



insight

for builders

An industry-specific guide
for your MYOB software



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Builders have many issues specific to their industry, such as keeping track of expenses on each project, generating quotes, invoices and dealing with retainers, managing budgets and cashflow, and lots more. In this guide, you'll find practical solutions for all these issues, along with lots of ideas and tips on the best way to set up your MYOB software.

You might be building houses from scratch, renovating existing buildings, constructing commercial fit-outs or overseeing major developments — this guide covers all these situations. If your business mostly involves smaller projects, you might also want to check out the **MYOB Software for Tradespeople** guide.

Throughout this guide, you'll also find case studies where you can read about real-life examples of people working in the building and construction industry. Browse through these case studies to get the big picture of how MYOB software can work for you, and to discover ways to make your business more profitable and efficient.

Choosing your MYOB software

Either MYOB Accounting or MYOB Accounting Plus provide the best starting point for most builders. Both of these products enable you to record sales, keep track of your purchases, monitor the profitability of every job, generate budgets and at the end of each month or quarter, print your Business Activity Statement.

The main difference between MYOB Accounting and MYOB Accounting Plus is that MYOB Accounting Plus includes integrated payroll. Payroll is a must for any business with four employees or more, helping you calculate PAYG, generate superannuation reports, print payment summaries, and so on.

One step further up the family tree, MYOB Premier (for Windows) and MYOB AccountEdge (for Macs) have all the features of MYOB Accounting Plus but in addition provide multi-user capability, meaning that more than one person can work in your company file at a time.

Whichever product you choose, if you want to upgrade to another product that's 'further up the family tree', you can do so at any time. You don't need to buy the new software from scratch; you simply pay an upgrade price.

For more information about these MYOB products, visit www.myob.com.au/products/.

The following five steps are a brief guide to getting started, highlighting important information specific to builders.



Understanding the essentials

Creating your accounts list

When you create a new company file for your business, the New Company File Assistant asks you to Build Your Accounts List, giving you the option of starting with a standard list. There are several templates relevant to the building and construction industry, including building contractor, construction company and developer. These templates provide account lists and are a good starting point. Don't worry if you can't find an accounts list that is perfect - you can add, change or delete as many accounts as you like.

Reviewing your accounts list

Before entering your opening balances, you need to adapt your accounts list so that it suits the unique needs of your business.

Your accounts list is a list of categories to which you allocate all transactions. There are eight major account categories (or, for MYOB BusinessBasics and MYOB FirstEdge, there are six categories).

| Account Category | What it means |
|------------------|--|
| Assets | Things you own, or that people owe you. Put your new equipment or tool purchases here. Asset account numbers start with 1. |
| Liabilities | What you owe to other people. Includes loans, taxes payable and outstanding supplier accounts. Liability account numbers start with 2. |
| Equity | This is your "interest" in the business, the profit or loss that your business has made. Examples of equity accounts are retained profits, partners' drawings, or capital contributions. Equity account numbers start with 3. |
| Income | Money in! Everything you invoice to your customers. Income account numbers start with 4. |
| Cost of sales | Cost of sales is the direct costs of your jobs, e.g. materials, freight, or employee labour. Cost of sales account numbers start with 5. |
| Expenses | Overheads. The day-to-day running costs of your business. Includes advertising, bank charges, or motor vehicle costs. Expense account numbers start with 6. |
| Other Income | Extraordinary income that is not really part of your everyday business. Could include compensation income or capital gains. Other Income account numbers start with 8. This account category is not available in MYOB BusinessBasics or MYOB FirstEdge. |
| Other Expenses | Extraordinary expenses that are not really part of your everyday business. Could include lawsuit expenses, capital losses, or fire damage costs. Other Expenses account numbers start with 9. This account category is not available in MYOB BusinessBasics or MYOB FirstEdge. |

Understanding the essentials

Checking your preferences

You can customise all MYOB software so that it works for your business the way you want it to. You can do everything from changing the appearance of your windows, to automatically requesting a backup prompt each time you quit the program. It all happens via the Preferences command.

To review your preferences, go to the **Setup** menu, choose **Preferences** and then explore the **System, Windows, Reports & Forms, Banking, Sales, Purchases** and **Security** tabs. Remember—your choice of preferences does not commit you to this for ever and ever, for you can change your preferences at any time.

One preference setting is recommended, especially for new users. Make your company file changeable. If you make mistakes, you can correct them, without needing to make complicated reversing journals. To do this, go to the **Security** tab in the **Preferences** window. Clear the **Transactions CAN'T be Changed; They Must be Reversed** preference.

Setting up opening balances

Next you need to enter opening balances.

To enter opening account balances, go to the **Setup** menu, choose **Balances**, and then **Account Opening Balances**. To enter opening balances for outstanding customer accounts, go to the **Setup** menu, choose **Balances**, and then **Customer Opening Balances**. To enter opening balances for outstanding supplier accounts, go to the **Setup** menu, choose **Balances**, and then **Supplier Opening Balances**.

To get up and running, you only need to enter opening balances for a few accounts. Bare essentials will probably include your bank account and total customer accounts outstanding. Your opening account figures won't balance, but this out of balance amount simply goes to the Historical Balancing account. You or your accountant can fix this later.

Getting ready to go

Before you start entering transactions, work out how you intend to back up your company file. If your file is going to contain very few transactions, you may be able to fit your backup onto floppy disk. Otherwise, you'll need to have a CD burner or a zip drive.

You might have been lucky so far, but nobody can guarantee continued immunity to power surges, theft, fire or hard disk failure. If you don't organise a backup system now, you'll probably forget about it until it's too late—and then you'll be sorry.

Creating invoices and quotes

Most builders don't raise that many invoices during the course of a month, but the ones they do raise can be complicated, due to deposits in advance, progress payments and retainers.

MYOB software makes it easy to keep track of who owes you what, as well as helping you generate invoices showing all progress payments due and amounts paid so far. Even better, it's easy to generate professional-looking quotes, keep track of all outstanding quotes and once quotes are accepted, turn them into sales with a click of a button.

Setting up your first invoice

Whenever you create a sale, you can choose between three main invoice layouts: **Service**, **Item** and **Professional** (MYOB Accounting Plus, MYOB Premier and MYOB AccountEdge have a **Time Billing** format also). For most builders, the **Service** layout is the most appropriate.

Here's how to create your first invoice:

1. Go to the **Sales** command centre and click **Enter Sales** (or, for MYOB BusinessBasics and MYOB FirstEdge, go to the **Sales** command centre, click **Sales Register** and then click **New Sale**).
2. Select a customer, or enter the name in the **Customer** field.
3. Click **Layout** and select **Service**.
4. Enter a description.
5. As the Account Name or Account # (whether you select accounts by name or by number depends on your preference settings), choose an appropriate income account. Income account numbers always start with 4.

