

## Receipt Bank Canadian Sales Tax Manual - QBO

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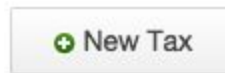
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# QBO Settings

Before publishing items from Receipt Bank to QBO, it's important to ensure your QBO tax rates are set up correctly.

- **Tax rates**

- To see your tax rates in QBO, click *Sales Tax* on the left-hand side
- To add a new tax rate for another province/territory:
  - Click *New Tax*:



- Select the "Sales tax for another province/territory" radio button and click *Next*:

- **Sales tax for another province/territory**

- Select the province you would like to add from the dropdown:
  - If you choose a province that has a provincially-regulated sales tax (QC, BC, SK, MB), you'll need to enter more information:


## Add another sales tax

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Which province/territory would you like to set up?

British Columbia 

As you selected **British Columbia**, we have selected **Minister of Finance** for you.

Account Number  

Filing Frequency

Reporting Method  


- 
- *Account Number*: Your registration number for provincial sales tax
- *Filing Frequency*: How often you file provincial sales tax returns
- *Reporting Method*: Cash or Accrual
- After entering this information, click *Done*

- If you choose a province that does not have a provincially-regulated sales tax and you have already set up your GST/HST number, select the province and then click *Done*:

**Add another sales tax** Page 2 of 2

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Which province/territory would you like to set up?

New Brunswick 

We will add this province's taxes to your tax setup.

Back Cancel Done

## Receipt Bank Tax Settings

You can find the Receipt Bank -> QBO integration settings by clicking on *Account Settings* in the top-right of Receipt Bank, and then the *Integration* tab on the left-hand side. Following is a summary of the Tax Settings:

- **Publish tax data**

Publish tax data



- 
- Select ON for this option to send tax amounts to QBO.
- Only select OFF if the client does not claim ITCs, claims ITCs based on a standard percentage, or uses the Quick Method for GST/HST calculation.

- **Default tax rate**

Default tax rate

HST ON 

- 
- Select the tax rate for the province/territory your client is registered in
  - For example, you would choose HST ON for an Ontario client
- Receipt Bank will use the default tax rate when there is tax on the receipt and no tax is selected from the *Tax* dropdown

- **Use supplier tax rates**

Use supplier tax rates



- 
- If enabled, Receipt Bank will use the tax rates selected for each supplier by default, overwriting the amounts extracted on the receipts. You can select tax rates for suppliers by clicking *Suppliers*, clicking into a supplier, and then selecting a tax rate from the dropdown list:

Tax rate

Payment method

▼

Q

HST ON

## Publishing receipts to QBO

This section explains how to publish receipts to QBO while ensuring the proper tax amount and rate gets sent over.

### Receipts with tax

Receipt Bank will extract the correct tax amount for the vast majority of receipts. Here's an example of a receipt and how the taxes were picked up in Receipt Bank:

On the receipt:		In Receipt Bank:	
<b>Sub-Total</b>	<b>\$ 2,037.30</b>	Amounts ▼	
<b>GST/HST</b>	<b>\$ 264.85</b>	Currency	CAD - Canada, Dollars ▼
<b>Total</b>	<b>\$ 2,302.15</b>	Total amount	2302.15
		Tax	Extracted amount ▼
		Tax amount	264.85
		Net amount	2037.30

The "Tax amount" in Receipt Bank equals the "GST/HST" amount on the receipt. This can be published to QBO in two different ways:

## 1. Using “Extracted amount” in the “Tax” field

- Receipt Bank will publish the receipt to QBO using the default tax rate for the selected category. In this case, the default tax rate for the category was 13% HST:

	<b>Subtotal</b>	2037.30
	<b>HST (ON) @ 13% on 2,037.30</b>	264.85
■	<b>Total</b>	2302.15

## 2. Manually selecting the correct tax rate

- There will be some situations where you don't want to use “Extracted amount” because the default tax rate doesn't match the taxes charged on your receipt. Let's say, for the example above, we were charged 13% HST, but our default tax rate in Receipt Bank is 12% BC GST/PST. If we send the receipt to QBO using “Extracted amount”, we would be publishing the tax amount using the incorrect rate.
- To ensure the taxes get sent to QBO correctly, select the correct tax rate from the *Tax* dropdown in Receipt Bank:

