



Common BAS errors

| General | |
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| Problem | Solution |
| Including wages and superannuation contributions as purchases at G11 | Wages should be reported at W1. You don't need to report superannuation contributions. |
| Including wages and superannuation contributions as purchases at G11 | Wages should be only reported at W1. You don't need to report superannuation contributions in this field. |
| Lodgment of blank forms | When lodging statements with nothing to report at any label (a nil statement), please insert zeros against labels 1a, 1b and 9 |
| Lodgment of photocopied statements | Original activity statements must be lodged with the Tax Office. |
| Not registering with the Tax Office for tax obligations reported in your activity statement. | It is important to ensure that you are correctly registered for all your tax obligations. To register or cancel registration for PAYG withholding, goods and services tax, luxury car tax or wine equalisation tax phone 13 28 61 . |
| Not notifying the Tax Office of the accounting method used. | Taxpayers new to business reporting on the correct method should also notify the Tax Office on 13 28 61 |
| Incorrect accounting method used. | If you are you using the cash accounting method and your business turnover is expected to exceed \$1 million, you must change to the accrual accounting method and notify the Tax Office on 13 28 61 . Requests for continued use of the cash accounting method will be considered, however approval is dependent on circumstances. |
| Not including cash taken from the till to pay for purchases. | Total sales (G1 on your BAS) should include all cash payments made out of the till for purchases. |
| Including dollars and cents | Please show whole dollars only when completing your activity statement. To avoid processing errors and to allow us to issue any refund quickly, please do not use cents, decimal points, commas, symbols or words such as \$, <i>nil</i> and <i>n/a</i> . |
| You didn't lodge your activity statement by the due date | You must lodge your activity statement and pay any amounts owing by the due date. The only time you don't have to lodge is if you receive an instalment notice (they have the letter N, R, S or T in the top left-hand corner) and pay the pre-printed instalment amount by the due date |
| You're not sure when to leave boxes blank and when to write a zero in a box | Generally, leave boxes blank if they do not apply to your business. For example, if you do not have exports to report, leave the box at G2 blank. However, you should write a zero (0) if: <ul style="list-style-type: none"> • you are using GST Option 1 or Option 2, you haven't traded for a tax period, and have nothing to report, write 0 at G1 and 1A (these boxes must always be completed) • you are using PAYG Option 2 but you don't have any instalment income, write 0 at T1 and 5A, and/or <p>if you are varying your instalment down to 0 for either GST or PAYG, you must complete the appropriate</p> |

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| | variation labels and write 0 at 1A for GST and/or 5A for PAYG. |
| You use the wrong colour pen and fill in 'nil' or 'n/a' unnecessarily. | <ul style="list-style-type: none"> • Use a black pen only to complete your form (s). • Leave labels blank where you have nothing to report. |
| Dates and details are missing | <ul style="list-style-type: none"> • Provide a contact name and daytime phone number. • Sign and date your statement before lodging it with us by the due date. |
| I have nothing to report, do I need to lodge a activity statement? | Even if you have nothing to report we must receive your completed activity statement by the due date, unless otherwise directed on the form. |
| I have made several copies of my statement | Lodge one copy only of your activity statement for each reporting period. |
| I don't know how to make payments at Australia Post | If you make a payment at an Australia Post outlet, ensure you return the upper portion of your activity statement to us. |
| Can I lodge my activity statement late? | Penalties now apply automatically for late lodged activity statements at a rate of \$110 every 28 days or part thereof (to a maximum of \$550). Higher rates will apply to medium or large taxpayers. |
| I need to talk to someone on the phone, do I need to have my tax file number? | When phoning us, ensure you have your tax file number ready. If you're phoning on behalf of someone, you must be the authorised contact person. |

| GST Specific | |
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| Problem | Solution |
| Some boxes, such as 1A (GST sales or GST instalment) and 5A (PAYG income tax instalment), are frequently overlooked, which means we need to contact you. | You must complete 1A if you're reporting a GST obligation and 5A if you're reporting a PAYG obligation (even when your instalment amount is zero). |
| Not all amounts are being correctly reported at G1 | <p>You should include all payments and other consideration you have received during the quarter for sales you have made in the course of your business. This includes amounts you have shown at G2 (Export sales), G3 (GST-free) and input taxed supplies like interest on investments and rent on residential properties (shown at G4 if you are using the calculation sheet method).</p> <p>The following amounts should not be reported at G1:</p> <ul style="list-style-type: none"> • inter-entity loans • transfers between bank accounts • private money • other entities' income (eg rent for rental property that is in another entity's name/individual's name). |
| When you're offered options for your GST obligation don't complete boxes for more than one option. | Complete the boxes for one option only. |
| G2 (Export sales) is completed incorrectly (eg treating supplies as exports when the goods are consumed within Australia). | <p>You should report the following only at G2:</p> <ul style="list-style-type: none"> • the free on board value of exported goods that meet the GST-free export rules • payments for the repairs of goods from overseas that are to be exported, and • Payments for goods used in the repair of goods from overseas that are to be exported. |
| Claiming GST credits on the total price of a car | GST credits for cars with a GST-inclusive price that |

