

# Sage Business Cloud Accounting: **Filing** **Sales Taxes**







# Lesson Objectives

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After completing this module, you should be able to:

- Accurately report tax information to the respective tax authority based on goods and services sold
- Create a GST/HST/PST/QST tax return
- Understand how the Tax Frequency is determined
- Understand taxes are calculated/reported based on province
- Download a tax file to upload to the CRA
- Record a payment to the tax authority

**NOTE** Throughout the duration of the course, you will encounter important icons and visual conventions as part of your learning experience to guide learners through the chapters. Some of the cues are indicated here.

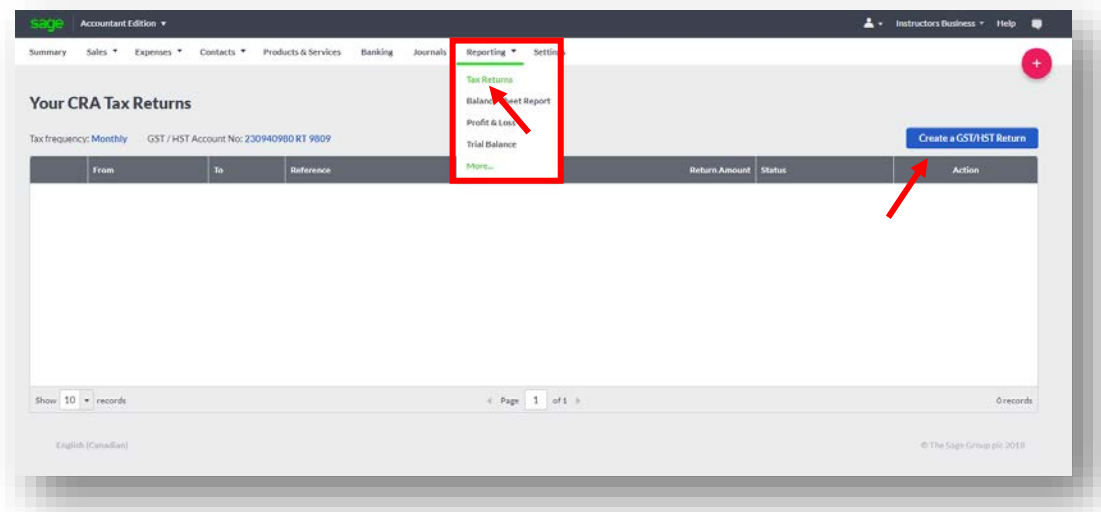
	<b>Important Information / Important Note / Additional Information</b>	Item where caution and attention is required or additional insight and information is provided.
	<b>Exercise</b>	Your opportunity to practice a concept.
	<b>End of Exercise</b>	Indicates the end of an exercise.
	<b>Check Your Knowledge</b>	Review questions at the end of a lesson to check your understanding and ability to implement concepts.
	<b>Summary</b>	Overview of the most important items covered in a section or lesson.
	<b>End of Lesson</b>	The end of the lesson.

# Filing Sales Taxes

Throughout the year, **Accounting** kept track of the sales tax charged on product and service sales for Divine Chocolates, and the amount paid on purchases. Per the Canada Revenue Agency, Christina is required to report her tax information monthly, as can be seen in the **Tax Frequency**. If the tax charged on sales to her customers is more than the tax paid on her purchases, Divine Chocolates will owe the government the difference. Conversely, if the amount Divine Chocolates paid on purchases is greater than the taxes she collected from sales she will receive a refund. Since Divine Chocolates is registered for the GST/HST, she has been charging and collecting GST/HST taxes from customers. It's the end of the month and to remain compliant she needs to generate a GST/HST return.

## Create a GST/HST Return

- Navigate to **Reporting** within the menu bar and select **Tax Returns**
- Navigate to and select **Create a GST/HST Return**



## Tax Frequency

Divine Chocolates must report sales tax for the province they do business in, where goods are delivered, and services are provided based on the reporting period, either at the end of a month, quarter, or year as was set up in the tax settings within **Accounting**.

At the start of a new return, the **Tax Frequency** appears at the top as well as the GST/HST registration number should Christina need to change it.

The frequency of remittance depends on the length of its reporting period. The CRA prescribes the reporting period-based business's annual taxable supplies.