Amounts ▾

Currency  ▾

Total amount

Tax  ✓ ▾

Tax amount

Net amount

- Receipt Bank will recalculate the receipt's taxes using this rate, and when the receipt is published to QBO, the tax will be allocated to the correct rate:

	<b>Subtotal</b>	2037.30
	<b>HST (ON) @ 13% on 2,037.30</b>	264.85
■	<b>Total</b>	2302.15

## Receipts with non-CAD tax

Receipt Bank will extract non-Canadian sales tax from receipts. This includes state taxes for purchases made in the USA, as well as European VAT taxes. Here's an example of a GBP receipt and how the taxes were picked up in RB:

On the receipt:		In Receipt Bank:	
Subtotal	360.00	Amounts <input type="text"/>	
TOTAL VAT 20%	72.00	Currency	GBP - United Kingdom, Pounds <input type="text"/>
<b>TOTAL GBP</b>	<b>432.00</b>	Total amount	432.00 <input type="text"/>
		Tax	Extracted amount <input type="text"/>
		Tax amount	72.00 <input type="text"/>
		Net amount	360.00 <input type="text"/>


The "Tax amount" in Receipt Bank equals the amount of VAT from the receipt. However, this amount cannot be claimed as an ITC on a Canadian GST/HST return, and should be included as part of the expense instead. To ensure these taxes don't get sent to QBO, you have two options:

1. Manually selecting a 0% tax rate
  - o If you choose a 0% tax rate from the *Tax* dropdown, Receipt Bank will recalculate the taxes as \$0.

Amounts ▾

Currency  ▾

Total amount

Tax   ▾

Tax amount

Net amount

## 2. Using supplier tax rates

- If “use supplier tax rates” is enabled in your integration settings and you have entered a default tax rate for a supplier, Receipt Bank will automatically use that tax rate on new receipts:

On the “Supplier” page:

Tax rate   ▾

On the individual receipt’s page:

Amounts ▾

Currency  ▾

Total amount

Tax  ▾

Tax amount

Net amount

## Receipts that don’t display tax separately

Sometimes receipts will not have the taxes broken out on a separate line, but there is tax included in the total. Frequent examples include parking and taxi receipts. Receipt Bank is not

able to pull tax amounts for these receipts. There are three options for ensuring the correct taxes get recorded and published to QBO:

### 1. Manually selecting the correct tax rate

- When you choose a tax rate from the *Tax* dropdown list, Receipt Bank will calculate the receipt's taxes using that rate, even if the taxes aren't broken out on the receipt:

Amounts ▾

Currency	CAD - Canada, Dollars ▾
Total amount	30.00
Tax	HST ON ✓ ▾
Tax amount	3.45
Net amount	26.55

### 3. Using supplier tax rates

- If "use supplier tax rates" is enabled in your integration settings and you have entered a default tax rate for a supplier, Receipt Bank will automatically use that tax rate on new receipts:

On the "Supplier" page:

Tax rate HST ON ✓ ▾

On the individual receipt's page:

Amounts ▾

Currency	CAD - Canada, Dollars ▾
Total amount	30.00
Tax	HST ON ▾
Tax amount	3.45
Net amount	26.55



## Manually calculating and keying in the tax amount

- If the default tax rate for the selected category is the same as the rate used on the receipt, but the receipt did not pick up taxes, you can leave “Extracted amount” selected and manually key over the “Tax amount” field with the correct tax amount:

Tax	Extracted amount	▼
Tax amount	3.45	✓

- When this item is published to QBO, the tax amount will be sent over, and the default tax rate set in Receipt Bank will be used.

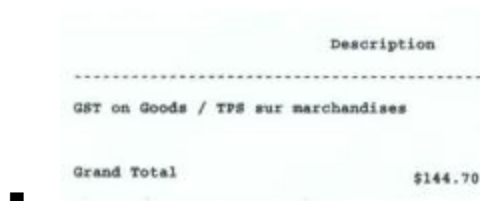
## Receipts for import taxes

Sometimes your clients will receive bills or receipts where the majority of the purchase is for GST/HST. These transactions are most common when importing goods and paying customs/duty bills.

