

# DATA TESTING

ATO GST ASSUARANCE PROGRAM  
NOVEMBER 2020

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# SCOPE

As part of an overall GST Assurance review, XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX ("XXXXXXXXXXXXXXXXXXXXXXXXXXXX") has tested the systems and processes for Goods and Services Tax ("GST") reporting to ensure that correct amounts of GST are recorded monthly to the Australian Tax Office ("ATO") through their Business Activity Statement ("BAS").

The testing included all business units operating under XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX Property AHL Limited (ABN 12 xxx xxx xxx).

All data for the period relating to GST was tested including all purchases, sales and journal entries.

The period of data tested was **August to October 2018**.

The data review was performed in collaboration with the ATO as part of the Top 1000 GST Assurance program.

SAP Sales Transactions:       **1,813**  
SAP Purchase Transactions:   **21,437**  
MRI Sales Transactions:       **528**

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# INDEPENDENCE OF TESTING

BGI Benchmark Group International Pty Ltd ("BGI") performed the data testing for XXXXXXXXXXXXXXXXXXXXXXXXXXXX. BGI has more experience in analysing data for the purposes of GST than any other organisation in Australia.

BGI's core service is data analytics for GST and they have been performing this service for large Australian Organisations for approximately 18 years. BGI is completely independent of XXXXXXXXXXXXXXXXXXXXXXXXXXXX, having never given them tax advice nor assisted in setting up their GST processes or systems.

BGI Director Mark Daynard will be performing the review for XXXXXXXXXXXXXXXXXXXXXXXXXXXX. Mark has been running BGI's operations in Australia since inception. Mark has been performing data analytics for indirect tax for his entire career spanning over 25 years.

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# METHODOLOGY

BGI will provided detailed file requirements to XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX.

XXXXXXXXXXXXXXXXXXXXXXXXXXXXX will then provided this data to BGI in a raw format. BGI will then joined the data from the various tables into a format that can be analysed. The GL Detail was matched directly back to the Purchase and Sales Transactions, so as not to rely on tax codes and/or Purchase and Sales Modules tax posted information.

## **Data Requested:**

1. Chart of Accounts
2. GL Detail for the GST posting accounts and Revenue Accounts
3. Detailed Purchase/AP and Sales/AR Data
  - a. Purchases Invoice Information
  - b. Purchases Posting Information
  - c. Payment Information
  - d. Sales Invoice Information
  - e. Sales Posting Information
4. Vendor Master
5. P&L Summary for period
6. All General Journals
7. Company Codes, Tax Codes, Transactions Codes: with descriptions

# AGREED DATA TESTS

Test Reference #	Test	Description
01	BAS reconciliation for each period	Reconcile BAS reported amounts with GST amounts in the GL Detail for the GST accounts.
02	Reversal transactions	In both Sales and Purchase systems, ensure that any discrepancies in reversals v original postings are reported.
03	General Journals	Ensure that all Journals that should have GST are correctly coded as such
04	Delays in Entering Data into System	BGI to provide information on transactions dated in one period but not entered and therefore not included in BAS until a future period.
05	Correct Calculation of GST for Taxable Sales and Purchases	BGI to report on any sales not having 10% GST recorded (and providing reasons for each instance [i.e. margin scheme, input taxed etc.]) ; and any purchases having more than 10% GST coded.
06	Tax Codes	BGI to determine if improper tax codes are used. If the amount of GST is correct but the tax code does not reflect this, it will result not in a GST overpayment or underpayment but may indicate an administrative error in the various BAS fields.
07	Duplicate Acquisitions	If an invoice was double paid to the same or incorrect vendor, BGI will report on any potential GST double claimed.
08	Supplier Summary with ABN Check	BGI to report on the amount of purchases per vendor for the period, GST claimed, ABN and GST registration status. Of particular interest will be GST claimed where the vendor isn't registered for GST or ABN is invalid.
09	Multiple Tax Codes per Supplier	BGI will report on any vendors having multiple tax codes.
10	Gaps in sales invoice numbers	BGI will report on any issues with gaps in sales invoice numbering.
11	Sales Tax Codes	BGI to report on any Customers having mixed tax codes and all revenue that is coded Out of Scope.
12	Monthly Trends	BGI to prepare information comparing monthly GST numbers with Sales and Purchases information from P&L
13	Margin Scheme	BGI will provide a listing of all Sales where Margin Scheme was applied for the period. BGI will show cost basis calculations for various projects having sales during this period.
14	GST Only Transactions	BGI will identify all GST Only Transactions of Purchases and Sales
15	Largest AP & AR Transactions	BGI will provide listings of the top 5% Purchase and Sales transactions

