MYOB AND SMALL WINERIES – OVERVIEW

INTRODUCTION

Many small wineries use MYOB accounting. MYOB is fine for small wineries accounts, even though compared to some other businesses winery accounts can be complex and confusing. These notes explain one possible method to doing your accounts on MYOB. Any version of MYOB (not Business Basics) is suitable. This course is aimed at intermediate MYOB users or above. The screenshots are from MYOB V14+.

The documentation is divided up into five main sections.

1. Overview. A brief introduction to the method, concentrating on the scope and framework of what the method is about.
2. Set-Up. This is how MYOB is setup for this method. These are once only jobs, but should still be referred to occasionally.
3. Set-Up Inventory. How to deal with inventory. This section is not wine specific and could apply to any manufactured goods.
4. Selling the Wine. This is how to do the day to day stuff.
5. End of Period. Basically how to do the BAS, as well as getting it all together for the accountant at the end of the year.

DISCLAIMER

Before you use this method, you should check with your accountant. It may be in conflict with the method your accountant uses. It may contain errors or be out of date due to legislative changes. It may be too simple or unsophisticated for your business. In addition, this method is not endorsed by MYOB, and Computing@home has no affiliation with MYOB.

The method uses general journal entries, at the end of a period, derived from reports to create the correct tax information. If you want to have complete correct tax information (e.g. profit) on a daily basis), then this method is not suitable. This method does not expose complexity to day to day users, so adjustments may have to make at the end of the period.

SCOPE

Wineries using this method should:

- Be under the WET threshold of $500,000 for rebates;[1]
- Be registered for WET and GST;
- Be happy to use the Half Retail Price method for sales to end users. (There is another method);
- Want to inventory stock.

Wineries using this method may:

- Have cellar door sales;
- Sale wine overseas;
- Sale wine to staff;
- Sale wine through their cafe etc;
- Sale wine to a wholesaler;
- Sale wine to a retailer, restaurant etc;
- Sale other products beside wine;
- Buy or sale Grapes, Juice, Bulk Wine and
- Use wine in tastings promotions etc.

[1] To convert that to turnover, if a winery only sold to resellers (restaurants and retailers), then that would represent a turnover of about $2.45 million including GST. If the winery sold only to end users (like cellar door sales), then their turnover could be closer to $4.9 million before they would be over the threshold.   In general, assuming some cellar door sales, and direct sales, wineries over about $3 million turnover will have to start remitting WET. In this case minimising WET takes priority over simplifying paperwork, and the method outlined here, though MAY be appropriate, should be examined closely by a qualified person.

WET

WET stands for the Wine Equalisation Tax. The tax was introduced to maintain the price of wine when GST was introduced and sales tax removed. Wine previously had a wholesale sales tax of 42%.

To compare, assume we had a bottle of wine with a wholesale price of $10 (before taxes). Old system price is (after taxes) $14.20. New system price is $10 + $2.90 + 10% = $14.19. Close enough!

There are a couple of important points to remember about WET. Unlike GST it is only charged once in the supply chain, and that is at its last wholesale. This **may** be at the farm gate, i.e. you may have to charge it, or it may be at some other point. Also despite the fact that you may not pay WET, you must, by law, track WET on every bottle of wine. Even for those given away, used in tastings, lost, or broken. In other words, you must record-keep as if you were a large winery that had to pay the WET.

WET REBATE

Note it is called a WET rebate, not exemption. Presently it is $500,000, which represents about $2.45 Million of wholesale wine sales GST/WET inclusive. In essence, we **pay** this WET, but claim it back on the same BAS form, up to the $500,000 exemption, so no actual money changes hands. Therefore, we have to record WET in exactly the same way as a real WET payer, but we do not have to worry about complex schemes to minimise it. Where we have a choice in how we calculate it, we will choose the easiest. However if you were to rise above the threshold, so you became a payer, then you would need to examine your options.

Example. In the 2007 to 2008 financial year, you calculated your WET at $520,000. Therefore, you only had to pay $20,000. However by changing methodologies on how you calculated WET you could save 2%. 2% of $520,000 is $10,400 a significant saving.

WHOLESALE PRICE

WET is charged at 29% on the wholesale price of wine. The wholesale price is defined as the price you charge customers that are going to resale the wine to end users. Some larger wineries charge slightly less than 29% WET on their invoices, presumably because they say some costs on that invoice is not part of the wholesale price of wine. However, we will not be dealing with that case.