Selling the Wine

Invoicing Customers

Sounds simple enough, but correct invoicing of customers is probably the hardest thing to do correctly. The problem is we have to identify what sort of customer we are dealing with. We also have to understand a few concepts which are explained below.

GW, WEG and WET in MYOB

When we made an item we gave it a selling code of GW. This is a premade "consolidated "tax code in MYOB, consolidated because it actually made of two different taxes, WET and WEG. WET we know about, it is 29%. WEG means GST on WET and is actually 12.9%. See why below in my example.

Wholesale price of Wine is $10
WET is $2.90 (29% of $10)
WEG is $1.29 (12.9% of $10)

So wine is $10 + $2.90 +$1.29 = $14.19

This is the same as $12.90 + 10%, so MYOB are cheating (sort of) by calculating the GST on the wholesale price (e.g. $10) rather than the WET included price of $12.90.

Quoting

WET is charged at only one place (its last wholesale supply) in the supply chain. This is generally at the farm gate for small wineries; that is when the winery sells the wine. However there are circumstances where your customer either does not need to pay the WET because they are exempt, or are going to wholesale the wine themselves. In this second case THEY are the wholesaler, not you.

Where a WET free supply of wine is to be made, the purchaser needs to produce a Quotation Form. I have included a copy of the form. Notice the form does not mention WET. I have no idea why.

The three most common uses for a quotation form would be (To defer WET):

1. *From a customer who is a wholesaler – they will be wholesaling your wine.*
2. *From (or to) another winery. You are buying, or selling bulk wine.*
3. *From a customer (with an ABN) who was going to export the wine within 60 days. In this case they would indicate they would be making a GST Free supply and you would not charge them GST or WET. More on this later.*

There is a lot on the ATO's website about Quotations, but their constant use of the word GST, the over legalistic use of terminology, and their apparent lack of relevance make it difficult to understand them.

I have included images of the two you will come into contact with. The first you would use if you were to buy bulk wine from another winery, the second is what a wholesaler should supply you on a periodic basis. (The form only needs to be issued to the supplier once a year.)

Quotation under the *A New Tax System (Wine Equalisation Tax) Act 1999.*

The entity named below hereby quotes Australian Business Number (insert number) _____

The entity hereby notifies you that it **intends/does not intend*** to make a GST-free supply of the wine.

***Cross out whichever is not applicable if wine is being purchased from a wine producer.**

Name of entity quoting

_____

Name of individual authorised to quote

_____

Signature of individual authorised to quote

_____

Date _____

Figure 1 Quote Form for a single WET free supply

Quotation under the *A New Tax System (Wine Equalisation Tax) Act 1999*.

The entity named below hereby quotes Australian Business Number (insert number) _____ in respect of all wine purchased during the period _____ to _____ inclusive, except wine in respect of which the entity notifies you to the contrary at or before the time of the relevant assessable dealing with that wine.

☐ The entity declares that at the time of making this periodic quote it does **not intend to make a GST-free supply** of any of the wine it purchases, however, it undertakes to notify you at or before the time of the relevant assessable dealing if this intention changes for a particular purchase.*

☐ The entity declares that at the time of making this periodic quote it **intends to make a GST-free supply** of all the wine it purchases, however, it undertakes to notify you at or before the time of the relevant assessable dealing if this intention changes for a particular purchase.*

*If the entity is purchasing wine from a wine producer it must indicate which of the above is applicable to it by placing a cross in the relevant box. Only one box should be completed.

Name of entity to whom quote is made
_____

ABN of entity to whom quote is made
_____

Name of entity making quote
_____

Name of individual authorised to quote
_____

Signature of individual authorised to quote
_____

Date
_____
_____

Note: The maximum period that can be covered by a periodic quotation is one year.

