trialbalance

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Data, GST for 'Platforms'

The platform economy is where websites introduce buyers and sellers to each other.

Starting at the beginning of January 2024, certain platforms called "listed services" are going to have to collect information from you. This will help Inland Revenue ensure people pay tax if they're selling on the internet.

The listed services are:

- accommodation
- personal services such as ride sharing, tutoring and gardening
- web graphic design
- transport services such as Uber and vehicle rentals

All these platforms are going to need to register for GST regardless of how small they are, except for non-resident platforms, which will be required to register if their supplies exceed $60,000.

If you're selling and use the services of one of these platforms, it will add a 15 percent GST charge. It will pay the GST and you will receive the exclusive amount zero rated. You include this in the zero rated keypoint in the GST return and you will still be entitled to claim GST on your expenses in the usual way.

If you're not registered for GST the platform will account for GST at the rate of 6.5 percent, but will be collecting 15 percent from the customer. It will pay the extra 8.5 percent to you.

For example, an Uber driver not registered for GST would charge a fare of $10. The platform would collect $11.50. The Uber driver would get $10.85.

Why is this? Since the Uber driver has had to pay GST on the fare, there needs to be some allowance for GST on expenses and this is how it's being done. It might be clearer if we say the Uber driver is actually having to put up his fare to $11.50 as though he were GST registered.

GST

Unlike other businesses, any supplies normally zero rated, such as export services, will be standard rated for these platform operators.

If you or anyone you know is thinking about creating a website providing listed services, remember you might have to register for GST.

Source: www.turnerlegal.co.nz

PROUD EMPLOYER OF FIRE & EMERGENCY VOLUNTEERS HE ROPŪ KOTAHI TĀTOU

Tax Calendar

January 16 2023

Second instalment of 2023 Provisional Tax (March balance date except for those who pay Provisional Tax twice a year)

Pay GST for period ended 30 November 2022

April 11 2023

Terminal tax for 2022 (March, April, May and June balance dates). For all clients except those who have lost their extension of time privilege.

Make tax reminders

Set up tax reminders in your diary for a couple of weeks before each date tax is due to be paid. Reminders coming by email might not reach you or they might go to your junk folder and not be noticed.

Depositor compensation scheme

The Deposit Takers Bill brings all deposit takers under one set of rules and protects New Zealanders' money through the introduction of a depositor compensation scheme.

New Zealanders will have up to $100,000 of their deposits in any eligible institution guaranteed in the event that institution fails.

The levies are intended to vary according to the riskiness of the investment.

Never use expensive IRD money

Inland Revenue has hiked its interest rate twice this year, with it now at just under 8 percent.

You should never use Inland Revenue money.

If you're on a high income or your income suddenly jumps to a high figure, attracting tax for the year of at least $60,000, you will be liable to pay interest to Inland Revenue on any underpaid tax for the year.

But you can do something about it. Your first option is to top up the tax to the right figure by the due date for the third instalment of provisional tax, known as P3 (for most people 7 May).

If the interest bill is going to be large, you can use a tax intermediary to reduce it.

Seven-year records might not be enough

Inland Revenue requires us to keep our business records for seven years. But it's not quite as simple as this.

The department also requires taxpayers to prove themselves innocent if ever they are challenged. So in ten years, Inland Revenue might approach you with a question they want answered. You would need to be able to answer the question and if it was going to give rise to a tax issue, prove yourself to be right.

Let's look at an example. You buy a residential property and for good reason you sell it a short time later. A couple of years after you have destroyed records, Inland Revenue decides it wants to check on whether you had kept the property long enough to avoid tax on what it calls the bright line test. This requires the buyer of a residential rental property to keep it for a certain number of years. If you haven't got all the documents to show when the property was bought and when it was sold, you might have a problem.

There can be several crucial dates:

- the date you signed the sale and purchase agreement
- the date the contracts went unconditional
- the date the property was transferred to you

Similarly, there are several dates needed for sale or disposal of the property. So here you have an example where holding on to documentation for more than seven years is important.

If you have a family trust, ignore the seven years rule because you need to comply with trust law as well as tax law. Keep all records for the life of the trust.

Be selective about what you throw out. Computers have enormous storage capacity so why not scan most of the documents and save them in your computer or on to a portable hard drive?

New rules to make GST record keeping easier

Are you registered for GST? Keeping records is about to get easier.

Changes aimed at modernising GST rules for invoicing and record keeping are being introduced.

Most changes come into effect on 1 April 2023.

The new rules are designed to support e-invoicing and electronic record keeping. Particularly New Zealand's adoption of the Pan European Public Procurement Online (PEPPOL) framework.

There is no change to the GST calculation, only the rules relating to invoicing and record keeping.

The changes are designed for the greater flexibility, so if your invoicing practices meet the current requirements, you'll comply with the new rules.

Overview of changes

Starting on 1 April 2023, there will be new terminology to support flexible record keeping practices. For example, the term 'taxable supply information' will replace the current term 'tax invoice'.

Also starting on 1 April:

- New information requirements will need to be met based on the value and type of the supply.
- A single document that holds all the taxable supply information will no longer need to be kept, such as a tax invoice, credit note or debit note.
- Transaction records, accounting systems, supplier agreements and contracts can be used alone, or in combination, to meet the information requirements.
- Taxable supply information can be provided using an automated direct exchange between a buyer's and seller's software.

You will not need to change the wording of the GST documents your business uses to reflect the new terms. For example, you may continue to provide taxable supply information in a single document. However, this wording will no longer be required.

Source: www.turnerlegal.co.nz

Bank Payments moving to 365 days a year

The rollout date of 365-day payments is scheduled to start from 22 April 2023.

This upcoming change will mean Kiwis can receive as well as send payments between banks every day of the year.