Creating your first invoice is easy



The screenshot shows the 'Sales - New Service' window in MYOB software. The window title is 'Sales - New Service'. The 'INVOICE' tab is selected. The form contains the following fields and data:

- Customer ID: Lanyon, James
- Invoice #: 0000004
- Date: 12/06/2003
- Customer PO #: Quote #232

| Description | Acct# | Amount | Job | Tax |
|---|-------|------------|-----|-----|
| For construction of garden shed, including council application fees and | 4-220 | \$2,800.00 | | 001 |

Summary fields:

- Subtotal: \$2,800.00
- Freight: \$0.00
- Tax: \$0.00
- Total Amount: \$2,800.00

Additional fields:

- Salesperson: [Blank]
- Comment: Thank you
- Ship Via: [Blank]
- Promise Date: [Blank]
- Journal Name: Lanyon, James
- Related Source: Yellow Pages
- Always Present to Sell: [Checked]
- Paid Today: \$0.00
- Payment Method: [Blank]
- Balance Due: \$2,800.00

Buttons at the bottom: Help F1, Print, Test Tr, Journal, Layout, Register, Record, Cancel.

Creating invoices and quotes

Adapting the layout of your invoice

With all MYOB software, you can customise your invoices so that they look exactly as you want them to look. You can change the fonts, add your own logo, draw boxes, add comments and much more. All you have to do is go to the **Sales** command centre, click Print Invoices and then click **Customise** (refer to MYOB help for more details on form customisation).

Below is one possible way in which an invoice could be customised.

You can customise an invoice to look just the way you want it to

Bob's Building Services
ABN 30 20 20 20 20
Phone (24 hour): 1800 555 555
Fax (24 hour): 02 9298 9298
Web: www.bobsbuilding.com.au
PO Box 128, Westmill Park, NSW 2121

TAX INVOICE

Bill To: Katy Lewis
Unit 3, Smartstation
Uppinga
NSW 2777

Date: 13 March 2008

| Description | Charge |
|---|------------|
| For construction of garden shed, including council application fees and materials | \$2,500.00 |

Note: This invoice includes \$254.13 GST

| | |
|--------------------------|-------------------|
| Total Amount Due: | \$2,500.00 |
|--------------------------|-------------------|

Creating customer quotes and orders

Sales have three different statuses: **Quote**, **Order** and **Invoice**. You can select the status in the top-left corner whenever you create a sale.

- Quotes are an ideal way to provide estimates to customers without creating a transaction. A quote has no impact on your financial figures and can be changed to an invoice at any time.
- An order (not available in MYOB BusinessBasics or MYOB FirstEdge) is a sale that you expect to occur sometime in the future. Like quotes, orders don't affect your financials; they merely store sales information until you're ready.

Creating invoices and quotes

Finding a list of quotes and orders

Go to the **Sales Register**, click either the **Quotes** tab or the **Orders** tab and you'll see a list of all your outstanding quotes and orders.

Changing quotes or orders into invoices

To change a quote or an order into an invoice, simply go to the **Sales Register** and click either the **Quotes** tab or the **Orders** tab. Highlight the quote or order and then click **Change to Invoice**. The quote or order will appear, ready for you to update as necessary and record as a final invoice.

Even when a quote is changed to an invoice, you can still find the original quote in the **Sales Register**. If you want quotes to be removed after they have been changed to an invoice, go to the **Setup** menu, choose **Preferences**, click the **Sales** tab and then mark the **Delete Quotes upon Changing to and Recording as an Order or Invoice** checkbox.

Providing different payment options for your customers

MYOB Software has a relationship with the Commonwealth Bank, meaning that by subscribing to a special service called MYOB M-Powered® invoices, you can offer your customers the choice of paying invoices by BPAY®, Postbillpay (at all Australia Post outlets) or by credit card over the phone.

The main advantage of this service is that by providing more ways for your customers to pay you, you'll be paid quicker, not to mention the fact that receiving electronic payments is less time-consuming than receiving cheques. Also, by offering these facilities you will make your business look that much 'bigger' and more professional.

For more information about MYOB M-Powered invoices, or to download the Product Disclosure Statement, visit www.myob.com.au/m-powered/.

Seeing how much you're owed

From the **Sales** command centre, click the **Analysis** down-arrow and choose **Receivables** from the menu that appears, or for MYOB BusinessBasics and MYOB FirstEdge, simply click **Analyse Receivables**. You'll see a summarised Analyse Receivables report, aged as at the current date, showing the names of all customers who owe you money and how overdue they are. You can click the zoom arrows next to any customer's name to go straight to a detailed breakdown of their outstanding invoices.

Case study - Tom's Kitchens

Business Name:

Tom's Kitchens

Overview:

Tom uses MYOB Accounting.

Tom designs, builds and installs custom-built kitchens. He employs two carpenters, an apprentice and several subcontractors.

Tom uses MYOB Accounting for all customer sales. He uses the **Sales** command centre to generate professional-looking quotes, and when a job is accepted, he converts the Quote to an Order, details the schedule of progress payments in the body of the Order and then re-prints this for the customer.

Tom raises a new Invoice (not an Order) every time a progress payment falls due and this way the Receivables reports always make sense, telling him who owes money, and from when.

To make his kitchen business more profitable (custom-kitchens are tricky, because profit margins are typically small), Tom has raised his prices. To ensure he doesn't start losing too many jobs because of price, he reviews outstanding Quotes by looking in his To Do List and after a few weeks, contacts customers to ask them if they intend to go ahead with the quote (and if not, why not).

Every time he raises an invoice, Tom notes how customers heard of him in the **Referral Source** field. In this way, Tom can generate summary reports every few months that show what value of sales came from each source (newspapers, word of mouth, Yellow Pages, etc.).

Retentions and progress payments

The biggest thing to be wary about when generating invoices for either retentions or progress payments is to make sure you select the correct tax code. If you're unsure whether you're coding invoices correctly, speak to your accountant.

Creating an invoice when there's a retention

Some builders have agreements with their client that a certain amount of the final payment be withheld for a warranty period. For example, a client might withhold \$10,000 of the final payment for three months after the building is completed, so that they can ensure that all work is completed to their satisfaction.

1. Create a new asset account called Retentions Held and a new liability account called Liability for Defects
2. Make a sale to the customer, but split the sale across three lines:
 - The first line shows the amount due now, with GST as the tax code, and is allocated to a regular income account.
 - The second line shows the amount of retainer due, with N-T as the tax code, and is allocated to your Liability for Defects account.
 - The third line shows the retainer once more, but this time as a minus amount. Use N-T as the tax code and allocate this line to your Retentions Held account.

Dealing with retentions



At this stage, (after the customer has paid the amount due, not including the retention), your receivables report won't show the retention as owing (which is correct, as it's not yet due), but your Balance Sheet shows the amount that's being held in a retention asset account, as well as the liability for defects. Perfect!

Retentions and progress payments

Invoicing for the retention and receiving payment

1. When you reach the end of the contract, raise an invoice for the value of the retainer, with GST as the tax code.
2. When you receive this payment, record the payment as normal in the **Receive Payments** window.
3. To clear the asset and liability accounts back to zero, go to the **Accounts** command centre and click **Record Journal Entry**. Record a journal that debits your Liability for Defects account and credits your Retentions Held account.