Figure 2 Quote for a periodic WET free supply

Notional Wholesale Price

Not all, maybe none of the wine you sell, you sell wholesale. As WET is charged on the wholesale price, a notional wholesale price is used to calculate the wine you sell direct to the public. The ATO allow two methods of calculating this:

- *Half Retail Price Method.*
- *The Average Wholesale Price Method.*

The average Wholesale price method uses a weighted average (we know weighted averages now) on the wine we sale wholesale, but the half retail price method is easiest, and in most circumstances probably ends up with less WET. Also we can only use the second method if we actually wholesale at least 10% that wine, in many cases wineries might not wholesale certain varieties at all.

We also have to use the Notional Wholesale Price, for calculating WET on Wine for Own Use

Wine for Own Use

The most common examples of wine being applied to own use are: (from the ATO)

- *wine used for cellar door tastings;*
- *wine used for tastings at exhibitions;*
- *wine used for wine shows;*
- *Wine used for promotions;*
- *wine donated to charity;*
- *wine given to retailers, restaurants and so on, as samples;*
- *wine given to staff; and*
- *wine taken for personal consumption*

*It's clear that we have to record all this wine, so we can work out the WET. It should be noted that wine given to resellers, as part of an invoice (say 13 to the dozen special), **does not** count as "Own Use", but wine given to a reseller as samples, to encourage them to buy in the future, does.*

What to Charge

This section is probably a little off topic. It is mainly just opinion, so market forces, your own policies, your customer's policies etc will override a lot of this. However wineries should be aware of what price they want their wine to sale at in the bottle shop.

While the winery does not have control of the final price, there is a rough rule of thumb they can use to determine what the final retail price will be (inclusive of GST). Wine sold to:

> *Retailers (i.e. Bottle shops).Wine will be 2 times the wholesale price*
> *Wholesalers. Wine will be at least 2.5 -3 times the wholesale price at the bottle shop.*

So a wine sold to a retailer at $10 + WET will be $20 on the shelf, to a wholesaler, $25-$30 by the time it gets to a bottle shop. It would be ideal if your end user could get it competitively at any bottle shop; they may baulk at paying $30 if they got it elsewhere for $20. To ensure even pricing, you would want to sale wine to a wholesaler at about 25% - 30% less than to a retailer. The wholesaler will let you know how much they want to buy it at anyway, based on its current wholesale price you already sale it for, so they are competitive. You also want to make sure you are selling the wine at someone near this price (bottle shop price) at your cellar door, and on your internet site. Why would anyone want to buy wine at a bottle shop for $25 when they get it online for $15? Bottle shops are unlikely to support wineries that undercut them.

Even if we do not sell our wine to all types of customers, we still should have, in place, a price for all. Computing@home suggests the following price structure – even if you don't sell to distributors.

> *Wholesale Price less 20-30% - For Distributors – they will let you know.*
> *Wholesale Price – For Retailers*
> *Retail Price = 2 times Wholesale Price – For cellar door sales and Online Sales*

The above argues that the wholesaler is happy with a discount of 30%. Truth is the wholesaler will say what discount they need to have, so you will need to structure your wholesale price on this price – you need to make money on sales to distributors as well. You need to determine what costs you do not have selling to a distributor (advertising, marketing, freight etc), doing the sums to see what they are per bottle, and then seeing what you need to sell your wine.

Of course, you may want to charge more for cellar door sales, especially for single bottles. As we now know what our cost price is, and might have some idea what the price to the end user might be you can make adjustments based on accurate information. We can offer discounts to retailers for large purchases if we like, as our wholesale price is at least 20% above our base price – the price to distributors.

We should be able do this without regard to the fact that we are going to keep the WET. We should, in truth, be able to make money, assuming all the wine is sold without the WET rebate. The WET rebate should be looked at helping you develop the winery, such as building up stocks, develop markets, run cellar door sales and restaurant sales until they become profitable, surviving poor yields and catastrophic events, and help pay for other expenses that cannot be reasonably absorbed into the winemaking costs. You should, even if you never plan to get that big, be able to pay the WET when you reach the threshold.

