Pay GST Component Only of an Invoice in Strata Master

Where there is a large insurance claim such as a Home Warranty Defect settlement, often the insurance company will pay the contractor directly.

This will result in the Agency being required to pay the Excess and the GST amounts and also claim the GST taxation credit.

The example below covers paying the gst portion only and the excess to the creditor.

This article assumes a User is familiar with Strata Master and most processes within Strata Master

The Process Summary

This payment is achieved by the following steps:

1. Create an **Owners Corporation receipt** for the total of the insurance claim

2. Enter the **original invoice** in full **inclusive of GST**

3. Enter a **credit note** for the proceeds paid by the insurance company**exclusive of GST**

4. **Pay** the creditor

5. **Journal** to reverse the original receipt

Using the following example the payment of $10,000 to the creditor is achieved as follows:

Total amount of approved claim			$99,000
Less	(a)	GST component	($ 9,000)
	(b)	Excess amount	($ 1,000)
	Net Proceeds paid to the Contractor		$89,000 - this amount is entered as a credit

Note leaving $10,000 payable

Step 1 Create an Owners Corporation Receipt

MENU: **Accounting > Receipting > Owners Corporation Receipt**

- Select the **Owners Corporation**

- Select account **Insurance claims**

- Enter the amount of the claim to the insurance company (no GST) e.g. $99,000

- Enter a description relating to the details of the contractor invoice

- Tick **Banked but do not backdate the receipt**

Step 2 and 3 Entering the Invoice and Credit Note

1. **Enter the Invoice**
2. Select an **Owners Corporation**
3. Select the **Creditor**
4. **Enter** the invoice details
5. Enter the total GST inclusive amount $99,000
6. Ensure that the GST component is shown e.g. $9,000
7. **Save** the invoice

8. **Enter the Credit Note**
9. Select an **Owners Corporation**
10. Select the **Creditor**
11. **Enter** a description relating to the proceeds paid by the insurance company
12. **Enter** the amount **GST exclusive** of the insurance payment as a **negative figure**
13. **Delete** the GST component
14. **Save** the credit note

Step 4 Pay the Creditor

Accounting > Pay Creditors

Pay the creditor the GST and excess components of $10,000

rockend

Remittance Advice
Reprinted: 23/09/2014

Mirvac Strata Builders
GPO Box 2333
SYDNEY NSW 2001

Date	Plan	Reference	Description	Amount
23/09/2014	4444	Claim 12345	Invoice for Defect repairs	99,000.00
23/09/2014	4444	Claimn 12345	Credit for Claim Proceeds from Alliance paid to Mi	89,000.00
Cheque no. 000013		23/09/2014	Total	$10,000.00

The Owners Corporation of SP 4444: Chandos Towers, 1 Chandos Street, GLEN IRIS VIC 3046

Step 5 Journal to Reverse the Original Receipt

Accounting > Adjustments > Journal Entry

Create the following journal:

Dr: A/c **Insurance Claims** (same account as the receipt)
Cr: A/c **Cash at Bank**

Amount: Of the original receipt **NO GST**

Description: **Reversal of receipt from Allianz to allow payment of creditor**

Notes

The Bank Reconciliation should be checked to ensure that the journal has been correctly created.

If there is sufficient Cash at Bank to cover the total invoice entry it will not be necessary to create the Owners Corporation receipt and the Journal entry.