One last tip: when you start a new financial year, don't purge transactions in the Retentions Held account. This way, it's always easy to look up which retentions are outstanding and which ones have been paid.

Dealing with progress payments

Most builders receive several progress payments on each job. Although the simplest way to deal with this situation would be to raise an invoice for the whole amount, and then apply the progress payments as they are paid, the downside of this method is that your receivables are overstated (as clients don't really owe you money until the end of each stage), and it's hard to make sense of your Profit & Loss on a monthly basis.

The way around this is to raise an invoice at the beginning of the job that shows the total due, along with a payment schedule, similar to the one shown in the following screenshot. However, in the top-left hand corner of the invoice, select Order as the status (orders don't show up in your receivables and do not affect your financials).

Dealing with progress payments



As you progress through the job, raise an Invoice (not an Order) for each stage of the job. At the end of the job, simply delete the initial order.

Creating reminders when progress payments or retentions fall due

You can use your To Do List to create reminders that pop up automatically when progress payments or retentions fall due. (Note that the To Do List is not available in MYOB BusinessBasics or MYOB FirstEdge.)

1. Go to the **Card File** command centre and click **Cards List**.
2. Highlight the customer name, click Log and then click **New**.
3. Create a separate contact log entry for each payment due. Enter a description in the **Notes** field such as "First Progress Payment Due" and enter the due date in the **Recontact Date** field.
4. Once complete, you can go to the **Contact Alert** tab in your **To Do List** at any time to see a list of the payments that are due (note that these payments won't appear in this list until they're due).

Dealing with suppliers

Most builders end up with substantial amounts owing to suppliers. To keep track of how much is outstanding, record all supplier invoices using the **Enter Purchases** window when you receive them (accessible from the **Purchases** command centre).

Later, when you pay these invoices, use the **Supplier Payments** window. (Note that the **Purchases** and **Supplier Payments** functions are not available in MYOB BusinessBasics or MYOB FirstEdge.)

By working in this way, you have a few advantages:

- At the click of a button, you can see exactly how much you owe to suppliers.
- It's easy to see whether accounts are overdue (and by how much) before things get out of hand.
- If you report for the GST on an accrual basis (as opposed to a cash basis), then you can claim the GST on bills you've received, but haven't yet paid.
- You'll be prompted when early payment discounts fall due.
- You can plan your cashflow better.

Incidentally, a simpler way of working is to record expenses as they are paid, using the **Spend Money** window in the **Banking** command centre. You can read about this way of working in the MYOB Software for Tradespeople guide.

Recording a supplier invoice

Builders tend to use one of two layouts when recording purchases: either an Item layout or a Service layout. An Item layout works well if you want to generate purchase orders and keep track of costs for every item you buy, but of course, the downside is that recording this kind of detail is very time-consuming. In practice, most builders record purchases using a Service layout.

Here's how to record a purchase:

1. Go to the **Purchases** command centre and click **Enter Purchases**.
2. Click **Layout** and select either **Item** or **Service** as your layout.
3. Enter the supplier name and if required, enter the purchase order number.
4. Check the date and enter the supplier's invoice number in the **Supplier Inv#** field.
5. For item invoices, enter the **Quantity** and **Item Number** and check the **Price**. Enter each line one at a time, making sure the final total tallies.
6. For service invoices, choose your allocation account in the **Acct#** field (materials and subcontractors normally go to a 5- account, expenses such as telephone normally go to a 6- account). Don't worry about detailed descriptions, as they're usually not necessary. A general description such as 'materials' does just fine.
7. Don't forget to complete the **Job** column if you're tracking the profit on each job or contract.
8. Make sure the GST total matches with your supplier invoice, and then click **Record**.

Dealing with suppliers

Use MYOB software to help you track how much you owe to suppliers



Sending purchase orders to suppliers

If you want to fax or email purchase orders to suppliers, create a purchase in the way described above, except select **Order** in top left-hand corner, rather than **Bill**.

To fax or email this order, click Send To, and then select **Fax** or **E-mail** from the menu that appears. Follow the prompts to send your order.

You'll find that orders don't affect your financial figures, but you can convert them to purchases at a click of a button when the goods arrive. Simply open up the initial order (you'll find it under the **Order** tab in the **Purchases Register**), change any figures that need fixing and click **Bill**.

Paying suppliers electronically

MYOB M-Powered payments enable you to make electronic payments to your suppliers directly from your MYOB software. Once you subscribe to this service, you can use your MYOB software to record payments in your company file and then transmit these payments electronically using a secure link. The M-Powered Services Centre monitors the progress of all payments and, at your request, emails or faxes remittance advices direct to your suppliers.

If you pay more than five suppliers per week, M-Powered payments are well worth the fees. If you were to put a value on your own time (or on your bookkeeper's time) and calculate how long it takes you to pay a supplier (including writing a cheque, printing a remittance advice, writing their address on an envelope, entering the payment into your MYOB company file, and so on) as well as the costs (the envelope, the stamp, the petrol to the post office, etc.), then chances are that paying a supplier is much more expensive than you think.

Paying suppliers electronically

M-Powered payments offer other benefits too, although these are somewhat less tangible. You can schedule payments to be made at future dates, ensuring that suppliers are paid on time, even when you're away from the business. Payments are more secure, as you pay directly from your account into your supplier's account (whereas cheques are more prone to fraud or getting lost in the mail). Finally, an M-Powered Services Centre keeps track of all online payments, including when payments are sent, when they're processed, if they fail due to insufficient funds, and so on.

To subscribe to M-Powered payments, all you have to do is click the **M-Powered Services Centre** icon that appears on the bottom-right of every command centre. (Note that M-Powered services are only available for MYOB Accounting 13.5 and MYOB Premier 7.5 or later.) For more information about M-Powered payments, including how to subscribe, the current pricing structure and the Product Disclosure Statement, visit www.myob.com.au/m-powered/.

How can I see at a glance how much I owe?

Go to the **Purchases** command centre, click the Analyst down-arrow and choose **Payables**. You will see a summarised Analyse Payables report, aged as at the current date.

Click the zoom arrows to go straight to a detailed breakdown of any supplier's totals, or click **Print** to print the report.

Recording other types of expenses

Most builders not only pay many bills using credit cards, but end up with a wad of petty cash receipts on a regular basis. It's easy to record these kinds of transactions.

Dealing with credit cards

The easiest way to deal with credit cards is to think of them as if they were a bank account. Create a new liability account in the **Accounts List**, selecting **Credit Card** as the **Account Type**.

For expenses where you don't receive a supplier account (such as fuel, interest, memberships or internet access), do the following:

1. Go to the **Banking** command centre and click **Spend Money** (or, for MYOB BusinessBasics and MYOB FirstEdge, go to the **Bank Register** and select **Spend Money** as the transaction type).
2. Select your credit card account as your bank account in the top left.
3. Record each transaction on the credit card in the same way as you would record cheques, the only difference being that you ignore the **Cheque No** field completely. (You end up with one transaction per line on your credit card.)