Landed Unit Cost (or LUC) and Retail Price

The LUC is the price a retailer or wholesaler buys the wine for, exclusive of GST but (in the case of a retailer) inclusive of WET. So a bottle sold for $10 + WET + GST would have a LUC of $12.90. In general this is the price (the LUC) that Retailers want to see on their invoices, as this is what they base their mark-up on, but unfortunately there is no way for MYOB to do it.

However price lists to Retailers should be LUC. We also probably want reasonably round prices. For example if our wholesale price is $7.50 then our LUC is $9.675, and that is just stupid. It is far better to have our LUC at $9.70 and make our Wholesale price $7.519.

When we sale to end users (like internet sales), we need to quote prices inclusive of GST. This is law. In the example below we might charge $15.00 (approx double $7.519).

Discounting

Discounting is a fact of life in the wine industry. Wineries usually need to sell their stock, not too far after the next vintage is bottled. Otherwise wineries wear costs associated with storage, and some wines may even get a little past their best.

You should not really offer Fred's Bottle shop a discount, and not Tom's. After-all Tom might find out, and become annoyed, and it is legally a bit questionable. Ad hoc discounts are to be discouraged. Instead Computing@home encourages a controlled discount environment, based on what we know about our costs, and our inventory levels. For Example:

Rudy Wines offer a 5% discount to retailers on 5 case orders and a 7.5% on 20 case orders. They do not offer any bonus stock. Last year Rudy wines realised (by looking at historical trends in their inventory reports) that they were going to be over stocked with merlot, so they emailed all their retail clients with a 15% discount on 5 case buys.

Types of Customers

The sorts of customer you have determine the sort of invoice you produce. There are these sorts of customers.

- *Wholesalers;*
- *Retailers (Includes Restaurants);*
- *Overseas;*
- *Retail (Cellar Door etc);*
- *Own Use;*
- *Consignment (Not really a customer).*

Wholesalers

*We may only have one wholesaler, or at most four or five. Wholesalers sell the wine to retailers such as hotels and restaurants. As such **they**, not you, have to collect the WET. Remember they have to supply a Quotation form that should say they are going to charge GST. The good news is you can still claim the WET rebate – it's obviously based on the price you charge them, not the distributors.*

In the method we are going to use, we are merely going to invoice the distributor the wholesale price of wine you have put in the Item Window, less any discount agreed upon, and with the GST tax code. In other words we are NOT recording in MYOB the fact that the ATO now owes us WET; we will be doing that later at BAS time. It's extremely important any wine sold to distributors is sold through an item invoice, with the correct customer card, because that is what we are going to report on at BAS time to reclaim the WET.

Figure 3 important Information for A wholesaler

In the Card Information Selling Details make sure the following are correct:

- *Sale Layout: Item*
- *Printed Form: WholesaleItem (You will need to make one showing exclusive line totals and prices – or use the one provided).*
- *Tax Code: GST.*
- *Use Customers Tax Code: Checked (ticked).*
- *Volume Discount: Agreed Discount for this distributor.*

Note that any other field is voluntary in this window.

Figure 4 Entering an Invoice to a Distributor

QTY.	ITEM NO.	DESCRIPTION	PRICE	UNIT	DISC %	EXTENDED	CODE
288	93458215147	Ruddy Wines Merlot 2007	$173.24	$7.519	Btl	20%	$1,732.38	GST

Figure 5 Printed portion of the invoice shown in figure 8

The above invoice to our wholesaler shows the key points:

- *Number of items is bottles, not cases.*
- *Price is wholesale less a discount.*
- *The GST code is automatically selected.*
- *The Discount automatically comes up.*
- *The invoice is automatically printed on the correct template.*
- *The invoice shows the price exclusive of GST.*

*As you can see its easy once set up. There is no chance of making a mistake as it is all automatic. The distributor will not be charged one price one day, and another price another day, depending on the person who packs the order and runs off the invoice. **It's all automatic**.*

Retailers

Retailers are Bottle shops, Hotels and Restaurants, etc. That is anyone who is not an end user, but sells to an end user. Put their Liquor Licence Number and the Customer Type – Retail – into the Card details section as discussed earlier.

