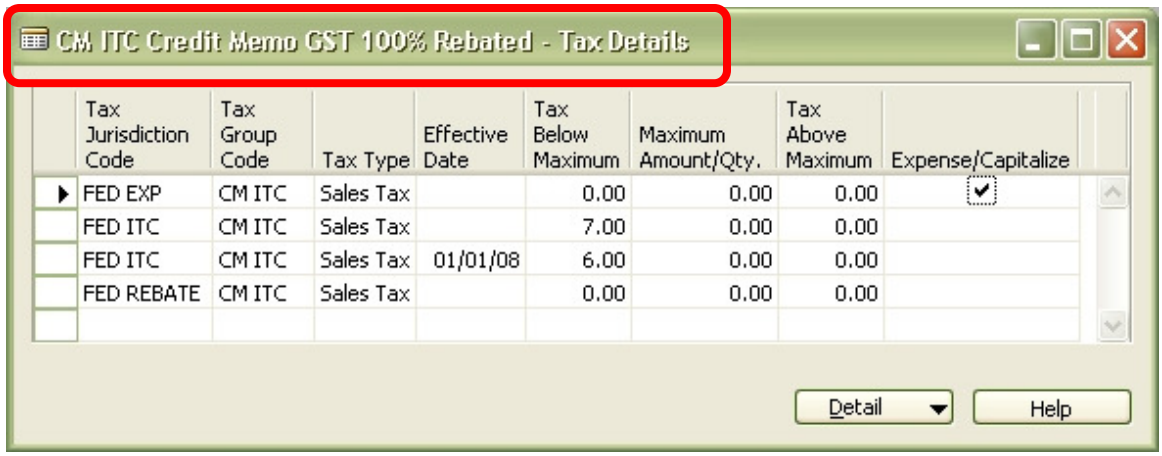

CM GR Credit Memo GST 68% Rebate - Tax Details
Tax Jurisdiction Code
Tax Group Code
Tax Type
Effective Date
Tax Below Maximum
Maximum Amount/Qty.
Tax Above Maximum
Expense/Capitalize
FED-EXP CM GR Sales Tax 2.24 0.00 0.00
FED-EXP CM GR Sales Tax 01/01/08 1.92 0.00 0.00
FED-GST CM GR Sales Tax 0.00 0.00 0.00
FED-REB CM GR Sales Tax 4.76 0.00 0.00
FED-REB CM GR Sales Tax 01/01/08 4.08 0.00 0.00
PROV-SK CM GR Sales Tax 0.00 0.00 0.00
Detail
Help

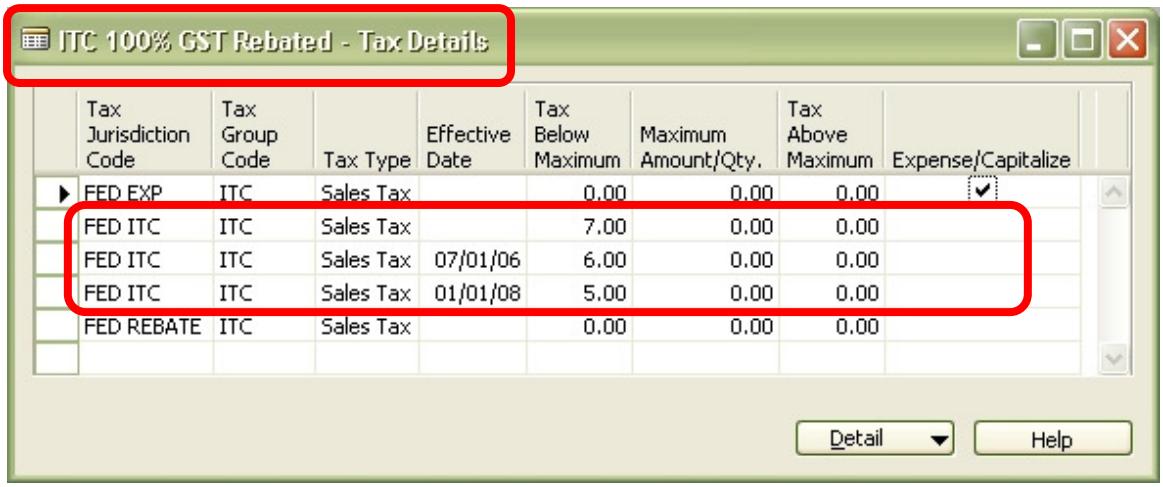

GR GST 68% Rebate - Tax Details
Tax Jurisdiction Code
Tax Group Code
Tax Type
Effective Date
Tax Below Maximum
Maximum Amount/Qty.
Tax Above Maximum
Expense/Capitalize
FED-EXP GR Sales Tax 2.24 0.00 0.00
FED-EXP GR Sales Tax 07/01/06 1.92 0.00 0.00
FED-EXP GR Sales Tax 01/01/08 1.60 0.00 0.00
FED-GST GR Sales Tax 0.00 0.00 0.00
FED-REB GR Sales Tax 4.76 0.00 0.00
FED-REB GR Sales Tax 07/01/06 4.08 0.00 0.00
FED-REB GR Sales Tax 01/01/08 3.40 0.00 0.00
PROV-SK GR Sales Tax 0.00 0.00 0.00
Detail
Help





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