For payments on your credit card where you have already recorded the supplier account using the **Enter Purchases** window, do the following:

1. Go to the **Purchases** command centre and click **Pay Bills**.
2. Select your credit card account as your bank account in the top left.
3. Record the payment in the same way as you would any other supplier payment.

Don't forget to account for GST when recording credit card transactions. If you know an item definitely attracts GST (such as fuel payments or telephone expense), simply mark the **Tax Inclusive** checkbox before entering the amounts and the GST component calculates automatically.

Organising petty cash (if you have a petty cash tin)

The method described here works best if you have an office with a petty cash tin, and more than one person takes money out of the tin. However, if you don't have a petty cash tin but end up paying lots of little cash expenses directly from your own pocket, see the method listed in [Organising petty cash \(if you have a wallet full of receipts\)](#) on page 19.

1. Start off with a float, say \$200. Write a cash cheque for this float, and in your MYOB company file, allocate this cheque to an asset account called 'Petty Cash'. If you don't have an account by this name already, create one now, remembering to select Bank as the Account Type.
2. Whenever staff take money out of the tin, get them to give you a receipt in exchange. Store these receipts in the tin.
3. Add up the receipts and work out which expense categories they belong to. Then go to the **Spend Money** window but this time change the bank account at the top to read Petty Cash.
4. Complete the payment, allocating it across several Allocation Accounts and several Amounts. Click **Record** when you're done.

Recording other types of expenses

Organising petty cash when you have a petty cash tin



When funds in the tin get low, write out a cash cheque to top the tin back up to its original float value. For example, if you have a \$200 float but there's only \$4.50 left in the tin, write out a cash cheque for \$195.50. Allocate this cheque to Petty Cash.

Organising petty cash (if you have a wallet full of receipts)

If you don't have a petty cash tin, but end up paying lots of cash expenses directly from your own pocket, you'll find the following method works best.

1. Pile these receipts into their various categories and then, with a calculator, add up the value of each pile of receipts. You might end up with \$40 worth of receipts for stationery, \$50 for postage, \$15 for travel and so on.
2. Go to the **Spend Money** window and select Petty Cash as your bank account in the top left corner.
3. Enter the total value of all these receipts added together as the Amount.
4. Split the transaction across the appropriate expense accounts, writing individual memos on each line, if desired.

Marking expenses due for reimbursement

Most builders don't find themselves in a situation where they are claiming back out-of-pocket expenses from their clients. Generally speaking, builders provide fixed quotes for jobs and don't item all materials used.

However, if you have an agreement with a client where they reimburse you for all material costs, you can set up your jobs list to keep track of all related expenses and generate invoices based on these expenses. See the **MYOB Software for Tradespeople** guide for more information.

Recording new assets and work-in-progress

A couple of the more technical issues that often have builders stumped are where to record the purchase of new tools and equipment, as well as what to do with work-in-progress at the end of the year. These are really accounting questions and you may need to speak to your accountant to ensure you are handing them correctly, but the following notes make a good starting point.

Buying new gear

A common question asked by builders is where to allocate the purchase of new tools. The answer is complicated, because it depends on whether or not you belong to the Simplified Tax System. If you're not sure whether you do, ask your accountant.

If you belong to the Simplified Tax System

If the new tool costs \$1,000 or less (before GST), then allocate your purchase to an expense account called Tools – Repairs & Replacements. Include a detailed description in the **Memo** field, as your accountant may ask you about this transaction later.

If the new tool costs more than \$1,000 (before GST), then allocate your purchase to an asset account called Tools. Include a detailed description in the **Memo** field, as your accountant will need this information when creating your depreciation schedule. If this tool is a replacement for an old tool that you have sold or scrapped, also note this in the **Memo** field.

If you don't belong to the Simplified Tax System

Allocate all new tools (even if they cost only a few dollars) to an asset account called Tools. Include a detailed description in the **Memo** field, as your accountant will need this information when creating your depreciation schedule. If this tool is a replacement for an old tool that you have sold or scrapped, also note this in the **Memo** field.

Managing Depreciation

Many builders end up owning a diverse range of assets (tools, motor vehicles, computers, household furnishings in rental properties, etc). If this is the case, then depreciation is probably a major deduction for your business, and you'll probably find it of benefit to set up your own asset register.

MYOB AssetManager Pro is designed in a way that looks and feels similar to other MYOB software, with similar account numbering and structures. You can keep an organised record of your assets, as well as calculate monthly and annual depreciation figures. MYOB AssetManager Pro can track assets by location, cost centre or any other way you choose, and keep a detailed log of service calls for equipment.

For more information about MYOB AssetManager Pro, visit www.myob.com.au/products/assetmanager_pro/.

Dealing with work-in-progress

With builders, it is sometimes really hard to see what profit has been made that year (and how much tax may be due), because you need to allow for work-in-progress. Work-in-progress includes current jobs, such as unsold land. For example, if you purchase a block of land for \$50,000 then this is an asset classed as work-in-progress, and is not a trading expense. You can only claim it as an expense when the block of land is developed or sold.

Recording new assets and work-in-progress

Dealing with work-in-progress

Although your accountant probably prefers to make work-in-progress adjustments, you may want to make an estimate of work-in-progress at some point during the year, so that you can print interim financial reports and get an idea of your tax position. Here's what to do:

1. Go to the **Accounts** command centre and click **Accounts List**. Click the **Asset** tab and create a new Header Account called 'Work-in-Progress'. Under this Header Account, create new Detail Accounts that refer to your main expense categories, such as land, materials and labour.
2. Click the **Cost of Sales** tab and repeat the process, creating a new Header Account called 'Work-in-Progress' with detail accounts underneath referring to your main expense categories.
3. When you want to generate interim financial reports, calculate the current value of work-in-progress.
4. Go to the **Accounts** command centre, click **Record Journal Entry**, and record a journal that debits your asset work-in-progress accounts and credits your cost of sales work-in-progress accounts for the amount of the work in progress.

Journaling work-in-progress

| Acc't # | Name | Debit | Credit | Job | Memo | Tax |
|----------------|------------|--------------|--------------|-----|------|-----|
| 1-2510 | WIP Labour | \$38,250.00 | | | | N/T |
| 1-2520 | WIP Legals | \$2,210.00 | | | | N/T |
| 5-1000 | Materials | | \$152,020.00 | | | N/T |
| 7-1042 | Labour | | \$36,250.00 | | | N/T |
| 6-1000 | Legals | | \$2,210.00 | | | N/T |
| Total Debit | | \$193,480.00 | | | | |
| Total Credit | | | \$193,480.00 | | | |
| Tax @ | | | \$0.00 | | | |
| Out of Balance | | | \$0.00 | | | |

In the example above, the builder is building a spec home. He has already spent significant amounts on land, materials, and labour. He cannot claim any of these outgoings as expenses, but must show them as assets. Note that there are no Job numbers in this journal, because you don't want these journals to affect your Job Profit & Loss reports.