Figure 6 Customer Card showing key information.

In the Card Information, Selling Details make sure the following are correct:

- *Sale Layout: Item.*
- *Printed Form: WholesaleItem (Same as Wholesaler).*
- *Tax Code: GW.*
- *Use Customers Tax Code: Checked (ticked).*
- *Volume Discount: Agreed Discount for this customer – if any.*

To invoice a reseller merely raise an item invoice and make sure the GW code is selected (it should already be). Computing@home suggests discounts should be in the way of percentage discounts, rather than such mechanisms as 13 to the dozen, or bonus stock. Bonus stock presents the retailer with a difficulty on a mixed invoice (say 1 bonus case of Merlot for any 5 cases), because it's hard to say what you have actually charged

per case of wine.[1] However if you do bonus stock, the good news is that there is no special way of handling the WET; the ATO accepts there is NO WET to collect on the bonus stock.

Figure 7 Sale to Retailer showing bonus stock.

In the above screen shot, we have given our customer *Wine R Us* a bonus Cabernet. We merely sale it for $0; there is no WET to collect, because the ATO are happy to see this as a discount on the total invoice.

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[1] *As an example let's say you give bonus stock rather than a discount. If the customer returns the wine for any reason you might credit the customer the full wholesale price of wine. However if you gave the same wine and discounted it, then you would only credit the customer with the discounted price.*

Overseas

An overseas customer is one that you are going to ship to an overseas destination, or when you are holding a Quotation Form, from someone with an ABN who is going to ship overseas. The quotation should say they are going to make a GST FREE supply.

An overseas customer is NOT someone who says they are travelling overseas. Under special circumstances they may be able to claim a WET/GST rebate at the airport. The package contains scans of the customs flier that sets out the conditions your customer can claim in this circumstance.

The overseas sale represents a minor problem to the small winery. The (knowledgeable) overseas customer will want WET and GST removed from the price. GST is no problem, but as WET is rebated normally, removing WET (and therefore foregoing the rebate) means you are actually discounting your price. It does not matter if you are shipping the wine, or the person who quoted you is. No WET rebate can be claimed.

If you are selling the wine to someone who has quoted a GST Free supply, then in MYOB, the tax code should be FRE. If you are shipping the wine yourself the tax code should be EXP.

It is interesting to note, that if a retailer buys the wine from you, and subsequently ships the wine overseas, they can claim the WET as a rebate. Of course you are also claiming the rebate, so in this case, 2 rebates are claimed for the same wine – and it is legal! Computing@home assumes (dangerous in law), that the retailer would not know the wine is being shipped overseas before they ordered it for this to be legal.

The above screen shot shows how to enter a case of wine you are shipping overseas. The normal retail price of $15 has been reduced to $13.65, essentially removing the GST. Freight is added as a GST free item at the bottom (not shown).

Sale to End Users or Retail Sales

This includes Cellar door sales, mail order sales, internet sales and sale to friends etc. WET is charged on the Notional Wholesale Price. The ATO allows us to use two methods to work this out.

- *Half Retail Price Method.*
- *Average Wholesale Price Method.*

We can use both methods on the same BAS.

Unfortunately MYOB does not have a concept of a Average Wholesale Price. The only way we could work out the WET using the Average Wholesale method, is using a series of reports and journals. Not too hard, but it is easier just to use the Half Retail Price method. Though this method might not minimise your WET, it is not a concern until you reach the $500,000 limit.

This method is based on an idea on MYOB's website, but has been greatly simplified. MYOB's method made you enter in 2 extra lines on an invoice and uses 5 different tax codes. It showed the WET rebate as income, at the time of the sale. Our method leaves the WET as a liability until the BAS is done.

