

# COMPILE Manual Supplement

Tax Reform Changes

PWA and Other Enhancements

January 2001

# **COMPILE Manual Supplement**

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## **1 BACKGROUND**

On 1 July 2000 changes to the COMPILE system were introduced to accommodate Tax Reform. Given the significance of the changes and the tight implementation timeframe the PWA system elements were not introduced until 2 September 2000.

After the system design was finalised decisions were made to refine the PWA process. Unfortunately, as the design process had been finalised, it was not possible to incorporate these refinements in the 2 September system release.

Consequently a contingency process was put in place to handle these PWA refinements until they could be incorporated into the system. The refinements will be included in the January 2001 release with other Tax Reform changes. Users will then no longer have to utilise the contingency process after this release.

A COMPILE Manual Supplement was produced in May 2000 which outlined the Tax Reform changes. This supplement outlines only the refinements to be introduced in the January 2001 release. The COMPILE Manual will be updated in February 2001. The manual is located on the Customs Web site at

## **2 SUMMARY OF CHANGES**

The changes to the COMPILE system included in this release are:

- GST Refund Question text and processing rules
- GST Deferral PWA processing rules
- Change of ABN processing rules
- Entry Message Advices (EMA) for change of ABN
- Manual entries and GST Deferral

## **3 IMPLEMENTATION TIMETABLE**

The implementation date for this release is Saturday 27<sup>th</sup> January 2001.

## **4 GST REFUND QUESTION**

The text of the GST Refund Question has been changed in order to make it relate more directly to the actual refund of GST monies as opposed to input tax credits. Importers must however, take account of their input tax credit situation when answering the GST Refund Question. More detailed instructions can be found at the Customs Web Site on the Tax Reform page.

The new text of the GST Refund Question is:

Are you entitled to a refund of GST or sales tax from Customs for these goods?
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The new question will be answered with either an R or an X. An R will provide a refund and an X will not.

R = Refund

X = No refund

The reason that R/X is used rather than Y/N, is that the new question is a reversal of logic relative to the old question. With the old question an answer of N would provide a refund whereas with the new question an answer of Y would provide a refund. In order to ensure that incorrect answers are not inadvertently made, it was decided to select letters distinct from Y and N. When the change has settled down and is familiar with users the answer will be reverted to the traditional Y/N.

The Question only relates to refunds and only to entries where the GST has been paid rather than deferred.

The Question is now applied at the entry level rather than at the line level. Therefore the undesirable results that could occur with the old rules have now been eliminated.

## 5 DEFERRAL ON PWAs

Deferral of GST has now been extended to also include PWA's. Any additional GST that results from a PWA will now also be deferred.

Conversely any reduction in the GST calculated on a deferral affected entry will not result in a refund of GST. The deferral amount will simply be reduced.

Adjustments such as these will be reported to the ATO and will be reported on an importer's BAS. Negative adjustments that have been made in a different calendar month to the original entry will be reported to the ATO but will not be included on the BAS.

### 5.1 Change of ABN

Under the current rules of the system, if the ABN on an entry was changed a refund would not be paid where the original ABN paid GST and the new ABN deferred GST. In order to avoid this situation a contingency entry would have to be lodged.

This situation has been rectified with the PWA refinements to be introduced in this release.

### 5.2 Entry Message Advice (EMA)

When PWA's are lodged in order to change an ABN the GST payable outcome of such an action can be confusing, especially if the PWA is performed on an entry that was created in 2000.

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The essential outcome or difference of a PWA may result in certain monies being payable or refundable from Customs which may not readily relate to the effect upon each of the affected ABN's.

Therefore in order to assist in analysing the effect on each ABN as a result of an ABN change a number of EMA's have been devised. These EMA's will outline the effect on each ABN in terms of an increase or decrease in the amount of GST payable.

An example of the type of EMA's are as follows:

**ABN 12345678901/001 REFUNDED GST OF \$9999999999.99**

**ABN 12345678901/002 TO PAY GST OF \$9999999999.99**

**OWNER CODE 1234567A REFUNDED GST OF \$9999999999.99**

**OWNER CODE 1234568B TO PAY GST OF \$9999999999.99**

## **6 MANUAL ENTRIES**

Deferral of GST will no longer be allowed on manual entries. GST must be paid on all manual N10 and N30 entries.