5. After generating the interim financial reports you will need to reverse or delete the transaction that you have created.

Case study – Coates Building

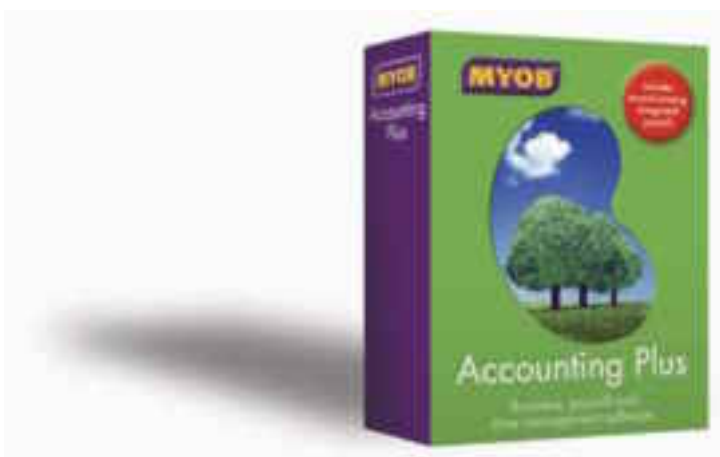
Business: Overview:

Coates Building is a small building company Coates Building uses MYOB Accounting Plus.

Coates Building is a husband and wife team with three employees. They build spec homes, usually with two or three running at one time. Usually, they resell the homes straight away once they are complete, but occasionally they hold onto a house for a year or two and rent it out to tenants.

The big shift for Coates Building since they started using MYOB Accounting Plus is the way they can see how much they make on each house. At the beginning of each project, they set up very detailed budgets for the job and they continue to compare budgets against actuals as the job progresses. Knowing exactly how much every contact costs at each stage has helped them to control costs and negotiate for better deals with subcontractors and suppliers.

Coates Building also finds that the Business Activity Statement reports help their cashflow. Now that it's so easy to generate this report, they submit their Business Activity Statement once a month and in the months where there are no property sales, they get an immediate refund of the GST paid.



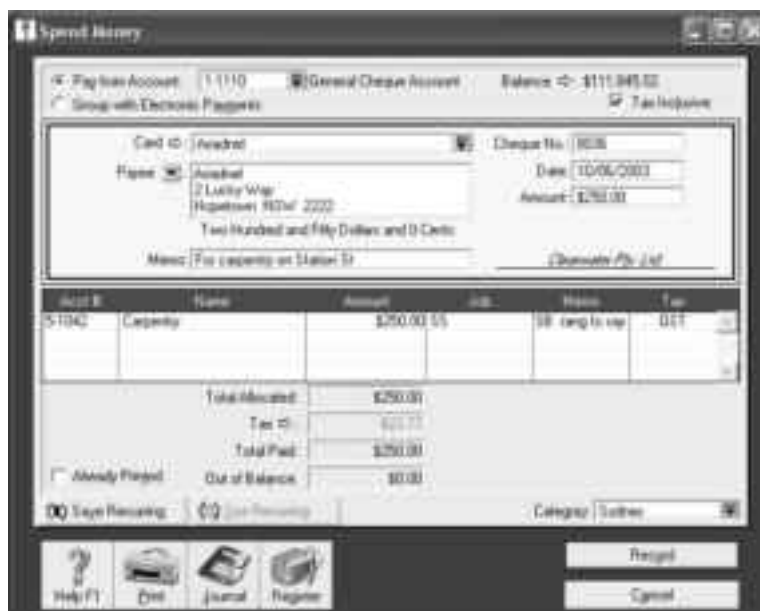
Seeing where you make your money

One of the great things about MYOB software is that you can see not only how much money you're making overall, but you can also analyse each job in detail. For some tradespeople, tracking each individual job can be unnecessarily fiddly, but if your business is such that you get lots of large contracts, then tracking how much money you're making out of each contract is invaluable.

Setting up jobs and categories

The idea of jobs is that every transaction can be coded in several different ways. For example, in the **Spend Money** transaction below, the **Card** field shows the name of the supplier; the **Acct#** field shows the type of expense and the **Job** column shows the project code.

Use jobs to analyse where you make your profit



The screenshot shows the 'Spend Money' window in MYOB. At the top, it displays 'Flagless Account: 11110' and 'General Ledger Account' with a balance of '\$111,945.00'. Below this, there are fields for 'Card ID' (selected as 'Asphalt'), 'Check No.' (1008), 'Date' (10/06/2003), and 'Amount' (\$250.00). The 'Name' field is set to 'Lucky Way' and the 'Memo' is 'Five carpets on Station St'. A table below shows the transaction details:

| Acct # | Name | Amount | Job | Notes | Tax |
|--------|--------|-------------|-----|----------------|-----|
| 51042 | Carpet | \$250.00 US | | SR ramp in use | 011 |

Summary statistics at the bottom of the table:

- Total Allocated: \$250.00
- Tax @: \$0.00
- Total Paid: \$250.00
- Out of Balance: \$0.00

Buttons for 'Print' and 'Cancel' are visible at the bottom right.

If you record all transactions in this way, you'll be able to display Profit & Loss reports for every project you undertake. By analysing how much money you're making (or losing!) on everything you do, you can fine-tune your business to maximise your chances of success.

MYOB Accounting, MYOB Accounting Plus, MYOB Premier and MYOB AccountEdge all offer the ability to track transactions by category, as well as jobs. Categories work well for tracking the performance of different locations or divisions.

If you're unsure of whether to use categories or jobs for something, bear in mind that you can split a single transaction across several jobs, but you can't select more than one category for a single transaction.

Creating a new job

Go to the **Lists** menu, choose **Jobs** and then click **New**. Enter a **Job Name**, **Job Number** and a short description, if required. This is usually enough information to get started with (additional fields such as **Start Date**, **Finish Date** and **Manager** aren't essential). Click **OK** to return to the **Jobs List**.

Seeing where you make your money

Creating a new job is easy



Creating a new category

To turn on category tracking, go to the **Setup** menu, choose **Preferences** and then click the **System** tab. Mark the **Turn on Category Tracking** checkbox. If you want the selection of a category to be mandatory for every transaction, select **Required**, rather than **Not Required**, from the drop-down list.

Next, go to the **Lists** menu, choose **Categories** and then click **New**. Enter a **Category ID**, **Category Name** and a short **Description**, if required.

Analysing jobs within jobs

If you want, you can choose to group jobs into header and detail jobs. (Note that header jobs aren't available in MYOB BusinessBasics or MYOB FirstEdge.) For example, in the screenshot below, you can see that 'Council Jobs' is a Header Job, and individual council premises are Detail Jobs.