The way to enter a sale to a retail customer is simple. First set up a card called Cellar Door sales card.

In the Card Information Selling Details make sure the following are correct:

Sale Layout: Item.
Printed Form: RetailItem (You will need to customise one with Inclusive prices in it, or use the one provided).
Tax Code: RET.
Use Customers Tax Code: Checked (ticked).

Volume Discount: 0%.

The screen shot below shows the effect of RET. You need to make sure "Tax Inclusive is checked, as you will know the price of wine inclusive of taxes, and manually enter the actual price. Here it is $15.00. The inset shows GST of $16.36 which is 1/11 of $180 and WET of $26.10 which is 29% of half of $180 .

Restaurants and an Alternate method for Cellar Door Sales

Somewhat more complex is working out WET on wine "Sold by the Glass". A simple method is to add all restaurant takings – regardless of how much wine was sold, and enter them on a normal service invoice against an income account "Restaurant Income" with GST.

To account for the wine, both for WET and for Inventory control, some method needs to be adapted on how many bottles the restaurant is using. It can be done daily, weekly or monthly, but needs to be done before the BAS. Maybe put a book in the cellar or storeroom. First create an item like so.

 The Tax code is GST.

Let's say the restaurant sold 7 bottles of Merlot. It does not matter how they sold them, or for what price. We have already accounted for the income by putting it against Restaurant Income on a Service Invoice, or maybe into Receive Money. All we want to do is get the WET and inventory right.

We know we can use the Average Wholesale Price method to calculate WET. We don't really know the Average wholesale, but we do know the wholesale which we normally charge. The average wholesale will be lower than that (with our discounts and so on), but we can still use it; as we have overestimated it, and if we were actually paying WET, then that is better (from the ATOs point of view) than underestimating it.

This invoice is zero, but creates the WET we need to report on our BAS.

We could use this method for Cellar Door Sales. You would create an item C for Cellar Door Sales and just do the same thing. That is put your Cellar door takings in via a service invoice with GST, and then just put the wines in periodically. This method is preferred if you are not using MYOB at your point of sale. You just need a way to count the number of bottle you sale – because you enter the takings as a total with GST, you don't need to actually know how much you sold the wine for.

Wine for Own Use

As mentioned before we have to track WET on the following sort of transactions.

> *Wine used for cellar door tastings;*
> *Wine used for tastings at exhibitions;*
> *Wine used for wine shows;*
> *Wine used for promotions;*
> *Wine donated to charity;*
> *Wine given to retailers, restaurants and so on, as samples;*
> *Wine given to staff (or sold to); and*
> *Wine taken for personal consumption*

It is clear that WET is not just a tax to maintain the price of wine, but an excise as well. It might seem like a waste of time to track all this, seeing we do not even have to pay it, but there are two good reasons.

> *It's a legal requirement.*
> *It's useful to know.*

Before we start we have to decide exactly which ones apply to us, and of those, how we are going to deal with them. I will work through an example.

Rudy Wines has decided it is going to track (or uses) these four.

> *Wine used for Cellar Door Tastings.*
> *Wine used for promotions/tastings/giveaways/samples etc.*
> *Wine sold to staff.*
> *Wine for personal consumption.*

We will work through one of these in detail, and then discuss how to make the required changes for the rest. We are going to use the Average Wholesale Method, though we are NOT going to be working out the average wholesale price. As always it's going to overestimate the WET, so if you are over the threshold, be aware. MYOB has an alternate method on their site that seems way too complex.

Wine used for Cellar Door Tastings

First we are going to create an expense account called "Cellar Door Tastings". As the expense of tastings, is an overhead of the wine side of the business, it will be taken up at the end of the year to the cost of making the wine using the full absorption method. So group it appropriately.

Next we are going to create an item called CDT or Cellar Door Tasting. Check "I Sell This Item" only, and make the income account the account the Wine Sales Account. See screen Shot below to see how. In Selling Details, give it a default tax code of GST.