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| that exceeds \$57,009* including GST. *value current at time of publication. | exceeds \$57 009* are restricted to a maximum of 1/11th of that value (currently \$5,183). |
| Claiming GST credits: <ul style="list-style-type: none"> for bank fees and charges, third party insurance and stamp duty for the full amount of a purchase, even when the goods are to be used partially for private purposes, or where the supplier of the goods or services is not registered for GST. | <ul style="list-style-type: none"> You can't claim for bank fees and charges, third party insurance and stamp duty. You can only claim for the business portion of the expense. You can't claim if the supplier is not registered for GST. You must also hold a valid tax invoice when you make your claim. <p>You must also hold a valid tax invoice when you make your claim.</p> |
| Not recording the sale of business assets | The sale price of business assets, that are not input taxed or GST-free, are taxable and must be reported at G1 and 1A. |
| Not including the sale of a business. | <p>The sale price of a business, including any GST, must be reported at G1.</p> <p>Where the sale is a GST-free sale of a going concern, you also include this amount at G3.</p> <p>Where the sale is taxable, you must report the GST amount at 1A.</p> |
| Not providing your estimated net GST for the year when requesting a variation to your GST instalment amount. | When varying GST instalments, an estimated annual net GST amount must be provided in G22. |
| Notifying a variation to your GST or PAYG Instalment after the due date for the instalment to be paid. | The law requires you to notify the Tax Office of your variations by the date the instalment is due to be paid. |
| Claiming GST credits for the full amount of a purchase, even when the goods are to be used partially for private purposes | You can only claim GST credits on the proportion of the expense used for business. |
| GST adjustment and the income tax effect. You were unaware that you are subject to an increasing adjustment at G1 on your previous activity statement for assets disposed of. | <p>GST needs to be accounted for on an asset disposal. You may not have identified a GST amount and included the GST inclusive value on your tax return.</p> <p>If you sell a business asset you will generally need to account for GST and include the price of the asset sold at G1 and the GST payable at 1A on your activity statement.</p> <p>When completing your income tax return you need to ensure that the GST exclusive amount of the asset is included in business income. All income amounts included on the return should be exclusive of GST. Including the GST inclusive amount of the asset will overstate your business income and you will pay additional income tax.</p> |
| Claiming GST credits where the contractor or supplier is not registered or required to be registered for GST. | You cannot claim GST credits where the contractor or supplier of the goods or services is not registered or required to be registered for GST as no GST is included in the price. |
| Changing the legal structure of your business entity and continuing to lodge activity statements under the ABN of the old entity | <p>If you change the legal structure of the entity used to carry on your business, you cannot continue lodging your activity statements under the same ABN. You need to apply for a new ABN and register the new entity for GST if that entity is required to be registered for GST, or chooses to register for GST.</p> <p>Examples of changes in legal structure includes:</p> <ul style="list-style-type: none"> changing from a sole trader to a partnership, trust or company, or vice-versa, and |

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| | <ul style="list-style-type: none"> reconstituting a partnership. |
| You didn't explain your variations or provide a variation code | When you vary a GST or PAYG instalment amount, you must also say why you made the variation at label G24 (for GST) or label T4 (for PAYG). |

| Reason for varying | Code |
|---|------|
| Change in investments | 21 |
| Current business structure not continuing | 22 |
| Significant change in trading conditions | 23 |
| Internal business restructures | 24 |
| Change in legislation or product mix | 25 |
| Financial market changes | 26 |
| Use of income tax losses | 27 |
| Entering simplified tax system | 28 |
| Leaving simplified tax system | 29 |