Smaller businesses under \$1,500,000 in annual taxable are generally put on an annual filing frequency. However, they can elect to file either on a quarterly or monthly basis. Businesses must remit on the reporting period, even if they collected no tax during that period (e.g., the remittance is zero)

**NET TAX CALCULATION**

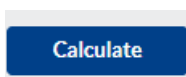
Sales and other revenue	101	0.00
GST/HST collected or collectible	103	0.00
Adjustments to be added to the net tax	104	0.00
Total GST/HST and adjustments for period		0.00
Input Tax Credits	106	0.00
Adjustments to be deducted from the net tax	107	0.00
Total Input Tax Credits and Adjustments		0.00
<b>NET TAX</b>	<b>109</b>	<b>0.00</b>

**OTHER CREDITS IF APPLICABLE**

Installments and other annual file payments	110	0.00
Rebates	111	0.00
Total other credits		0.00
<b>BALANCE</b>	<b>113A</b>	<b>0.00</b>

- The **Tax Period From** and **Tax Period To** dates will automatically default to the **Tax frequency**. Divine Chocolates remits monthly so the dates shown are for the month. If **Tax frequency** is set to Quarterly or Yearly, the dates shown will calculate taxes based on those dates as opposed to monthly shown here.
- Click **Calculate** and Accounting will automatically calculate the tax liability for Divine Chocolates for the current period:



- The **Net Tax Calculations**, including Sales and other revenue, GST/HST collected or collectible, any adjustments, and any Input tax credits appear in the first box.

# What are Input Tax Credits?

Registrants (meaning you are registered for the GST/HST) can claim an ITC to recover the GST/HST paid or payable on the purchases and operating expenses related to commercial activities. Inputs refers to property or services used or consumed in the course of those commercial activities. Generally, commercial activities include the making supplies of taxable goods and services. The GST is refunded as input tax credits (ITCs) and QST as input tax refunds (ITRs).

**Create GST/HST Return**

1 **Calculate Tax** Tax frequency: Monthly GST / HST Account No: 123456789 RT 1234

Tax period from 03/01/2018 Tax period to 03/31/2018 **Recalculate** [Export](#)

NET TAX CALCULATION		
Sales and other revenue	101	2,735.62
GST/HST collected or collectible	103	171.84
Adjustments to be added to the net tax	104	0.00
<b>Total GST/HST and adjustments for period</b>	<b>105</b>	<b>171.84</b>
Input Tax Credits	106	118.10
Adjustments to be deducted from the net tax	107	0.00
<b>Total Input Tax Credits and Adjustments</b>	<b>108</b>	<b>118.10</b>
<b>NET TAX</b>	<b>109</b>	<b>53.74</b>
OTHER CREDITS IF APPLICABLE		
Installments and other annual filer payments	110	0.00
Rebates	111	0.00
<b>Total other credits</b>	<b>112</b>	<b>0.00</b>
<b>BALANCE</b>	<b>113A</b>	<b>53.74</b>
OTHER DEBITS IF APPLICABLE		
GST/HST due on acquisition of taxable real property	205	0.00
Other GST/HST to be self-assessed	405	0.00
<b>Total other debits</b>	<b>113B</b>	<b>0.00</b>
<b>BALANCE</b>	<b>113C</b>	<b>53.74</b>

- Any **Other Credits** or **Debits** of the return, including installments and other annual payments, Rebates, GST/HST due on real property or to be self-assessed appear in the remaining lower portion in the subsequent boxes.
- Finally, any **Refunds or Payments** claimed or due will appear in the last box:

OTHER DEBITS IF APPLICABLE			
GST/HST due on acquisition of taxable real property		205	0.00
Other GST/HST to be self-assessed		405	0.00
	Total other debits	113B	0.00
	BALANCE	113C	53.74
REFUND OR PAYMENT			
	REFUND CLAIMED	114	0.00
	PAYMENT DUE	115	53.74

Next Save as Draft Cancel



**NOTE:** The numerical boxes listed on each line correspond with the line items on the written form. Ex: 101, 102, 103, 104, 105 etc.

- To complete the filing, click **Next**. Click **Save as Draft** and return to it later.

Next Save as Draft Cancel

- In doing so **Accounting** creates a **.Tax** file. Click **Download .Tax File** to upload to the CRA online.
- Additionally, provide an **Optional Reference**, best practice is to indicate the date and year of the filing.