Create a Customer Card called "Cellar Door Tastings"

Now we are going to get the book, spreadsheet, empties in a box, or whatever, to see how many bottles we actually used in tasting. We MUST have a way of counting them. You COULD of course put them through each time you opened a bottle, though I do not suggest it.

In my example we do it weekly, getting the figures from a small book in the tasting room. This week we have tasted 21 bottles of Merlot.

The above screenshot shows the transaction as well as the journal recap. The sales tax is properly credited, though ideally we probably want to debit an expense account rather than a cost of sales account, and we have debited "Sales" the amount of the WET. This will be re-credited at BAS time. The Cost of Sales account can be fixed, if necessary at BAS time. See the section "Correcting the Cost of Sales" to see how. The emphasis here is simplicity rather than making sure the accounts are in a finalised state after each transaction.

Wine used for promotions/tastings/giveaways/samples etc.

Whether we taste wine is our cellars or elsewhere it is still needs same bookkeeping. In this case we just want to split it up for our own records.

> Create a manual way of actually counting the wine used in this way.
> Create a Customer Card called "Promotional Wine"
> Create an expense account called "Promotional Wine"
> Create a sales item PW, Promotional Wine, sales account "Wine Sales, Tax code GST
> Periodically enter a item invoice as above, but use the "PW" item rather than the "CDT" as the item that makes the invoice $0
> Once a year, or at BAS time, correct the Cost of Sales. See section "Correcting the Cost of Sales.

Wine sold to staff

If you are selling the wine at around wholesale prices, just sale the wine with the GW tax code. Otherwise create a sales item called SS "Staff Sales", link it to "Wine Sales" and give it a Tax Code of GST. When you sale

wine to staff (presumably at a highly discounted price) then just put the wine in at the normal GW price, and use the "SS" item to adjust the price to the price you are actually selling it to your staff member.

Wine for personal consumption

This refers to the owner or partner of the business. Create a sales item PU "Personal Use", link it to "Wine Sales" and give it a selling tax code of GST. When you sale the wine to the owner, put their customer card in, sale the wine at normal wholesale price with the GW code, and reverse the sale to zero using the "PU" item.

At some point (possibly at BAS time, or just at the 30th of June) you will need to create the drawing to the partner or owner, or "loan" to the director. You will already have the appropriate Balance Sheet account for that person.

Correcting the Cost of Sales

In this section we have been debiting the Cost of Sales each time we have been "Selling" wine. In actual fact we have not been selling it, so we should not really been debiting that account. With the promotional wine we really want to debit the promotional accounts, and for the Owners wine, their drawings or loan accounts. To find out exactly run the following report.

Inventory>>Items>>Item Transactions>>

Set the date filters. Run the report for each "Customer" that you need to adjust. In the screenshot below we have run the report on our owner Jerry Martin for the month of January.

Ruddy Wines

Item Transactions

1/01/2008 To 31/01/2008

20/01/2008
2:17:28 PM

Page 1

ID#	Src	Date	Memo	Debit	Credit
12345678912121			**Ruddy Wines Cabernet 2003**		
00000010	SJ	22/01/2008	Sale; Martin, Jerry		$134.40
				$0.00	$134.40
93458215147			**Ruddy Wines Merlot 2007**		
00000008	SJ	20/01/2008	Sale; Martin, Jerry		$56.75
00000009	SJ	22/01/2008	Sale; Martin, Jerry		$113.50
				$0.00	$170.25

The journal entry generated by the above report is below.

It is worth reiterating that this $170.25 represents the "Actual" cost of the wine, as worked out using the Full Absorption Method, and using weighted averages. For Cellar Door Tastings, etc, just run the above report for that "Customer" and make the above journal crediting the appropriate expense account.