The following is how to deal with these items in Receipt Bank and publish them to QBO:

### 1. When the bill is exclusively for GST/HST

- Some bills will include only GST/HST and no duties or other charges. Here’s an example:

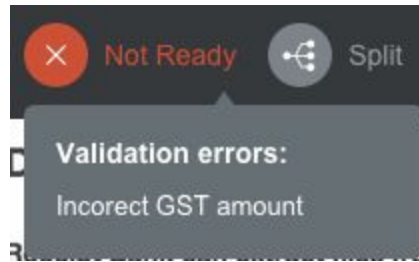


Description	
-----	
GST on Goods / TPS sur marchandises	
Grand Total	\$144.70

- For these items, Receipt Bank may extract the data as follows:

Total amount	144.70	
Tax	Extracted amount	▼
Tax amount	144.70	
Net amount	0.00	

- If you try to publish a receipt to QBO when the tax amount exceeds the net amount without making any changes, you will encounter the following error:



- Due to QBO restrictions, you also can't use the "GST/HST Payable" account as your *Category*.
- To avoid these errors, it's best to select the "Exempt" tax rate from the *Tax* dropdown and use your GST/HST suspense account from QBO ("GST/HST Suspense", by default) as the category:

Amounts ▾

Currency	CAD - Canada, Dollars ▾	Client	▾
Total amount	144.70	Category	Other Current Liability - GST/HST Susj ▾
Tax	Exempt ▾	Description	Import tax
Tax amount	0.00		
Net amount	144.70		

- When you send this item through to QBO, it will be posted to your GST/HST Suspense account. You can post a journal entry in QBO to remove the amount from your GST/HST Suspense account and add it to your GST/HST Payable account.

## 2. When the bill is for GST/HST and other charges

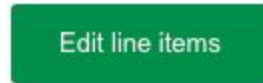
- Some bills will include GST/HST, as well as duties or other charges. Here's an example:

<b>DUTY/DROIT:</b>	35	35	<b>1016.03</b>
<b>GST/TPS:</b>			<b>1613.55</b>
<b>EXCISE TAX/TAXE D'ACCISE:</b>			<b>0.00</b>
<b>TOTAL:</b>			<b>2629.58</b>

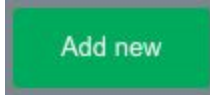
- To send this item to QBO, you'll need to split out the duty and GST/HST into separate lines by following these steps:
  - First, select a 0% "Tax Exempt" rate from the *Tax* dropdown list

Tax	Tax Exempt <span style="color: green;">✔</span> ▾
Tax amount	0.00

- Next, click *Edit line items*:



- 
- Click *Add New* twice to add two separate lines (or more, if required)



- Enter the lines as follows:

Description	Quantity	Total amount	Tax	Tax amount	Category	Client
Duty	1	1016.03	Exempt	0.00	Other Expense - Duty	
GST/HST	1	1613.55	Exempt	0.00	Other Current Liability - C	

	Line Items	Item
Net amount	2629.58	2629.58
Tax amount	0.00	0.00
Total amount	2629.58	2629.58

- 
- *Line 1 (the duty or other charge):*
  - Description:* Enter a description for the transaction
  - Quantity:* 1
  - Total amount:* Enter the amount charged for duties or other charges from the bill
  - Tax:* Select a 0% “Tax Exempt” tax rate
  - Category:* Select the appropriate account/category for the expense
- *Line 2 (the GST/HST amount):*
  - Description:* Enter a description for the transaction
  - Quantity:* 1
  - Total amount:* Enter the GST/HST amount from the bill
  - Tax:* Select “Sales Tax on Imports” from the dropdown list
  - Category:* Select the GST/HST liability account used in QBO
- Ensure the totals from the “Line items” column match the totals from the “Item” column.
- Click *Close* and publish the receipt to QBO.
- The tax amount will be posted to your GST/HST Suspense account. You can post a journal entry in QBO to remove the amount from your GST/HST Suspense account and add it to your GST/HST Payable account.