Use header jobs and detail jobs to organise your jobs list

| Job ID | Job Name | Invoice | Cost | Expense | Net Profit Level |
|--------|----------------------|------------|----------|----------|------------------|
| 100 | Building Contracts | \$4,400.00 | \$175.71 | \$270.79 | \$3,784.00 |
| 101 | Council Jobs | \$2,199.60 | \$183.21 | \$130.62 | \$1,586.00 |
| 102 | Childcare centre | \$1,580.28 | \$183.21 | \$21.62 | \$1,400.00 |
| 103 | Neighbourhood Centre | \$621.30 | \$0.00 | \$29.00 | \$592.30 |
| 104 | Commercial Jobs | \$2,253.25 | \$94.83 | \$279.37 | \$1,239.45 |
| 105 | Food Hub | \$2,253.25 | \$94.83 | \$279.37 | \$1,239.45 |
| 106 | Crab Trap Field | \$165.72 | \$0.00 | \$12.25 | \$153.47 |
| 107 | Swampside | \$0.00 | \$0.00 | \$0.00 | \$0.00 |

Groups of jobs are useful in lots of situations. Imagine a building project divided into distinct stages, a large maintenance contract divided into separate sites, or a couple of major customers each with individual jobs. In such instances, you can create a header job for the whole project or contract, and then create detail jobs to track the different stages or sites within this project or contract.

To create a header job in the **Jobs List**, simply select **Header Job** when creating a new job. For detailed jobs that will appear under a header, select **Detail Job** when creating a new job, as well as selecting the appropriate header job from the **Sub-job Of** field. That's all there is to it.

Seeing where you make your money

Entering opening balances for a job

You only need to set up opening balances if you start using MYOB software while a particular job is still in progress, or perhaps if you decide to set something up as a job once it has already started.

To set up opening balances for a job, go to the **Setup** menu, choose **Balances** and then Job **Opening Balances**. Enter the job number and you'll see a list of all income, cost of goods sold, and expense accounts, ready for you to record your opening balances. You can only enter opening balances for Detail Jobs, but these balances will flow through to the Header Job.

Opening balances will be included in the Job Profit & Loss reports, but be aware there will be no transaction record of this opening balance. Therefore, you will see no evidence of this opening balance journal if you display job inquiry reports.

Allocating transactions to more than one job

With jobs, if you have a single expense, purchase or deposit you want to split across more than one job, create one transaction line per job, and use the same Allocation Account on each line.

In the screenshot below, an expense for 'Materials' has been split across two jobs: job Adams and Bowle. The allocation account 5-1050 for 'Materials' has been entered twice, but each line has been allocated to a different job.

You can allocate a single transaction to more than one job



Checking for transactions with missing job numbers

To check for transactions with missing job numbers, go to the **Reports** menu, click the **Accounts** tab and find the Job Exceptions report. As well as this, make sure jobs don't get missed in the future by going to the **Preferences** window, clicking the System tab and marking the **Warn If Jobs Are Not Assigned to All Transactions** checkbox.

Setting up budgets for projects and contracts

One of the hardest things about being a builder must surely be the quoting process. If only you could know in advance exactly how much a job was going to cost, then making a profit wouldn't be a problem.

MYOB software can't help predict the future costs of a job, but what you can do is enter your budgeted cost for each part of a job before you begin. Then, as the job progresses and once it's finally complete, you can compare your actual costs against budgets for every stage. (Note that job budgets aren't available in MYOB BusinessBasics or FirstEdge.)

Sure, if you've underquoted, looking at your budget in this kind of detail will probably only make you feel depressed. However, over the course of time you may well discover a pattern to where you go wrong in your quotes (maybe you consistently underquote for plastering, maybe you never get the electrics anywhere close), and then you can start to adjust your future quotes accordingly. It is in this manner that the budget reports can really help your business do better.

Entering your initial budget

To create a budget for a job or contract, go to the **Lists** menu and choose **Jobs**. Highlight the relevant job and click **Budget**. You will see a list of all income, cost of goods sold, and expense accounts. Simply enter your budget estimates here.

Analysing budgets throughout your job

Using the Budget Analysis report, it's easy to compare actual results against estimates for every job:

1. Go to the **Lists** menu and choose **Jobs**. Highlight the job on which you want to report.
2. Fill in the **Percent Complete** field. If you enter 50%, the Budget Analysis report will only show 50% of your budget in the Adjusted Budget column. However, if you want to base this report on the total amount you've budgeted (regardless of whether the job is complete or not) enter 100% in the **Percent Complete** field.
3. Go to the **Accounts** tab in the **Index to Reports** window and highlight the Budget Analysis report. Click **Customise**, select the Job and then click **Display**.

Try creating budgets for every job or project that you undertake

| Account | Budget | Actual | Variance | Adjusted Budget |
|------------------------------|----------|----------|----------|-----------------|
| Sales | \$10,000 | \$10,000 | \$0 | \$10,000 |
| Sales Discounts | \$1,000 | \$1,000 | \$0 | \$1,000 |
| Sales Tax | \$1,000 | \$1,000 | \$0 | \$1,000 |
| Cost of Sales | \$8,000 | \$8,000 | \$0 | \$8,000 |
| Wages | \$2,000 | \$2,000 | \$0 | \$2,000 |
| Utilities | \$1,000 | \$1,000 | \$0 | \$1,000 |
| Insurance | \$1,000 | \$1,000 | \$0 | \$1,000 |
| Depreciation | \$1,000 | \$1,000 | \$0 | \$1,000 |
| Interest | \$1,000 | \$1,000 | \$0 | \$1,000 |
| Bank Charges | \$1,000 | \$1,000 | \$0 | \$1,000 |
| Bad Debts | \$1,000 | \$1,000 | \$0 | \$1,000 |
| Provision for Doubtful Debts | \$1,000 | \$1,000 | \$0 | \$1,000 |
| Income Tax | \$1,000 | \$1,000 | \$0 | \$1,000 |
| Income Statement Total | \$10,000 | \$10,000 | \$0 | \$10,000 |
| Profit After Tax | \$2,000 | \$2,000 | \$0 | \$2,000 |

Adjusting job budgets for contract variations

The easiest way to deal with contract variations is to create them as Detail Jobs in the **Jobs List**. For example, if you have a customer for whom you're building an extension, and once the extension had commenced they request additional skylights, simply create a new detail job called Skylights.

Setting up budgets for your business

To enter a budget for an account, go to the **Accounts List** in the **Accounts** command centre. Double-click the account you're going to create the budget for, and click **Budget**. Enter budgets for one account at a time; return to the **Accounts List** to create budgets for other accounts.

You can see this year's and last year's actuals next to the Budget column, acting as a sobering reality check!

Using budget shortcuts

Click **Shortcuts** in the **History and Budgets** window (found by double-clicking the account you want from the **Accounts List** and then clicking **Budgets**). You can now enter the dollar amount of the regular income or expenses, and specify how often they occur. The budget column for each month for that particular account will automatically be completed.

Deciding what budget reports to use when

The most comprehensive budget reports are accessible by clicking the **Analysis** down-arrow in the Command Centre, and choosing either Profit & Loss or Balance Sheet. Click **Filters** and you can choose to compare budgets to actuals.