Returns, Breakages and Credits

These are a fact of life, and by themselves can make a bookkeepers life painful. However because we have set up a simple method of dealing with WET and Stock, then dealing with these becomes very simple.

Returns

Just make an Item Sales Invoice using negative quantities, and the same tax code as they were originally invoiced for.

Breakages, Corkages, and Ruined or Written Off Stock

Create a Breakage Account as an Expense. Use Adjust Inventory as the screenshot below.   In this example we broke 7 bottles. We do not need to record WET on these events.

Be careful about writing off stock. In general it is best to check with your accountant, as the tax and legal implications might be severe if you write off too much.

If you are crediting a customer for any of the above you will need to issue them a credit invoice as per Returns.

Credits

As Returns, but if you are crediting an invoice for overcharging, you can just use a Service Invoice with the credit amount on 1 line, with the original tax code. This beats crediting the complete invoice and then reissuing it at the correct price. Note that some customers may not want it done this way.

Consignments

Consignment Inventory is inventory that is in the possession of the customer, but is still owned by the supplier. The advantage for the winery is that it might be a way to get reluctant customers to take stock. In every other way it is undesirable.

Computing@home suggests you never agree to use consignments. If a retailer is reluctant, offer extended terms, and/or return for credits for unsold stock.

Buying or Selling Wine in Bulk

If you are buying bulk wine, then you need to fill in a Quotation form, crossing out the GST free section, and give it to the supplier (which is likely to be another winery). The transaction is entered into MYOB as a normal purchase with GST against an expense that will be later absorbed into the inventory. We are making no attempt to keep this separate in the barrels as far as our accounts are concerned.

If selling then you accept the Quotation form, and enter as a sale with GST against an income account using a service invoice. If you want to track profit monthly and loss you will need to make a journal crediting the "Wine Inventory" account, and debiting the Wine "Cost of Sales" account, both with the tax code N-T. The amount will be the price per litre you worked out as at 30th June. It is entirely possible (though hardly desirable) the amount posted is higher than the amount you actually sold it for.

Wine Sold By Commission.

Computing@home accepts there are many ways wineries are dealing with commission; some seem quite chaotic. The following method keeps control of invoicing at the winery.

1. Determine the commission as a percentage as one of GST inclusive or GST Exclusive or WET/GST exclusive.
2. Set up your persons as "Employees", even if they are not Employees.
3. If they are not Employees set them up as Suppliers as well.
4. For employees create a Wage category called Commission. Commission will attract superannuation and tax, but not holiday or sick leave entitlements.
5. Your sales force informs you of the orders. You invoice the customers in the normal way, but in the Salesperson section, enter the Salesperson.
6. If a Customer order ALWAYS crates a commission to that sales person, then enter the salesperson in the Customer card "Selling Details" section.
7. Periodically run a Sales>>Salesperson report

Rod Bennett						
Wine R Us	00000017	1/11/2007	$225.57	$94.52	$320.09	Open
Wine R Us	00000018	1/02/2008	$1,924.87	$806.52	$0.00	Closed
			$2,150.44	$901.04	$320.09	

8. Manually calculate the commission. Assuming 10% the commission for the above employee "Rod Bennett" is:

Method of Calculating Commission	Commission
Exclusive of all taxes	$215.04

Exclusive of GST	*$277.41*
Inclusive of GST	*$305.15*

9. *Now raise (assuming a non-employee) a Suppliers invoice to that sales person (called a recipients invoice), and along with the above Sales report send it to your sales person (along with a cheque or payment advice). The amount is GST Exclusive, so if your sales person is registered for GST you need to add 10%. If an employee, staple the report to his wage remittance advice, putting the relevant amount (eg $215.04) on the commission line.*

Buying or Selling Grapes

This is a GST free supply, so just enter it using a Service Invoice (Purchase or Sales) using the tax code FRE. If you are selling grapes remember to work out the tonnage, against the total tonnage, and only "Absorb" that percentage of grape growing and harvesting costs back to Inventory.