This change is a further evolution of New Zealand's payments system, enabling more flexibility for individuals and businesses to pay or be paid any day they want, including weekends and public holidays.

Payments in a changing world

We now live in a world that's highly connected, always on and is underpinned by continuous economic activity. Customers expect fast, accessible, and uninterrupted services across all industries and sectors, regardless of the day of week or time of year.

Moving electronic payments (such as automatic payments, bill payments and direct credit payments) to 365 days a year will help meet these evolving customer expectations. A major payments system initiative like this forms one of the key building blocks for us to modernise payments across the ecosystem. It is part of a greater body of work being coordinated by PaymentsNZ that sets out a future view of the NZ payments ecosystem to 2030 and identifies what future capabilities are required to meet the changing needs of New Zealanders.

By moving to 365-day payments, commerce will no longer have to wait for a traditional business day to be completed. Businesses providing services over weekends and public holidays could see improved cashflow. Extending availability will also create opportunities for more innovation, allowing businesses to have the opportunity to look at ways to innovate within their business model.

Getting prepared for the change

All businesses and payment service providers should start thinking about what the implementation of 365-day payments could mean for their own organisations, internal processes and customers. In the meantime, participating banks will be working through their solutions and will get in touch with their customers to provide more detailed information as this change is rolled out.

Currently the banks who are part of this system change are: ANZ, ASB, Bank of China, BNZ, Citi, HSBC, ICBC, Kiwibank, TSB and Westpac.

A rough idea is better than none

Businesses should be preparing accounts more than once a year, even if the result is only an approximation. It is better to have a rough idea of how you are doing than to have no idea at all. From time to time we see a client turn in a poor result for the year, not knowing it has happened until well into the following year. Often thousands of dollars could have been saved if the business had been monitored regularly.

Gross profit percentage

For many businesses the ratio of gross profit to sales should be reasonably constant. Gross profit is the amount left over after deducting direct costs from sales (direct costs are the costs that vary with sales, as opposed to fixed overheads).

To improve this ratio, look for:

- Wastage of materials and/or time
- Theft of goods or cash
- The proportion of high to low profit margin sales (sales mix)
- Quoting errors
- Underpricing
- Discounting to achieve increased sales volume
- Ways to maximise trade discounts
- Regular review of margins and markups
- Systems in place to ensure that all costs (materials, labour, travel etc) are on billed
- Maintenance of accurate inventory records
- Regular review of inventory for slow moving and obsolete stock, monitoring stock turnover.

Source: RSM New Zealand

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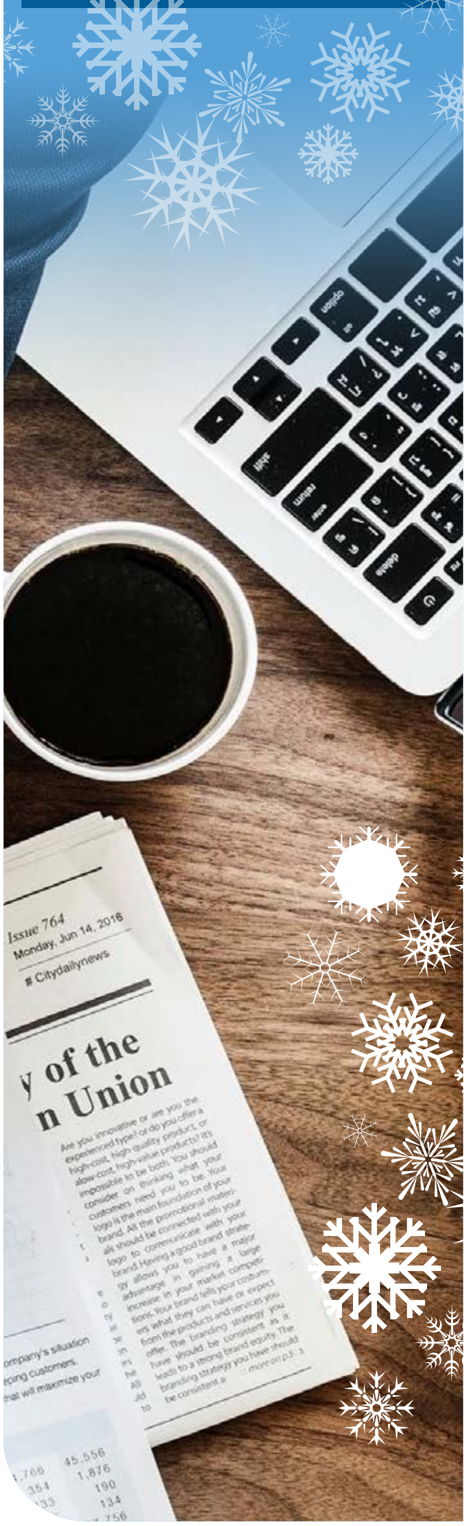

"Apparently there's no good or bad children anymore...only misunderstood!"

New Staff: Emilie Spicer

I was born and raised in Mid Canterbury, before heading to Canterbury University in 2010 where I studied for a Bachelor of Commerce in Accounting.

I completed my degree in 2012, and then worked for a CA firm in Christchurch for four years where I became an Associate Chartered Accountant, before making the move back to Ashburton in 2017. I spent five years at another CA firm in Ashburton before making the move to Brophy Knight in November 2022.

Outside of work I am married to Mark and we have a young daughter, Maggie, who keeps us very busy.

Christmas / New Year Office Hours

Our office will be closing at 1 pm on Wednesday 21 December 2022 and re-opening on Monday 9 January 2023.

Everyone at Brophy Knight would like to thank you for your business through the year and wish you a very Merry Christmas and Happy New Year.

brophy knight

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