2 Mark as Submitted

To speed up the process of submitting a CRA report, we have provided a .Tax file for you to download. This is used when filing the report on the CRA's site and automatically fills in each line.

Alternatively, you can file your tax return by other means and continue without downloading.

Optional Reference  [Download .Tax File](#)

Mark as Filed Back

# Canada Revenue Agency Net Filing:

- Once you are ready, proceed to the CRA website to upload the **.Tax** file created in **Accounting**:

<https://apps.cra-arc.gc.ca/ebci/ghnf/netf/prot/ntrGft.action?>

- Click **Choose File** to begin the **GST/HST Internet File Transfer**.

Government of Canada / Gouvernement du Canada

Home → Canada Revenue Agency → Ready to file → GST/HST Internet File Transfer

## GST/HST Internet File Transfer

**Attaching your GST/HST return**

Use the «Browse» or «Choose» button to find and select the file in which your tax return is saved. When you are finished, select «Next».

\* File (required)

[Choose File] No file chosen  
(example: c:\files\taxname.tax)

Cancel request Next

Screen ID: IF-01  
Date modified: 2018-02-21

- Upload your **.tax** file generated within **Accounting** and click **Next**.
- Your GST/HST Internet File Transfer is uploaded and ready to file. Scroll down to **Access Code** and accept the **Certification**. Click **Submit** to complete:

Government of Canada / Gouvernement du Canada

Home → Canada Revenue Agency → Ready to file → GST/HST Internet File Transfer

## Goods and Services Tax / Harmonized Sales Tax return for registrants

Business number: 879879797 RT7987  
Reporting period: 2016-01-01 to 2016-12-31

**Sales and other information**

Line 101	Sales and other revenue	\$22,097.31
Line 135	Total GST/HST new housing rebates (included in line 106)	\$0.00
Line 136	Deduction for pension rebate amount (included in line 108)	\$0.00

**Net tax calculation**

Line 105	Total GST/HST and adjustments for period	\$864.06
Line 108	Total ITCs and adjustments	\$2,376.20
Line 109	Net tax	-\$1,511.14

**Other credits, if applicable**

Line 110	Installments and other annual filer payments	\$0.00
Line 111	Rebates	\$0.00

**Other debits, if applicable**

Line 205	GST/HST due on acquisition of taxable real property	\$0.00
Line 405	Other GST/HST to be self-assessed	\$0.00

**Refund claimed or amount owing**

Line 114	Refund claimed	\$1,511.14
Line 115	Amount owing	\$0.00

Access code (required)

\* Certification (required)  
I certify that the information given is, to the best of my knowledge, true, correct and complete in every respect and that I am the registrant or a person authorized to file on behalf of the registrant.

Previous Submit

- The return can also be uploaded, and remittance processed via the link below:

<https://apps.cra-arc.gc.ca/ebci/ghnf/netf/prot/lgblyNpt.action>

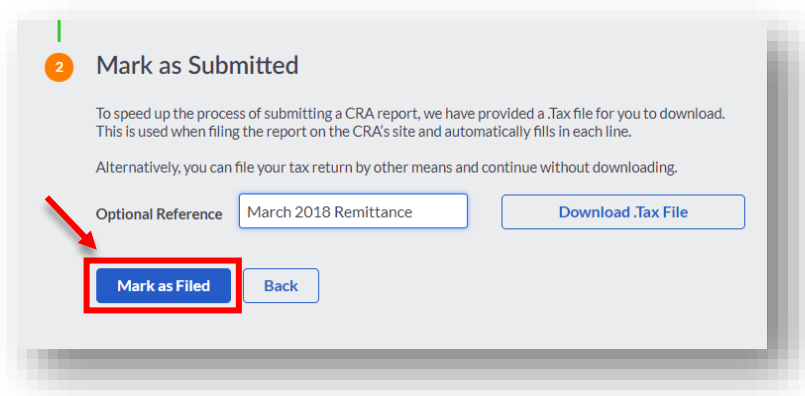
The screenshot shows the 'GST/HST NETFILE' web form from the Government of Canada. The page header includes the Canadian flag and the text 'Government of Canada' and 'Gouvernement du Canada'. Below the header is a breadcrumb trail: 'Home → Canada Revenue Agency → Ready to file → GST/HST NETFILE'. The main heading is 'GST/HST NETFILE'. The form contains several sections:

- \* Business number (required)**: A text input field with a 'RT' label and a help icon.
- \* Access code (required)**: A text input field with a help icon.
- Reporting period**: A section with a help icon and two sub-sections:
  - \* From (required)**: A text input field with a date format 'mm/dd/yyyy' and a help icon.
  - \* To (required)**: A text input field with a date format 'mm/dd/yyyy' and a help icon.
- Select the following if they apply:**: A list of checkboxes:
  - I am filing a nil return (all fields are \$0).
  - I want to report one or more of the following types of sales on my return:
    - Exempt supplies, zero-rated exports, goodwill, financial services, sales of capital real property, and supplies made outside of Canada
    - Taxable sales of my associates (including zero-rated supplies) made in CanadaReporting these sales will help us to properly calculate your reporting period threshold amount.
  - I want to sign up for online mail for my GST/HST account.
- Select the rebate applications you want to file with your return:**: A list of checkboxes:
  - Ontario First Nations point-of-sale relief (GST189)
  - GST/HST Public Service Bodies' rebate (GST284)
  - GST/HST new housing rebate application for houses purchased from a builder (GST190)
- Select the schedules you want to file with your return:**: A section with no visible options.

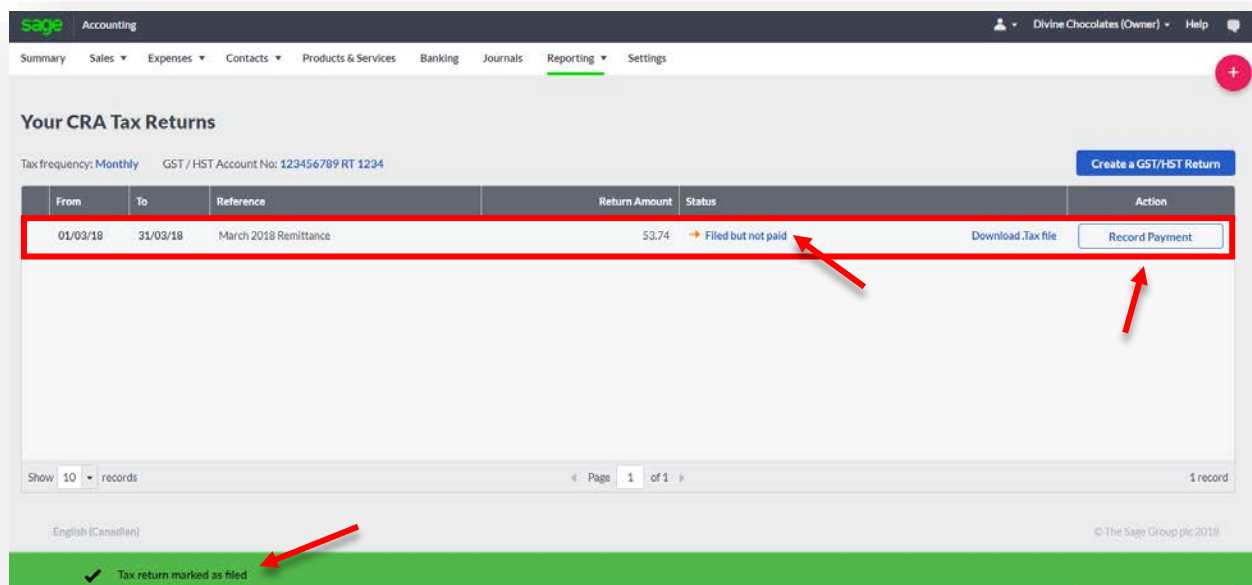
## Return to Accounting

- Once the tax remittance has been successfully uploaded to the tax authority, return to **Accounting** to mark the return as **Filed**.





- Click **Mark as Filed**. A notification will appear on the dashboard indicating the **Tax Return is marked as filed** below in green and the return appears as a line item on the **CRA Tax Returns** dashboard for reference.
- The **Status** shows **Filed but not paid**.