## Appendix A - Tax rate setup in QBO

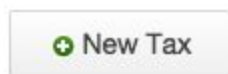
### Table #1 - Alternative method for dealing with provincial sales tax

For purchases made in participating provinces (those with HST) or provinces that only charge 5% GST, GST/HST registrants can claim the full amount of the sales tax paid as an ITC. If GST/HST registrants make purchases in non-participating provinces that charge additional provincially-regulated sales taxes (PST/RST/QST) and the registrants are not registered for these provincial sales taxes, only the GST portion can be claimed as an ITC, and the provincial portion is claimed as part of the expense. To calculate only the GST amount, you can use the rates in the table below:

Province / Territory of purchase	Tax Rate Name	Percentage
British Columbia	GST on Purchases (BC PST incl in total)	4.6729%
Manitoba	GST on Purchases (MB RST incl in total)	4.6296%
Quebec	GST on Purchases (QC QST incl in total)	4.5465%
Saskatchewan	GST on Purchases (SK PST incl in total)	4.7619%

To add these tax rates:

1. In QBO, click *Sales Tax* on the left-hand side
2. Click *New Tax*:



3. Select the "An additional tax code" radio button and click *Next*
4. Fill out the details as follows:

## Add an additional tax code

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Tax name	GST on Purchases (BC PST incl)	Description	GST on Purchases (BC PST incl in total)
Tax agency	GST/HST		
Tax applies to	Purchases		
<b>Purchase rate</b>	Rate 4.6729	Account Liability	
Show tax amount on return line		Input tax credits (ITCs)	
Show net amount on return line		Not Applicable(N/A)	

- 
- **Tax Name:** Use the tax name from the table above
- **Description:** Populates automatically based on the tax name
- **Tax agency:** GST/HST
- **Tax applies to:** Purchases
- **Rate:** Use the rate from the table above
- **Account:** Liability
- **Show tax amount on return line:** Input tax credits (ITCs)
- **Show net amount on return line:** Not Applicable(N/A)

Example calculation:

A purchase totalling \$112 was made in British Columbia by a client who is not (and is not required to be) registered for BC PST. Here's a breakdown of the item:

- Total before taxes: \$100
- 5% GST: \$5
- 7% PST: \$7
- Total: \$100 + \$5 + \$7 = \$112
- The rate of 4.6729% is calculated as  $5/(100+7)$

By selecting the rate from the table above in the *Tax* dropdown, Receipt Bank calculates only the GST:

Amounts ▾

Currency

CAD - Canada, Dollars



Total amount

112.00

Tax

GST on Purchases (BC PST incl in tot:



Tax amount

5.00

Net amount

107.00

Below are all the Canadian tax rates by province. The tax rate names, percentages, and different components are listed, and can be used to create the rates in QBO:

## Table #2 - All rates by province

For your reference, below are all the Canadian tax rates by province. The tax rate names, percentages, and different components are listed. These tax rates are available for creation in QBO:

Province / Territory of purchase	Tax Rate Name	Comp. #1 Name	Comp. #1 %	Comp. #2 Name	Comp. #2 %	Meals & Entertainment 50%
Alberta	GST on Purchases	GST	5%	-	-	2.4390%
British Columbia	GST/PST on Purchases (BC)	GST	5%	PST	7%	2.2831%
Manitoba	GST/RST on Purchases (MB)	GST	5%	RST	8%	2.2624%
New Brunswick	HST on Purchases (ON/NB/NL)	HST	13%	-	-	6.1034%
Newfoundland	HST on Purchases (ON/NB/NL)	HST	13%	-	-	6.1034%
Nova Scotia	HST on Purchases (NS)	HST	15%	-	-	6.9767%
Ontario	HST on Purchases (ON/NB/NL)	HST	13%	-	-	6.1034%
Prince Edward Island	HST on Purchases (PE)	HST	14%	-	-	6.5420%
Quebec	GST/QST on Purchases (QC)	GST	5%	QST	9.975 %	GST: 2.2227% QST: 4.5346%
Saskatchewan	GST/PST on Purchases (SK)	GST	5%	PST	5%	2.3256%
Northwest Territories / Yukon / Nunavut	GST on Purchases	GST	5%	-	-	2.4390%

