



# e-News

Monday, 31st July 2023

Newsletter No 105

## How to Series No 1 - How to Enter an Insurance Bill

# HOW TO

## Bookkeeping Resource

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This week, I am starting a bookkeeping resource series called "How To" (not very original, I know!). Each week I will share instructions with you about how to enter some common transactions. I will be using Xero as the software, but don't worry if you use another software, the basic rules will still apply. The series will run for 4 weeks and perhaps longer if I get a good response.

So here goes, the first how-to is about how to enter an insurance bill the right way.

**Step 1** - grab your insurance bill and go to the part where it shows you the breakdown of charges. It may look something like this:

<b>Premium</b>	<b>Base Premium</b>	<b>GST</b>	<b>Stamp Duty</b>	<b>Total</b>
	\$382.50	\$38.26	\$42.08	\$462.84

**Step 2** - Log into your software and go to the area where you add bills.

**Step 3** - Enter the name of the insurance company, the relevant dates and the reference number or name as below:

[Purchases overview](#) > [Bills to pay](#) >

## New Bill

From	Date	Due Date	Reference	
AAMI NEW	29 Jul 2023	5 Aug 2023	2023-24 Business Insuranc	

AUD Australian Dollar

**Step 4** - Enter a line in the bill for each charge shown on the bill. In this case, there is one for the premium and one for the stamp duty component. Select the insurance account you want to use - you may have one for business insurance and another for motor vehicle insurance etc. Notice that the premium figure is plus GST, whereas the stamp duty is BAS excluded. This is because stamp duty does not attract GST. It is very important to break up your insurance bill like this and to never enter a bill 100% inclusive of GST. Doing so will mean that you overclaim GST in your BAS.

AUD Australian Dollar	Amounts are	Tax Exclusive						
Item	Description	Qty	Unit Price	Account	Tax Rate	Region	Amount AUD	
::	Business Insurance Premium 2023-24	1.00	382.50	433 - Insurance	GST on Expenses		382.50	×
::	Business Insurance Stamp Duty 2023-24	1.00	42.08	433 - Insurance	BAS Excluded		42.08	×
::	Rounding	1.00	0.01	433 - Insurance	GST on Expenses		0.01	×

[Add a new line](#) [Assign expenses to a customer](#)

Subtotal 424.59  
Total GST 10.00% 38.25

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**TOTAL 462.84**

**Step 5** - Check that the GST amount agrees with the insurance bill. In this case, it is **\$38.25** which is one cent less than our bill, hence the rounding line I have added to agree the total amount with the supplier's bill.

**Step 6** - Approve the bill to ensure the expense is added to the accounts correctly.

So that's it for this week's "how-to". I hope you learned something new. Please note that this insurance example is pretty basic. Some insurance bills have extra charges which may or may not include GST. The trick to getting these sorts of more complex bills entered correctly is to ensure the GST figure in the bill **agrees** with your software

entry. If it doesn't, you need to check each charge for its GST status i.e. some items will include GST and others may be GST-free.

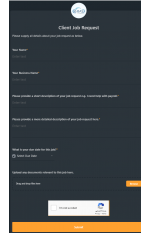
Next week I will show you how to enter motor vehicle registration bills. Until then, have a happy week.

## Latest Articles



### Simple Cash Flow Tool

Download our new cash flow tool.



### Job Requests

Learn how to submit job requests to us.

DO NOT  
INCLUDE

### What NOT to include in Payslips for Paid Family & Domestic Violence Leave

Something important to call out in relation to paying this leave is the information that is **prohibited** from being included on the employee's payslip.



### Xero Tips & Tricks

Here is my list of useful tips and tricks that I use when wrangling Xero. I'll try to keep adding new tips etc as I discover them. I hope you find them useful.

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