

Welcome to our third 2017 newsletter.

New Provisional Tax options for 2018

At the moment there are 3 methods to pay provisional tax:

- Most commonly used is the 'standard' method. This uses the previous year's tax to pay amount balance and adds 5% to predict the following years provisional tax
- Estimated method. This is when a level of provisional tax is predicted based on a change in circumstances such as an increased or decrease in business
- Ratio method. This is the current method of paying provisional tax in each 2 monthly GST return cycle based on the level of sales income and using IRD's calculated rate unique to your business.

New Method

From 1st April 2018 you can now have a fourth option – to pay using a new Accounting Income Method called AIM.

This method uses your actual current data to predict your provisional tax amount on a monthly or 2 monthly cycle. A Statement of Activity is generated and submitted through the software to IRD.

How is this method different?

If you have a slow few months and have overpaid your provisional tax then the software may calculate a refund. This refund can be released quicker than waiting for your tax return to be filed.

Also if you have a better year than last year, this will avoid you having an unexpected large end of year tax bill.

Instead of paying provisional tax 3 times a year (using the standard method) you can pay 6 times a year (if 2 monthly GST registered).

Who can choose this method?

If you prepare your GST return as part of an AIM-capable software you can elect to use AIM. Currently the software providers are: Xero, Reckon & MYOB. Unfortunately this is not available if you manually calculate your GST Return at the moment.

Any entity that is not a partnership, portfolio investment entity, superannuation fund, trust or Maori authority

Only available for businesses with turnover under \$5 million a year.

Only available for businesses filing GST Returns on a 1 month or 2 monthly GST cycle.

What to do now?

- If you are interested in calculating your provisional tax using the AIM method and we currently prepare your GST Return then please let Sally know and we will switch this on for you.
- If you currently use one of the AIM-capable software then you should receive information from your provider closer to the time with further details.
- Please discuss with us if you would like to start using Xero software and we can discuss the different options

Please note this method does not replace needing to file a tax return at the end of the year but may help to avoid large unexpected tax bills instead.

Automatic Exchange of Information

New Zealand has committed to a new global standards on the automatic exchange of financial account information (AEOI).

From 1 July 2017 when you open up a new account on behalf of a legal entity, such as a company the financial institution must obtain a self-certification from you and will ask information such as: how the entity's assets are managed and the tax residency of individuals who control the entity.

If the account is identified or treated as being a foreign tax resident, under the AEOI laws, the information will be sent to the tax authority.

Please let me know if you need help completing the declaration information.

Electronic Logbook

IRD have approved 2 cloud based systems for recording vehicle journeys:

- LogbookMe (app)
- Fleet NZ Ltd

These can be used to record business journeys and reports can be generated included enabling calculation of business use percentage.

Please let us know if you use one of these logbooks and please send us a copy of the reports for our end of year files.

Facebook

BJKing now has a facebook page. Please find us on:

<http://fb.me/BJKingAssociates>

Please 'like' us to receive any upcoming alerts.

GST or Payroll

Often business owners need to invest so much time in running their business that they often struggle to file GST returns and payroll documents on time. Or prepare these documents in their personal time.

We offer both of these services.

Please call Sally to discuss your needs.

Upcoming Tax Dates

The next provisional tax payment date is 15th January 2018. We will email you a reminder in December.

Please do let us know if your circumstances have changed so we can advise you accordingly.

Always Happy To Help

Remember to speak to us if you have any of the following:

- Overseas bank accounts or investments
- Received historical untaxed foreign superannuation
- Thinking of selling rental properties
- Would like to discuss the benefits of starting a new company or a Family Trust
- Thinking of providing an employee with a meal or travel allowance
- Want to discuss the options of buying a company vehicle and how personal use is taxed.
- Or just simply want to talk about your business

Going Away or Need your tax prepared in a hurry?

We will try our best to prepare in time but please note our normal processing time is to complete the returns in a 6 to 8 week period.

Christmas Office Close Down

Our office will be closed on Wednesday 20th December and will reopen on Tuesday 9th January 2018.

If we don't see you soon we hope you have a safe Christmas break.

B.J. King & Associates Ltd

1/721 High Street, Boulcott, Lower Hutt 5010

Ph: 04 5677263 W: www.bjking.co.nz

E: Sally@bjking.co.nz