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| Claiming full GST credits on the purchase of real property (or deposit for same) at the time of entering into a standard land contract. | If you hold a tax invoice, you claim the GST credit for the deposit or full payment of a creditable purchase of land under a completed standard land contract in the activity statement for the tax period in which settlement occurs. This applies whether or not you account for GST on a cash basis. |
| Incorrect accounting method used. | If you are using the cash accounting method for GST, but not for income tax purposes, and your business turnover is expected to exceed \$1 million, you must change to the accrual accounting method and notify the Tax Office on 13 28 61 . Requests for continued use of the cash accounting method will be considered, however approval is dependent on circumstances. |
| You have shown total sales at G1 but left 1A and/or G3 blank | If you have selected GST option 1 or 2 and your total sales amount at G1 is more than zero, you must show an amount for GST on sales at 1A and other GST-free sales at G3. If you have nothing to report at 1A and/or G3, show zero at these labels. |
| No reason code is shown if varying your instalment | If you vary your PAYG instalment amount or rate, or your GST amount, you must show one of the following reason codes at label T4 (for PAYG instalments) or label G24 (for GST) on your activity statement. Visit How to vary quarterly PAYG instalments or phone 13 28 61 . See table below |

| Reason for varying | Reason code | Obligation |
|---|-------------|--------------|
| Change in investments | 21 | PAYG only |
| Current business structure not continuing | 22 | GST and PAYG |
| Significant change in trading conditions | 23 | GST and PAYG |
| Internal business restructures | 24 | GST and PAYG |
| Change in legislation | 25 | GST and PAYG |
| Financial market changes | 26 | GST and PAYG |
| Use of income tax losses | 27 | PAYG only |
| Entering simplified tax system | 28 | GST and PAYG |

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| Leaving simplified tax system | 29 | GST and PAYG |
| Entering or exiting a consolidated group – only head companies should use this code | 33 | PAYG only |

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| GST credits are claimed without a tax invoice. | You must have a valid tax invoice to GST credits. |
| When accounting for GST on a cash basis, GST credits are claimed at the commencement of a hire purchase or lease contract. | GST credits may only be claimed at the time a repayment is made for a hire purchase or lease contract, when accounting for GST on a cash basis. |
| Claiming GST credits for the full amount of a purchase, even when the goods or services are used partially for private purposes. | GST credits may only be claimed for the business portion of the expense. |
| Including private expenses when claiming GST credits and deductions on business income tax returns | Private expenses should not be included on your activity statements or income tax returns. This means if you have one bank account for both your business and private purposes, you need to separate the amounts. |
| Wages and superannuation contributions are included as non-capital purchases (G11). | Wages and superannuation contributions should not be reported in the GST section of the activity statement. Wages are to be reported at W1 and superannuation contributions need not be reported. |

| PAYG withholding | |
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| Problem | Solution |
| When reporting PAYG tax withheld the amount at W5 (total of amounts withheld) often incorrectly includes the amount at W1 (total salary, wages and other payments). | If you're required to report PAYG tax withheld, only add amounts at: <ul style="list-style-type: none"> • W2 (amount withheld from total salary, wages and other payments) • W3 (other amounts withheld), and • W4 (amount withheld where no ABN quoted) to calculate W5 (total of amounts withheld). |
| When you're offered options for your PAYG obligation don't complete boxes for more than one option. | Complete the boxes for one option only. |
| Not recording the amount of PAYG withholding at label 4 in the summary. | Label 4 in the summary of the activity statement should always equal the total of the amounts at labels |
| You completed label 4, or one of the W labels, even though you're not registered for PAYG withholding. | If you pay salary and wages and you're not registered for PAYG withholding , phone 13 28 61 or download an Add a new business account form (NAT 2954) . |
| Reporting total salary, wages and other payments (W1), but not reporting amounts withheld from these payments (W2). | Amounts withheld from salary, wages and other payments must be reported at W2 (unless you are a Large PAYG remitter). |
| Not reporting amounts withheld from payments when an ABN has not been quoted (W4). | Where an ABN has not been quoted, amounts withheld from payments must be reported at label W4. |

| PAYG Income Tax Instalments | |
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| Problem | Solution |
| Some boxes, such as 1A (GST sales or GST instalment) and 5A (PAYG income tax instalment), are frequently overlooked, which means we need to contact you. | You must complete 1A if you're reporting a GST obligation and 5A if you're reporting a PAYG obligation (even when your instalment amount is zero). |
| Incorrect recording of instalment income at T1. | You must include all your earnings in your instalment income. This includes amounts that are paid by |

