



Paul Duggan & Associates Limited
Chartered Accountants

ACCELERATE

December • 2017 | Issue • 007 | Season's Greetings!

THE MONTHLY NEWSLETTER FOR GROWING BUSINESSES

Wishing you a safe and happy Christmas and a prosperous new year!
Our office will close on 21 December 2017 and reopen in the New Year on 8 January 2018. Thank you for all your support this year from the team.

SEASON'S GREETINGS!

This is our last newsletter for the year. We know you are probably busier than ever so we will keep it short.

Are you still tacking up the tinsel while thinking about everything on your to-do list? Do you have all your reindeer in a row or is your sleigh skidding into the silly season? Check your cashflow to make sure the business is in good shape for December and January tax dates.



DON'T LEAVE IT LATE - GET TAX SORTED BEFORE CHRISTMAS

Provisional tax and GST are due on 15 January.

The timing of these payments isn't ideal as many of you will be indulging in the delights a summer break offers.

But it's important that you don't neglect your tax obligations – especially as Inland Revenue will charge 8.22 percent interest and late payment penalties if you don't pay the tax you are required to pay on time.

That's why we have put together a list of suggestions below to help you get tax-ready before Christmas.

You're probably already doing these things, but it never hurts to be sure. We've also mentioned an option that gets around paying provisional tax when IRD tells you to.

As always, we are happy to work alongside you to come up with a strategy and talk through your options. Give us a call.

REVIEW YOUR BOOKS

Make sure your records are accurate and up to date, to get an indication of your overall cashflow position.

COMPLETE JOBS EARLY

Prioritise work that can be finished quickly so you can bill clients and have money in your bank account before Christmas.

BUY TIME WITH OTHER CREDITORS

Explain your situation and see if you can pay suppliers later.

PREPARE A QUICK BUDGET

Figure out what you are going to need to cover overheads while on break, especially if it's going to be several weeks before you start earning again.

CAST YOUR EYES OVER DEBTORS LEDGER

See if those who owe you money can pay early (sweeten the deal by offering a slight discount). Chase outstanding invoices.

CONSIDER USING TAX POOLING

IRD-approved tax pooling intermediaries such as Tax Management NZ offer payment plans that let you choose how and when you pay provisional tax. These wipe late payment penalties, and you are charged interest which is lower than that of IRD's.

PRESENTS AND PARTIES

Are you planning a Christmas event for your clients? Is gift-giving on your to-do list?

Take a minute to refresh yourself on what is deductible as a business related expense.

Presents

Are you thinking of gifts for clients, business associates or team members?

If gifts consist of food or drink, you can only claim 50% of the expense as a tax deduction. If gift baskets or hampers contain some food or drink and some other goodies, the food or drink items are 50% deductible but the other gift items are 100% deductible.

Note that when you claim the tax deduction, you need to apportion the expense between the 100% deductible items and the 50% deductible items. Let us know the details..

Parties

The basics: an expense is business-related if you spend the money to help your business earn income. Business-related expenses are generally fully deductible. If the expense does not help your business earn gross income, it is a private expense, not claimable as a deduction. Purely promotional events put your brand out there and are a marketing expense for the business. But entertainment events such as Christmas parties inhabit a grey area sometimes.

You will need to make a GST adjustment for any entertainment expenses which are 50% deductible. This will be required when your income tax return is filed. We can help you with this.



Are you planning a promotional event open to the general public? Sponsoring the local Santa parade?

The event will be 100% deductible as a business expense. However, if the event is not open to the public, but by invitation to customers, business associates or team members, you can only deduct 50% of the costs.

Are you planning an event for charity? A Christmas party at the local hospital? Serving Christmas dinner at the local homeless shelter?

Entertainment supplied for charity is 100% deductible.

Are you celebrating a spectacular year and taking your team to Raro for a weekend?

Entertainment enjoyed outside New Zealand is 100% deductible. However, if your team contributes to costs (for airfares or anything else), make a note to reduce your expense claim by the amount of the contribution.



BUSINESS HEALTH CHECK

Things to do this month:

- Check your cashflow and tax position, using the tips in this newsletter.
- Get together with your team to make sure you cover everything needed if your business is closing over Christmas. Review your worksite and equipment for safety and security. Back up your client and financial data on all IT systems and run any anti-virus updates.
- Let clients and suppliers know your closedown details or limited opening hours. Consider whether your office or website needs signage giving a contact number if the office will be unattended. Keep it general as you don't want to flag too good an opportunity for thieves.

KEY TAX DATES DECEMBER 2017 & JANUARY 2018

DATE	CATEGORY	DESCRIPTION
5 December	PAYE	Large employers returns and payments
20 December	PAYE	Small employers return and payment Large employers return and payment
	RWT	RWT return and payment due for November
	NRWT / Approved Issuer Levy	Payment and return for November
15 January	PAYE	Large employers returns and payments
	Provisional Tax	Instalment due
	GST	Return and payment due for November
22 January	PAYE	Small employers return and payment Large employers return and payment
	FBT	Third Quarter return and payment due
	RWT	RWT return and payment due for December
	NRWT / Approved Issuer Levy	Payment and return for December
29 January	GST	Return and payment due for December

CONTACT OUR TEAM

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