If you want to extend your budget beyond the end of your current financial year, the Multi-Period Budget Spreadsheet is the one for you. Go to the **Index to Reports** window and highlight this report. Click **Send To** and choose **Excel** from the menu that appears. The report will open in Microsoft Excel in a spreadsheet format, at which point you can edit it to your heart's content.

Looking for more powerful budgeting features?

Two Keys MoneyManager, a third-party budgeting and cashflow package developed by an MYOB Certified Consultant, works with your business data, helping you to predict the future for your business. Features include creating budgets for future years as well as the current financial year, monthly budgets by job, copying and pasting budgets from spreadsheets, budget summary reports and cashflow forecasts. For more information about Two Keys MoneyManager, visit www.twokeys.com.

Creating cashflow reports

Sometimes builders find that budgets aren't sufficient for predicting how much money they're going to have in the bank, especially as their cash position varies greatly from their profit position. For example, you might make a large profit from the sale of a spec home, but have no cash in the bank as you've just bought two new blocks of land.

The solution is to create your own cashflow report, by sending your Budget Spreadsheet report to Excel, and then adapting the report from there.

Setting up budgets for your business

Creating cashflow reports

Here's what to do:

1. Set up budgets for all your income and expense accounts, as explained in [Setting Up Budgets for Your Business](#) on page 27
2. Go to the **Index to Reports** window, and highlight the Profit & Loss Multi-Period Budget Spreadsheet report.
3. Click **Customise** and highlight all months up to the end of the year.
4. Click **Send To** and choose **Excel** from the menu that appears. The report appears in spreadsheet format in Microsoft Excel.
5. Now all you have to do is adapt this budget to become a cashflow report. Add extra lines at the bottom to forecast how much money you'll have left in your bank account at the end of each month. Also, remember to include any cash amounts that don't relate to income or expenses, such as loans, purchases of new equipment or personal drawings.

MYOB software makes accounting for GST about as easy as something so complex could be. So long as you record all your transactions and allocate the right tax code to each one, there's not a great deal that can go wrong. The main thing to remember is to allocate the right tax code when recording transactions. This done, everything else should fall into place.

Recording GST

Whenever you record a transaction, you can choose whether to enter the amount as tax-inclusive or tax-exclusive by marking or clearing the **Tax Inclusive** checkbox in the top-right corner of every window. (When recording payments or receipts in MYOB BusinessBasics and FirstEdge, you will have to click **Split** in order to view this option.)

Usually, you'll find it easiest to mark the **Tax Inclusive** checkbox and enter all amounts including tax. You'll find that the GST calculates automatically and you don't have to go looking up every receipt to double-check the tax total.

You can make life easy for yourself by going to the **Accounts List** and, one by one, double-clicking each account and checking the linked **Tax Code**. By linking all income and expense accounts to the most appropriate tax code, these codes will automatically be selected when you record transactions.

Deciding what GST codes you need

Most builders find that they only need six tax codes: CAP; FRE; GST; ITS; N-T and QUE. If you own a residential investment property, you'll also need the tax code INP (standing for input-taxed purchases).

To review your codes, go to the **Lists** menu and choose **Tax Codes**. Comparing your list with the list shown below, delete any codes you don't need (they'll only serve to cause confusion) and add any codes that are missing. For all tax codes, the **Linked Account for Tax Collected** should be GST Collected from Sales and the **Linked Account for Tax Paid** should be GST Paid on Purchases. Once you're finished, your tax code list should look similar to the one below:

A simple tax code list looks like the one above

| Code | Description | Type | Rate |
|------|--------------------------------|----------------------|------|
| CAP | Capital Acquisitions | Goods & Services Tax | 10% |
| FRE | GST Free | Goods & Services Tax | 0% |
| GST | Goods & Services Tax | Goods & Services Tax | 10% |
| INP | Input-taxed purchases | Input Taxed | 0% |
| ITS | Interest income, rental income | Goods & Services Tax | 0% |
| N-T | Not Reportable | Goods & Services Tax | 0% |
| QUE | Queues | Goods & Services Tax | 10% |

Deciding what GST codes you need

What do the different codes mean? Here's an explanation:

CAP (GST on capital acquisitions)

If you're not part of the Simplified Tax System then you need to report all capital acquisitions (new equipment, tools or vehicles) separately on your Business Activity Statement. To do this, you will need to use the CAP code when recording these transactions.

If you are part of the Simplified Tax System, then you need to report all capital acquisitions (new equipment, tools or vehicles) that cost more than \$1,000. To do this, you will need to use the CAP tax code when recording these transactions.

If you're not sure whether or not you're part of the Simplified Tax System, ask your accountant.

FRE (GST-free goods and services)

Even if you don't sell any GST-free goods or services, you're bound to end up purchasing GST-free supplies such as bank charges, donations or government charges. If you employ any subcontractors who have an ABN but aren't registered for GST, use FRE as the tax code for their payments.

GST (Goods and Services Tax)

GST is the tax code that you'll use for most sales and purchases.

INP (input-taxed purchase)

Use this code for all expenses that relate to residential property investments (Note: You can't claim input tax credits for such expenses, therefore the tax rate should be 0%).

ITS (input taxed sale)

Use this code for interest and dividend income and rental income from residential property investments.

N-T (not reportable)

Use this code for everything that falls outside the GST net, such as wages; superannuation; loan repayments; bank transfers and personal spending.

QUE (query)

Use the query code whenever you're not sure what code to use. That way, when you get to the end of the quarter, you can print a report for all transactions coded QUE and ask your accountant or MYOB Certified Consultant to give you a hand choosing the correct codes.

Deciding which codes to use when

One of the tricky things when first recording income and expenses is to figure out which tax code to use when. Here are tips to help you out, written especially with builders in mind:

Income

- If you're registered for GST, then all your regular income should have GST as the tax code.
- For interest income or rental income from residential real-estate investments, select ITS as the tax code.

Expenses

- Most expenses should have GST as the tax code, including things such as advertising, electricity, postage and telephone.
- If you're registered for the Simplified Tax System, whenever you buy new tools or equipment that cost over \$1,000, select CAP as the tax code (CAP stands for 'GST on capital acquisitions').
- If you're not registered for the Simplified Tax System, select CAP as the tax code for all new tools or equipment, regardless of cost.
- Donations should have FRE as the tax code, as should almost all bank charges and interest expense. However, watch out, as merchant fees should have GST as the tax code.
- Residential rents should have ITS as the tax code, commercial rent should have GST as the tax code.
- Hire purchase and lease payments depend on what you're paying off, when you bought it and how your accountant intends to treat it. Ask your accountant.
- Subcontractors should have GST as the tax code. However, if you employ any subbies who aren't registered for GST, but have an ABN, record these expenses as FRE.
- Insurance is tricky, because almost every insurance policy is a mixture of taxable and tax-free (stamp duty doesn't have GST on it). Enter QUE as the tax code for insurance expense, and then double-check the exact amount of GST on every insurance payment when you record it.
- Milk, tea, coffee and some first aid supplies should have FRE as the tax code.
- Domestic travel should have GST as the tax code; overseas travel should have FRE as the tax code.
- Government charges are almost all GST-free, and include licence renewals, motor vehicle registration, council rates, water rates, land tax and stamp duty.