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| | <p>direct credit to your bank account and all cash (even if it has not been banked or was used to pay expenses).</p> <p>You must also account for your non-cash transactions (eg those resulting from bartering) in your instalment income.</p> |
| Not providing your estimated tax for the year when requesting a variation to your PAYG instalment amount. | If you use Option 1 and vary your PAYG instalment for the quarter, please ensure you complete T8 and T9. The Tax Office uses your estimated tax at T8 to work out your instalments for the remaining quarters of the income year. |
| You have a PAYG instalment obligation but haven't calculated the amount at 5A correctly | <p>Your PAYG instalment amount at 5A must equal:</p> <p>T1 x T2</p> <p>(PAYG instalment income) x (PAYG instalment rate)</p> <p>or</p> <p>T1 x T3</p> <p>(PAYG instalment income) x (varied PAYG instalment rate), or</p> <p>T7</p> <p>(Pre printed instalment amount), or</p> <p>T9</p> <p>(Varied instalment amount).</p> |
| You didn't explain your variations or provide a variation code | When you vary a GST or PAYG instalment amount, you must also say why you made the variation at label G24 (for GST) or label T4 (for PAYG). |

| Reason for varying | Code |
|---|------|
| Change in investments | 21 |
| Current business structure not continuing | 22 |
| Significant change in trading conditions | 23 |
| Internal business restructures | 24 |
| Change in legislation or product mix | 25 |
| Financial market changes | 26 |
| Use of income tax losses | 27 |
| Entering simplified tax system | 28 |
| Leaving simplified tax system | 29 |

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| The PAYG tax withheld amount at 4 doesn't equal the sum of amounts at W2, W3 and W4. | Calculate the PAYG tax withheld amount at 4 by adding the amounts at W2 + W3 + W4. |
| Notifying a variation to your GST or PAYG Instalment after the due date for the instalment to be paid. | The law requires you to notify the Tax Office of your variations by the date the instalment is due to be paid. |
| You didn't show any PAYG instalment income at label T1. | If you report your PAYG instalment amount using the income x rate method (option 2) and your income for the period is zero, write '0' at label T1 |
| You haven't included interest and dividend income at T1 | Do you calculate your own PAYG instalment on your activity statement (that is, you use option 2, instalment income x instalment rate)? |

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| | <p>If so, remember to include at label T1 any interest received or credited to your bank account, and dividends paid or re-invested on your behalf (don't include franking credits).</p> <p>Our publications <i>You and your shares 2003–04</i> (NAT 2632) and <i>Activity statement instructions – PAYG instalments</i> (NAT 7393) contain more detailed information.</p> <p> Visit activity statement essentials and select Quick links or phone 13 28 61.</p> |
| You indicated that you want to vary your PAYG instalment amount but did not complete all the relevant PAYG variation labels | <p>Complete all relevant PAYG variation labels, for example:</p> <ul style="list-style-type: none"> if varying the T7 amount, complete labels T8, T9, T4 and 5A, or <p>if varying the T2 rate, complete labels T1, T3, T11, T4 and 5A.</p> |
| Reporting net income at label T1 | Total gross income must be reported at label T1. |
| Not reporting instalment income at label T1 but reporting total sales at label G1. | Generally, the presence of sales for GST purposes means that there must be at least that amount of instalment income reported at T1. Instalment income reported at T1 also includes other income such as dividends and interest. |
| Not reporting instalment income at label T1 when T1 is zero. | T1 must be completed if it is zero when the Commissioner rate (T2) is used for reporting instalment income. |
| Adjusting T1 figure to reflect a change in expected tax liability. | Commissioner rate (T2) should be varied using T3 to reflect a change in expected tax liability. |
| Individuals lodging a quarterly PAYG I activity statement are not including their income from partnerships and trusts as instalment income at label T1 on a quarterly basis. | Individuals who lodge a quarterly PAYG I activity statement must include their share of income from partnerships and trusts as instalment income at label T1 each quarter. |
| Label 5A is calculated incorrectly. | <p>Label 5A must equal:</p> <ul style="list-style-type: none"> T1 x T2, or T11 (T1 x T3) – when varying the PAYG instalment rate, or T7 – when using the PAYG instalment amount, or <p>T9 – when varying the PAYG instalment amount.</p> |

| FBT | |
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| Problem | Solution |
| Lodging activity statements after your FBT return | <p>If you pay fringe benefits tax (FBT) by instalments, make sure you lodge all your activity statements for the FBT year ending 31 March 2005 before you lodge your FBT return. This includes the March quarter activity statement due on 28 April 2005.</p> <p>This will allow us to update your FBT account and process your return quickly.</p> |
| Claiming GST input tax credits on the full amount of the meal entertainment benefits. | Only claim input tax credits on benefits that you pay FBT on, eg using the 50/50 method you only claim 50% of the total input tax credits. |
| Not including FBT on private use of business assets (especially for cars and | FBT obligations for private use of business assets must be reported in your FBT return. |

computers).

If you have any feedback on the activity statement email us at asform@ato.gov.au

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