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<b>16</b>	ITC Limitations	BGI to report on any ITC's claimed that are more than 4 years old (by invoice date), non-deductible expenses (to ensure no ITC's have been claimed) and ITC's claimed where the account or purchase description would indicate ITC's are not to be claimed.
<b>17</b>	Revenue not in Sales system	BGI to report on all Revenue that isn't coded in the Sales System.
<b>18</b>	Inter- GST Group Transactions	BGI to provide listings of all transactions relating to Inter-GST Group transactions, in both Purchases and Sales data.

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# SUMMARY OF ISSUES IDENTIFIED

Test	Reference File/Page	Issue	Amount
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## Details of Tests and Comments

### 01 BAS Reconciliation

GL amounts from the GST accounts for every entity in the group were totalled and compared with the amounts in the BAS for each of August 2018, September 2018 and October 2018 periods. These amounts reconciled exactly.

Net Adjustments: NIL

Files:                   01 BAS Aug 18  
                              01 BAS Sept 18  
                              01 BAS Oct 18

### 02 Reversals

All reversals, in MRI Sales, SAP Sales & SAP Purchases were viewed against original postings to determine if there were any instances of the reversal having different GST treatment compared to the original transaction.

There were no MRI reversals not netting to zero. In SAP there were a few transactions where the GST didn't net to zero. The result was that GST was over remitted of \$127.50 in SAP Sales and \$2,453.15 in SAP Purchases.

Net Adjustment: Over Paid \$2,580.65

Files:                   02 SAP Purchases  
                              02 SAP Sales  
                              02 MRI Sales

### 03 General Journals

All journals (SA & AB doc types) were reviewed across all accounts to ensure that GST if applicable was coded correctly.

Net Adjustment:

Files:                   03 General

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#### **04 Delays in Entering Data into System**

All Sales entries in MRI and SAP were reviewed to determine if Sales were being recorded in one month and the GST recorded in subsequent periods.

Postings were flagged in MRI when the date of transaction was prior to the period field. There were some transactions that fell into this category in MRI and the primary reason for is that

Net Adjustment:

Files:               04 SAP Sales  
                          04 MRI Sales

#### **05 Correct Calculation of Taxable Sales and Purchases**

MRI sales as well as SAP sales and SAP purchases were reviewed. Purchases having more than 10% as well as Sales with less than 10% GST were flagged.

Items flagged in MRI sales were primarily instances of customers paying rent early, so there was no invoice yet to apply against. It was then applied once invoice was issued, and GST was properly remitted.

There were no issues with GST on the SAP purchases queries.

Net Adjustment:

Files:               05 SAP Purchases  
                          05 SAP Sales  
                          05 MRI Sales

#### **06 Tax Codes**

Transactions in all purchases and sales, in both SAP & MRI were reviewed to determine if the correct tax codes were utilised.

In SAP, for both purchases and sales, there will be a code of \*\* against the invoice is multiple tax codes are used to post one invoice. However, the individual line items will have correct tax codes. This occurs when there are mixed supplies.

There were no instances uncovered where the correct amount of GST was coded in any of these transactions. MRI doesn't utilise Tax Codes.