Private expenses

- Private expenses should have N-T as the tax code, as should wages and superannuation.
- If you receive money from a personal source and it isn't really income (for example, a family loan, a gift, a tax refund or a transfer between bank accounts), select N-T as the tax code.

Organising employees and subcontractors

If your business has employees during the course of the year, then make sure you're using MYOB Accounting Plus, MYOB Premier or MYOB AccountEdge. These software versions all offer integrated payroll so that you can track wages, calculate PAYG tax, produce superannuation reports, print pay advices and generate payment summaries at end of year. Compared to doing payroll by hand, you'll save hours and hours of time.

Understanding payroll for the building industry

Your MYOB User Guide covers almost all of what you'll need to know in order to process pays. However, here are a couple of quirks specific to the building industry:

- Many employees have tool or travel allowances. To set these up, go to the **Payroll** command centre, click **Payroll Categories**, and then click the **Wages** tab. Click **New** to create a new category. Select **Hourly** as the **Type** and enter the amount of the weekly allowance as the **Rate**.
- Employees who come and go are part and parcel of the building industry. Be tough and put them up on the top tax scale (No Tax Free Threshold) until they complete an Employee Declaration and supply you with their Tax File Number.
- If an employee wants to be a subcontractor, check with your accountant. In the meantime, insist they provide you with an invoice complete with ABN. If they don't provide an ABN, you have to withhold 48.5% tax from their payment.

Allocating a single employee pay to more than one job

Go to the **Payroll** command centre, click **Payroll Categories**, select the **Wages** tab and click **New**. Create an additional wage category for every job you allocate wage expenses to, or for the maximum number of jobs you have in any one pay period. Call these new wages categories 'Base Hourly 1', 'Base Hourly 2', 'Base Hourly 3', and so on. Click **Employee** for each of these categories and mark the employees who work for more than one job each pay period.

The idea is that each Base Hourly wage category can be used for a separate job number. For example, in the screenshot below the employee worked 14 hours on Job 115, 10 hours on Job 117, and four hours on Job 127.

Allocating employee pays across multiple jobs



Organising employees and subcontractors

Recording subcontractor payments

If a subcontractor is definitely a subcontractor (rather than an employee), don't record their payments in payroll. Instead, record their payments either through the **Purchases** command centre (by creating a purchase and then using the **Pay Bills** window to record the payment) or through the **Spend Money** window in the **Banking** command centre.

Managing superannuation

Superannuation can be a real headache for employers, especially in the building industry where employees come and go with such frequency, and where you usually have to send superannuation payments to more than one fund.

The solution is MYOB M-Powered superannuation, a new electronic payment method that is available in MYOB Accounting Plus and MYOB Premier. The idea behind M-Powered superannuation is that you can go into your MYOB software, see how much super you owe, click a few buttons to confirm these amounts and within a couple of minutes, complete the process that electronically transfers funds from your bank account to the superannuation funds, complete with electronic remittance advices.

The cost of this service is \$3 per employee per quarter (it's the same cost whether you pay monthly or quarterly). If you calculate how long it takes you or your bookkeeper to report for and pay superannuation every month or quarter and compare this against the annual fees of M-Powered superannuation, chances are that this fee works out highly cost-effective.

To subscribe to M-Powered superannuation, simply click the **M-Powered Services Centre** icon found on the bottom right of every command centre. Follow the prompts, send off the forms, wait a few days and you'll be up and running.

Tracking voluntary withholding tax

Some subcontractors, even though they're not employees, may ask you to withhold tax from their payments. This tax is called voluntary withholding tax, and you may need to set up a new code in the **Tax Codes** list. Here's what to do:

Go to the **Lists** menu, choose **Tax Codes** and then click **New**. Complete the **Tax Code Information** window so that it appears like the following screenshot:

Setting up your voluntary withholding tax code

Organising employees and subcontractors

Tracking voluntary withholding tax

Note that the Rate in this example is 20%, but it may vary depending on the subcontractor. The linked accounts are Voluntary Withholding Credits (which should be an asset account) and Voluntary Withholdings Payable (which should be a liability account).

To pay a subcontractor an amount that has voluntary withholding tax deducted from it, record the transaction in the **Spend Money** window, not using the payroll features. Simply enter the amount that the subcontractor actually receives in their pocket in the top-right **Amount** field, and enter the full value of their invoice as the **Amount** field in the body of the payment. If you select VWH as the tax code, then you'll see that the Voluntary Withholdings tax calculates automatically.

Deducting voluntary withholding tax from a subcontractor's pay

The screenshot shows the 'Spend Money' window in MYOB. The 'Pay from Account' is 7-1112 and the 'Cheque Account' is selected. The 'Balance' is \$10,000.00. The 'Group with Electronic Payments' checkbox is unchecked, and the 'Tax Inclusive' checkbox is checked. The 'Card' is 'Cherry Card' and the 'Cheque No.' is 12. The 'Date' is 17/06/2004 and the 'Amount' is \$400.00. The 'Paper' is 'Cherry Card' and the 'Value' is 'Four Hundred Dollars and 0 Cents'. The 'Memo' is '\$500 invoice less 20% withholding'. The 'Account' is 5-1020 'Capex' and the 'Amount' is \$500.00. The 'Job' is 'Adams' and the 'Tax' is 'VWH'. The 'Total Allocated' is \$500.00, the 'Tax' is \$100.00, and the 'Total Paid' is \$400.00. The 'Out of Balance' is \$0.00. The 'Already Printed' checkbox is unchecked. The 'Save Recurring' checkbox is checked. The 'Print Recurring' checkbox is unchecked. The 'Help IT' button is highlighted.

| Account | Name | Amount | Job | Home | Tax |
|------------------|-------|----------|-------|------|-----|
| 5-1020 | Capex | \$500.00 | Adams | | VWH |
| Total Allocated: | | \$500.00 | | | |
| Tax: | | \$100.00 | | | |
| Total Paid: | | \$400.00 | | | |
| Out of Balance: | | \$0.00 | | | |

Budgeting for tax

One of the harder aspects of running your own small business is keeping track of how much tax you owe, and making sure that you have sufficient funds available when tax bills fall due. Fortunately, you can use the financial reports in your MYOB software to help you budget for tax, avoiding any nasty surprises.

The best way to avoid getting in a pickle with GST and employee tax is to open a savings account that links to your business bank account, so that you can transfer money between accounts easily.

Created in partnership with Macquarie Bank, MYOB M-Powered® MoneyController can help you better manage your cashflow, by assisting to provide for your business's tax obligations and investing any surplus cash you may have. With this service you can:

- Analyse your current tax and payroll obligations.
- Securely transfer funds from your everyday business account to a high-interest MoneyController Provision Account straight from your MYOB software.
- Make ATO payments from your Provision Account with Macquarie Bank.
- Analyse your business's investment capacity.
- Transfer surplus cash into a high-interest MoneyController Investment Account with Macquarie Bank.

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