

Reading Questions – Chapter 4 – Corrections / Taxes

1. What is the proper process for correcting a writing error in the General Journal? _____

2. What are the two steps in making a correcting Journal Entry after GL entries have been posted? _____

3. Define each of the following. Which one is not included when computing tax money returned to the business? _____

GST: _____

PST: _____

HST: _____

ITC: _____

4. What two accounts are used in this course to record the GST/HST paid on purchases and charged on sales? _____

5. How do you calculate the GST (5%) amount if there is no provincial sales tax included in the price of an item?

6. How do you calculate the GST (5%) amount if there is a provincial sales tax of 7% included in the price of an item?

Calculating GST and PST **included** in a total if GST is 5% and PST is 7%:

Step to Take	Type This on Calculator	Result
1. Enter the number into the calculator	570	570
2. Press the M+ button to store the number in memory.	M+	M 570
3. Multiply the number by the PST rate and divide by 100 +GST +PST rate. This gives the PST amount. Record it.	$x 7 \div 112 =$	35.63
4. Clear entry, recall number from memory	CE, \diamond M	570
5. Multiply the amount by the GST rate and divide by 100 +GST +PST rates. This gives the GST amount. Record it.	$x 5 \div 112 =$	25.45
6. Subtract it from the initial number	M-, \diamond M	544.55
7. Key in and subtract the PST amount	35.63, M-, \diamond M	508.92
8. Clear Calculator for next calculation	*M, *M, C/CE, C/CE	0

Calculating GST and PST **included** in a total if both are 5%

Step to Take	Type This on Calculator	Result
1. Enter the number into the calculator	570	570
2. Press the M+ button to store the number in memory.	M+	M 570
3. Multiply the number by the GST rate and divide by 100 +GST +PST rates. This gives the GST and PST amount. Record both.	$x 5 \div 110 =$	25.91
4. Subtract the GST and PST from the initial number	M-, M-, \diamond M	518.18
5. Clear Calculator for next calculation	*M, *M, C/CE, C/CE	0

Calculating GST and PST **not included** in a total if GST is 5% and PST is 7%:

Step to Take	Type This on Calculator	Result
1. Enter the number into the calculator	570	570
2. Press the M+ button to store the number in memory.	M+	M 570
3. Multiply the number by the GST percentage rate. This gives the GST amount. Record it.	$x .05 =$	28.50
4. Clear entry, recall number from memory	CE, \diamond M	570
5. Multiply the number by the PST rate and divide by 100 +GST +PST rates. This gives the PST amount. Record it.	$x .07 =$	39.90
6. Subtract it from the initial number	M+, \diamond M	609.90
7. Key in and subtract the GST amount	28.5, M+, \diamond M	638.4
8. Clear Calculator for next calculation	*M, *M, C/CE, C/CE	0

Calculating GST and PST **not included** in a total if both are 5%

Step to Take	Type This on Calculator	Result
1. Enter the number into the calculator	570	570
2. Press the M+ button to store the number in memory.	M+	M 570
3. Multiply the number by the GST percentage rate. This gives the GST and PST amount. Record both.	x .05 =	28.5
4. Subtract the GST and PST from the initial number	M+, M+, \diamond M	627
5. Clear Calculator for next calculation	*M, *M, C/CE, C/CE	0

Completing Exercise **1, 3, 5, 7, 10 & 12**. Other exercises can be done as extra practice.

Complete the January Correcting entries to KBC Decorating Co. for Jan 1st -15th. Remember to use the **Chapter 4 KBC Handout** instead of the book exercise. Thanks

