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## Tax Reminders

### Terminal Tax 2011

If you have tax to pay for the year ended 31 March 2011, this must be paid to Inland Revenue by 7 April 2012. This year 7 April is Easter Saturday so you have until **Tuesday 10 April** to make payment, otherwise late payment penalties will apply.

Late payment penalties start at 1% per day for the first few days, to a total of 5% at the end of the first week. Then penalties are added at 1% per month and interest is charged from the first day late at 8.89%. Remember too that interest is also charged on the penalties so the cost of being late can rise very quickly.

We recommend early payment!

### Provisional Tax 2012

The third and final provisional tax payment for the year ended 31 March 2012 is due 7 May 2012.

If you don't know how much provisional tax to pay please contact us.

### GST Due Reminder

GST is also due for payment by 7 May 2012.

### Planning cash flow for taxes

7 May can be an expensive time of the year with both provisional tax and GST due on the same day. This is the only time of the year that this happens.

Remember when planning your cash flow that any invoices dated 31 March 2012 or relating to work done in March will be taxable income. To quickly calculate the amount of tax that should be paid, especially if your tax is more than \$50,000 for the year (or likely to be), work out your likely income for the year from your Profit and Loss statement, then use Inland Revenue's handy online tax calculator at: <https://www2.e-services.ird.govt.nz>.

Deduct the amount you have already paid this year and the remaining amount will be the tax you have to pay for 7 May 2012.

If you have any queries about this please call us.

### Accumulating Imputation Credits

If you would like to consider paying a company dividend this year then remember that you can only attach imputation credits to those dividends for company tax paid based on accumulated imputation credits and if none are available, then on the company tax paid during the tax year, 1 April 2011 to 31 March 2012. To maximise the imputation credits available you may need to consider paying the company's 7 May 2012 provisional tax payment before 31 March 2012.

### Online access to your tax details at Inland Revenue

You can now access your own tax payment details online through Inland Revenue. This is a great way to check what payments have been made etc. without lengthy phone calls to Inland

Revenue. To obtain online access go to: <http://www.ird.govt.nz/online-services/ir-online-services-register.html>. This is a two –step process involving logging onto Inland Revenue’s website and then following up with a phone call.

## Google Ads

If you are paying for Google Ads remember there is no GST so you cannot claim GST on the costs. This is not always obvious particularly if the cost is charged to your NZ credit card.

In Xero mark the cost as “No GST”. If this is a regular cost for you please let us know as it may be worthwhile setting up a separate code for “Advertising - No GST” in Xero.

## Year end stocktakes

Remember if you sell products and have stock on hand at balance date you need to complete a stock take at 31 March 2012.

If all purchases were treated as costs of sales then it would be difficult to calculate the real amount of sales and the cost of those sales. A stocktake recognises that some stock will not have been sold at year end and the amount of stock on hand needs to be taken into account when matching the sales with the cost of those sales. The cost of sales calculation is:

opening stock + purchases – closing stock.

To complete a stocktake you will need to count and list all products on hand ready for sale or part products and assign their cost price to them.

## Employer Changes to Superannuation

From 1 April 2012 any employer paying superannuation contributions will now have to deduct ESCT (Employer superannuation contribution tax) from the contributions it makes to your super scheme. This includes employer contributions to KiwiSaver.

The effect is that while the employer will still pay the same amount, part of the payment will be paid to Inland Revenue and the employee will receive a little less into their super scheme or KiwiSaver account. The amount of tax is generally based on the individual’s personal top tax rate. More details are available at <http://www.ird.govt.nz/changes/employers/budget-employers.html?id=more>.

Employees don’t need to do anything but for employers more calculations will be required.

## Our changes this year

This year we are making several major changes to how you receive your year end accounts and tax details:

1. All reports will be produced in Xero
2. All tax returns will be produced and efiled through WorkFlowMax
3. All details will be emailed to you.

The major difference you will notice is that you won’t receive a pile of paper from us anymore - our small contribution to the planet!

The reports will be slightly different and look smarter and we will still electronically file tax returns with Inland Revenue. If you would prefer to receive paper copies please just let us know.

And we’d like to welcome our 2 new students this year, Sam Brogden and Shehaan Lamb. Both are studying accounting at Victoria University.

## Tech Corner

Over the last few weeks we’ve compiled a list of useful tips to save you time when using Xero. Have a look at our website at <http://www.dowsemurray.co.nz/accounting-faq.asp#81>.