

# BUSINESS TAX UPDATE

Inland Revenue's tax news for businesses

Issue No 76 • September 2016 • IR381



## REMINDERS

**28 September:** GST returns and payments are due for the period ending 31 August 2016.

**Note:** If a due date falls on a weekend, public holiday or provincial anniversary day, we can receive your return and payment on the next working day without a penalty being applied.

If you have any suggestions for topics you'd like covered in this newsletter, email [BusinessTax.Update@ird.govt.nz](mailto:BusinessTax.Update@ird.govt.nz)

## Money Week 5 – 11 September

The aim of Money Week is to get New Zealanders talking about how to get ahead with their money. This year we're involved by linking employees and customers with the resources available to help them get ahead.



**Maximise your opportunity:** are you getting all you can from KiwiSaver? Are you contributing \$1,043 each year to get the \$521 member tax credit from the Government?

For more information go to [www.sorted.org.nz](http://www.sorted.org.nz) (search keywords: how kiwisaver works).

**Payments to schools:** did you know that you can claim a donation tax credit for some payments to schools? Are you claiming correctly for the payments you make?

For more information go to [www.ird.govt.nz](http://www.ird.govt.nz) (search keywords: school donations).

**Clear your debt:** do you have a student loan or other debt that is bringing you down or stopping you getting ahead? Learn how to manage debt.

Go to [www.sorted.org.nz](http://www.sorted.org.nz) (search keywords: student loans) or search their guides for more information.

**Plan your retirement:** it's never too late or too early to start thinking about your retirement.

Learn how make plans at [www.sorted.org.nz](http://www.sorted.org.nz) (search keyword: retirement).

**Earning interest? Are you paying the right tax on it?:** Make sure that you're not paying too much (or too little).

Go to [www.ird.govt.nz/toii](http://www.ird.govt.nz/toii) to work it out and make changes if it's not right.

The Commission of Financial Capability (CFFC) runs the Sorted website [www.sorted.org.nz](http://www.sorted.org.nz) which has lots of information on how to start to get ahead with money.

You can also go to [www.moneyweek.org.nz/](http://www.moneyweek.org.nz/) for more information.

## cancelling your GST registration

You must cancel your registration within 21 days if you:

- stop your taxable activity, and
- don't plan to start any taxable activity within 12 months.

If you keep business assets after cancelling your GST registration (for private use or use in another business) you need to make an adjustment in your final GST return.

The adjustment is made in box 9 on your return. It's calculated based on the open market value of the asset. The open market value is the price you might reasonably expect to get for an asset in a competitive auction setting in New Zealand on that date. Go to [www.ird.govt.nz/tool-for-business](http://www.ird.govt.nz/tool-for-business) for more information about your obligations when cancelling your GST registration. There are also some videos to help you get it right.

To cease your GST registration, send a secure mail through your myIR Secure Online Services account, send in a completed *Business cessation (IR315)* form, or call us on 0800 377 774.

## Salary exchange for private use of company vehicle

If you pay your employee a lower salary in exchange for them using a company vehicle for their private use, this will affect their Working for Families Tax Credits entitlements and student loan obligations as the salary reduction is treated as part of their income.

You should make sure your employees are aware of this if you have this arrangement or are considering offering it. For more information go to [www.ird.govt.nz](http://www.ird.govt.nz) (search keywords: income adjustment).

## File your Employer deductions (IR345) form every month

As an employer, you file an *Employer monthly schedule (IR348)* every month to let us know how much your employees earn and what their tax and other deductions are.

You also need to file an *Employer deductions (IR345)* form every month. The IR345 is your employer "payment slip" and lets us know how to split your payment for the month. Without it, your payment won't go to each tax type correctly, causing incorrect debt letters to be issued, and possibly penalties and interest.

To avoid incorrect debt letters being issued, make sure you file your IR345 with your IR348 and payment every month.

## Cash jobs aren't tax-free income

While most people pay the right amount of tax, we know some people think they don't have to pay tax on cash jobs. Undeclared cash jobs take unfair advantage of honest businesses and cheat those who pay the right amount of tax.

It's okay to do jobs for cash or for your mates, as long as you declare the income in your tax return. You must:

- record every job, no matter how big or small, and provide your customers with receipts
- charge GST if you're registered for it. You must register for GST when your annual turnover exceeds \$60,000
- declare **all** your income when you file your tax return.

If you're already paying tax on all your income, there's nothing more you need to do. If you're not doing the right thing we can help you get back on track.

If you've left some income off your tax return it's best to let us know now by making a full voluntary disclosure.

Find out more about putting your tax returns right at [www.ird.govt.nz](http://www.ird.govt.nz) (search keywords: right returns).

### Know someone who's not playing fair?

The entire community is affected when businesses cheat on their taxes. If you know someone who's doing undeclared cash jobs you can let us know anonymously at [www.ird.govt.nz](http://www.ird.govt.nz) (search keywords: anonymous information).

If you do this by using the form available please provide as much details as possible.

Taxes pay for services we all need, such as healthcare, education, environmental protection and recreation.