Tax code descriptions can be found in each file as well.

Net Adjustments:

Files:               06 SAP Purchases



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06 SAP Sales

06 MRI Sales

### **07 Duplicate Payment**

SAP purchases were reviewed to determine if there were any double payments through the period that resulted in GST being claimed twice.

There were a couple instances of this occurring.

Net Adjustments:

Files: 07 Duplicates

### **08 Vendor Summary**

ABN and GST registration information from the Vendor Master was matched against the ATO ABR to determine if any GST was claimed where the vendor wasn't registered for GST at the time of the invoice.

Net Adjustments:

Files: 08 Vendor Summary

### **09 Multiple Tax Codes per Supplier**

A listing was created of all Vendors that had multiple tax codes utilised for the period. These were further reviewed. These items typically were either mixed supplies from vendors or retention amounts relating to contractors. In one instance it confirmed an adjustment that needs to be made regarding a vendor that stopped GST registration and yet occasionally GST was still claimed incorrectly – that adjustment is listed in 08. There were no other items or vendors that appear to be problematic and require adjustments.

Net Adjustment: NIL

Files: 09 Vendor Multiple

### **10 GAPS in Sales Invoicing Numbers**

SAP & MRI Sales don't have Gaps in sequencing. This occurs because the same document numbers are utilised for other types of postings. Invoice references also often relate to the Property or project.

Net Adjustment: NIL

Files: 10 SAP Sales

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10 MRI Sales

## 11 Sales – Tax Codes

Customers having multiple tax codes and all out of scope revenue was flagged.

Net Adjustment: NIL

Files: 11 SAP Sales  
11 MRI Sales

## 12 Monthly Trends of GST against Sales and Expense

The monthly movement of sales and expense accounts expected to have GST coded were compared against the amounts of GST on the respective BAS. Graphs of these were created for visual comparisons. The GST paid was very close and the differences would be related to some mixed supplies and unregistered vendors. GST remitted on Sales is at an expected range due to the many margin scheme sales.

Net Adjustment: NIL

Files: 12 Compare

## 13 Margin Scheme

All postings relating to Margin Scheme transactions. These listings include all Sales having S4 & S6 postings to the GST accounts.

Examples are given for cost basis of various Margin Scheme Sale transactions.

Net Adjustment: Nil

Files: 13 Margin

## 14 GST Only Transactions

Transactions containing only GST in SAP Sales, SAP Purchases & MRI Sales were extracted. There were very few GST only transaction processed and the main items were ATO BAS clearing entries.

Net Adjustment: Nil

Files: 14 SAP Purchases  
14 SAP Sales  
14 MRI Sales

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**15 Largest AP & AR Transactions**

The largest 5% of transactions by absolute dollar amount were extracted for each of SAP Sales, SAP Purchases & MRI Sales. SAP Purchases had 21,437 transactions posted, so 1084 were extracted for this report. SAP Sales had 1,813 transactions with 91 extracted postings. MRI had 27 postings extracted from the 528 posting.

No anomalies were found.

Net Adjustment: Nil  
Files: 15 SAP Purchases  
15 SAP Sales  
15 MRI Sales

**16 ITC Limitations**

Purchases where the GST was claimed on an invoice more than 4 year old were flagged.

Net Adjustment:  
Files: 14 SAP Purchases

**17 Revenue not included in Sales System**

Postings hitting revenue accounts that weren't included in the SAP Sales or MRI Sales postings extracted.

Net Adjustment:  
Files: 17 Sales

**18 Inter GST Group Transactions**

Vendors and Customers were flagged that were part of XXXXXXXXXXXXXXXXXXXXXXXXXXXX, and noted as being either in or out of the GST Group being reviewed. Of particular interest are postings where GST is claimed and/or remitted on transactions within the Group and with no GST claimed and/or remitted outside of the Group.

Net Adjustment:  
Files: 18 SAP Purchases  
18 SAP Sales  
18 MRI Sales