

Recording Overseas Purchases, GST and Import Costs

This document will explain:

How to record a Purchase from an Overseas Supplier

How to account for GST and associated import costs, including freight and duty charges.

It is important that your Jim2 Purchase Orders and Expense Orders are entered correctly. This includes “linking” expenses to specific purchase orders to ensure correct Cost of Goods is calculated for imported stock.

Purchases from overseas suppliers may require a bulk GST payment. This GST payment, along with other associated costs, is usually made to a Customs Agent. In these circumstances, there are two Jim2 orders raised:

- a) Jim2 Purchase Order for the stock,
- b) Jim2 Expense Order for the Bulk GST and other import charges.

Jim2 Purchase Order

The Purchase Order is raised against your overseas supplier to record the cost of the stock provided. This Purchase Order is only used for charges payable to your overseas supplier.

Where the purchase is subject to a bulk GST payment, the tax code used for each line of stock in the Purchase Order is tax code X.

There are circumstances where purchases from overseas suppliers may not be subject to GST. This is usually the case where the purchase has not needed to pass through a Customs Agent. Where the purchase is not subject to GST, the tax code used for each line of stock in the Purchase Order is tax code N.

Jim2 Expense Order

Linked to the Purchase Order will be an Expense Order. This Expense Order will include lines for associated import costs. Each line of associated import costs is then linked to the Purchase Order for the stock.

An Expense Order may also have a line to record the Bulk GST Payment. NOTE: Bulk GST on an Expense Order cannot be linked to a Purchase Order.

Below is a table of Jim2 Tax Codes and how they apply to Overseas Purchases

Charge or expense	Tax Code
Overseas supplier invoices for stock	X
Import Duty	X
Port Charges without GST	N
TradeGate Charges with GST	G
International Freight Charges	N
Domestic Cartage & Storage Charges	G
Bulk GST on Stock imports	Y
Bulk GST on Capital Acquisitions (equipment)	Z

For further information on Tax Codes, please review Tools – Setups – Tax Codes in your Jim2 database.

Example of Purchase Order raised for an Overseas Supplier where there is NO requirement for a GST payment (Purchase Order 46).

Viewing Purchase Order 46 Computer Wholesalers

PO# 46 Vnd# COMP.WHOLE Status FINISH Tax Total Tax Free Up

Our Ref# From# COMP.WHOLE Type Purchase Freight to Cost By Value

Mode ACTIVE Stp# SYS Vnd Inv# 123 Allow Part Ship Tax Paid

Date In 24/09/2014 Date Due 24/09/2014 Vnd Inv Date 24/09/2014 Withhold GST

BackOrd# Orig.PO# 46 Currency AUD Rate 1.0000 Lock Rate

Notes Purchase not handled by Customs Agent.

Branch Department:SHOP Shop GL Dept

Date	Initials	Status	Comments
24/09/2014	FL	FINISH	
24/09/2014	FL	Booked	

Location	Job#	Stock Code	Description	Unit	Ordered	Received	Cost (COG)	List Price Inc.	Price Ex.	Price Inc.	Tax	Total
NSW		CARTON	Carton	UNIT	23	23	63.0435	0.00	50.00	50.00	N	1150.00

Example of a linked Expense Order raised for related freight costs (linking lines on Expense Order 47 to stock codes on Purchase Order 46). Note the use of "46" in the PO# field on the Expense Order.

Viewing Expense Order 47 Ingram Micro

PO# 47 Vnd# INGRAM Status FINISH Tax Total Tax Free Up

Our Ref# From# INGRAM Type Expense Cost Method By value

Mode ACTIVE Stp# HAPPEN Vnd Inv# 321 Allow Part Ship Tax Paid

Date In 24/09/2014 Date Due 24/09/2014 Vnd Inv Date 24/09/2014 Withhold GST

BackOrd# Orig.PO# 46 Currency AUD Rate 1.0000 Lock Rate

Notes

Branch Department:SHOP Shop GL Dept

Date	Initials	Status	Comments
26/09/2014	SYS	FINISH	
24/09/2014	FL	FINISH	
24/09/2014	FL	Booked	

PO #	Acc. Code	Department	GL Dept.	Description	Qty	Price Ex.	Price Inc.	Tax	Total
46	5400			International Freight & Cartage	1.00	200.0000	200.0000	N	200.0000
46	5400			Domestic Freight & Cartage	1.00	100.0000	110.0000	G	110.0000

Example of a Purchase Order raised for an Overseas Supplier where the goods have passed through a Customs Agent.

Viewing Purchase Order 50 Ingram Micro

PO# 50 Vnd# INGRAM Status FINISH Tax Total Tax Free Up

Our Ref# From# INGRAM Type Purchase Freight to Cost By Value

Mode ACTIVE Stp# SYS Vnd Inv# 123 Allow Part Ship Tax Paid

Date In 26/09/2014 Date Due 07/10/2014 Vnd Inv Date 26/09/2014 Withhold GST

BackOrd# Orig.PO# 50 Currency AUD Rate 1.0000 Lock Rate

Notes

Branch Department: POWER GL Dept

Date	Initials	Status	Comments
26/09/2014	SYS	FINISH	
26/09/2014	SYS	Booked	

Location	Job#	Stock Code	Description	Unit	Ordered	Received	Cost (COG)	List Price Inc.	Price Ex.	Price Inc.	Tax	Total
NSW		POWER	Power Supply	UNIT	45	45	119.5295	0.00	100.00	100.00	X	4500.00
NSW		MB	Motherboard	UNIT	50	50	95.6235	0.00	80.00	80.00	X	4000.00

Example of an Expense Order raised for associated import costs AND Bulk GST payment. Note the link to Purchase Order 50, except for the line relating to the Bulk GST Payment.

Viewing Expense Order 51 Customs Agent

PO# 51 Vnd# CUSTOMS.A Status FINISH Tax Total Tax Free Up

Our Ref# From# CUSTOMS.A Type Expense Cost Method By value

Mode ACTIVE Stp# SYS Vnd Inv# 456 Allow Part Ship Tax Paid

Date In 26/09/2014 Date Due 26/09/2014 Vnd Inv Date 26/09/2014 Withhold GST

BackOrd# Orig.PO# 50 Currency AUD Rate 1.0000 Lock Rate

Notes Example of linked expense for Bulk GST payment and associated import costs

Branch Department: GL Dept

Date	Initials	Status	Comments
26/09/2014	SYS	FINISH	
26/09/2014	SYS	Booked	

PO #	Acc. Code	Description	Qty	Price Ex.	Price Inc.	Tax	Total
50	55600	Import Duty	1.00	10.0000	10.0000	X	10.0000
50	55600	Port Charges	1.00	100.0000	100.0000	N	100.0000
50	55600	Tradedgate Charges	1.00	250.0000	275.0000	G	275.0000
50	55600	International Freight	1.00	800.0000	800.0000	N	800.0000
50	55600	Domestic Cartage and Storage Charges	1.00	500.0000	550.0000	G	550.0000
50	21330	Bulk GST Payment	1.00	1000.0000	1000.0000	T	1000.0000

For further assistance or information, please call Happen Business 02 9570 4696 or email support@happen.biz