- Christina is ready to record her payment to the CRA within **Accounting**. Click **Record Payment**.
- The **Record Payment** box will launch. Select the bank the payment is being paid from, indicate a reference for the tax filing, and click **Save**. Type: *March 2018 Tax Remittance*

**Record Payment of Tax Return**

Date of Payment\* 03/27/2018

Amount\* 53.74

Bank from\* RBC (Royal Bank of Canada)

Reference March 2018 Tax Remittance

Save Cancel

- The status changes to **Filed and Paid**.

**Your CRA Tax Returns**

Tax frequency: Monthly GST / HST Account No: 123456789 RT 1234

Create a GST/HST Return

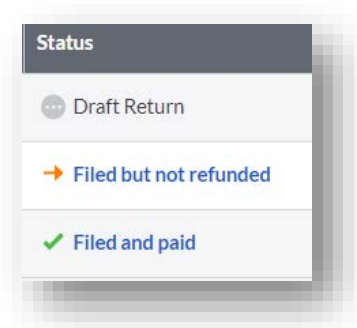
From	To	Reference	Return Amount	Status	Action
01/03/18	31/03/18	March 2018 Remittance	53.74	✓ Filed and paid	Download Tax file

Show 10 records Page 1 of 1 1 record

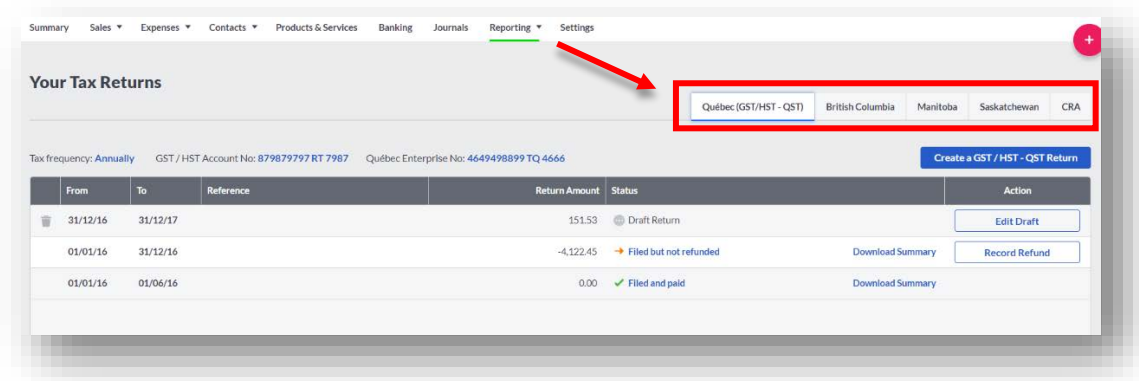
English (Canadian) © The Sage Group plc 2018

✓ Tax return payment recorded

- Other statuses on the return can include:



- If you're operating a business that charges and collects provincial sales tax, additional tabs will appear at the top of the dashboard for each of the Provinces respectively:



### Check Your Knowledge

Answer the following questions about the material covered in this lesson.

#### Short Answer

Write a short answer to the question below.

- How is the Tax Frequency determined?

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#### Multiple Choice

Mark the correct answer(s) to the question below.

- Accounting keeps track of \_\_\_\_\_ ensuring Christina is always \_\_\_\_\_.  
A. \_\_\_\_\_ Sales from other candy stores / top in sales

- B.  Sales in Excel even though Accounting tracks all info / in the loop
  - C.  Marketing promotions from competitors / reaching her monthly goal
  - D.  sales tax charged on product and service sales / Compliant
3. What type of file does Accounting create for businesses to upload to the tax authority?
- A.  .OFC
  - B.  .QIX
  - C.  .PDF
  - D.  .TAX
4. Statuses associated with a return include:
- A.  Edit not complete
  - B.  Draft Return
  - C.  Filed not yet paid
  - D.  Filed and Paid
  - E.  Filed but not refunded

### True or False

Enter 'T' for True or 'F' for False for each of the affirmations below.

- 5.  Divine Chocolates is unable to pay her remittance from Accounting
- 6.  Accounting has a downloadable PDF to view the return once complete
- 7.  Filing a return in a different province will yield different tabs on the tax return dashboard

### Please note:

Every effort has been made to ensure that the information provided in this educational series is accurate, up-to-date, and complete, but no guarantee is made to that effect. URLs and additional resources 'Beyond the Classroom' are continuously changing. Because the software is customizable in a number of ways, the language used in this guide may be different from what you 'see' when you work with your company's data file(s).

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