

## Helpful tips on GST documentation

With the decision of the IRD to have most GST cycles match with balance dates we now find that some GST months are extremely busy.

To ensure we have enough time to complete your return we need to reinforce the need to have papers brought in early in the month. Papers arriving later in the month may not allow enough time to complete everything by the 28th of the month.

Below are some helpful tips on how to present your GST papers to us, ensuring we have everything, so processing your GST return is quick, accurate and filed on time - saving you money.

### Documents required for completing your GST –

- Bank statements
- Dairy income statements
- Visa statements/receipts (if used for business)
- Livestock purchases
- Sales invoices
- Tax invoices
- Cash receipts

### All tax invoices and receipts need to show details of purchase

- Name of provider
- GST number
- Date
- Value
- Second hand goods (like Trade Me) require name of person who sold goods along with address, date of purchase, description of goods and value.

### Attachments

- Invoices can be attached to the statements
- A statement without the tax invoice is not sufficient for claiming GST.
- Small cash receipts can be stapled to a blank piece of paper to avoid them being misplaced.

### Documentation should be sent in the following order

- Bank statements,
- Income invoices (dairy statements, livestock sales, other income),
- Invoices paid by cheque, - in cheque

number order,

- Invoices paid by internet banking and direct credit, in order of date paid
- And lastly, cash receipts.

### More than one bank account

- If you have more than one bank account, please have the documentation behind the appropriate bank statement.
- Use a separate bank account for your personal spending. Have an automatic payment or transfer from your business account so we don't have to unnecessarily analyse personal transactions.

### Notes on Bank statements and invoices

- Notes on your bank statements, especially for items you may not have invoices for i.e. wages, personal expenses, and miscellaneous income.
- Writing on the invoices the amount you have paid with the cheque number or if making payment by internet banking, stating the date you have paid it.

### Documentation

- Making sure that all invoices are sent in will result in the job being completed more efficiently with less interruption to you.
- Please do not leave it to the last week before your return is due to send in your GST papers. Sending them last minute may result in us not being able to complete them on time which will result in IRD penalties and interest.

## Beach Houses and GST

**Do you rent out your Beach House short term AND is it owned by an entity that files GST returns? Beware!**

With the changing legislation around the definition of commercial rental properties, we have a concern with beach houses.

'Commercial rental property' now includes residential properties if they are rented out for short term e.g. a beach house.

For example, you may have a trust which owns a farm and therefore is GST registered. This trust also owns your beach house. If you rent out your beach house short term, you must now return GST to the IRD on the income and expenses for the house.

This includes many people who advertise their property on the internet, perhaps on the "Book-a-Bach" site or similar - which is

very easy for the IRD to trace.

There may also be GST implications on the sale of your property.

If you have no other business in the entity which owns it, there are no implications for you with the new rule. You will not need to be GST registered unless your turnover exceeds \$60,000 per annum which would be far in excess of the turnover of your beach property. Also if your beach house is not rented out, you have no worries.

A solution could be to transfer the property to another entity which is not GST registered.

If this might apply to you, we suggest you come and talk to us.



## Gift Duty

From 1st October there will no longer be any tax to pay on 'gifting' to another person, charity or trust. Previously there was a limit of \$27,000 per annum, per person; amounts over this were liable for gift duty tax.

However there are several factors to consider before you 'gift' to another person

- The money is no longer yours if it is gifted to a trust.
- Protecting assets from creditors – if in financial difficulty, you may have to prove you were solvent before the gift was made or the gift may be undone.
- Protecting assets from relationship breakup – you may receive more protection by using a relationship property agreement which classifies items as 'separate property' and 'relationships property'.
- Be aware that there are different rules regarding gifts for rest home subsidies.

## Dairy Statistics

These reports were distributed in July and will assist you in comparing your farm's performance to the group's averages.

Overall key highlights:

- Dairy farming more profitable in 2010 compared with 2009 but not back to the levels seen in 2008
- Operating expenses have remained consistent over the last 3 years per kilogram of milk solids
- Feed costs doubled for owners with sharemilkers from 2008 -2010

You can access these reports by visiting our website [www.cooperaitken.co.nz/Services/Taxation/Dairy-Farming-Group-Averages](http://www.cooperaitken.co.nz/Services/Taxation/Dairy-Farming-Group-Averages), or phone the office and we can print it out for you.

## Maximize the value of personalised reports

To really benefit from these reports you need to request a personalised one. This will benchmark your farm against the group. This is powerful information that we can help you interpret so you can see the areas where you are out performing others, and areas where improvements could be made to increase profitability. The cost of this total service (individual report and consultation) is \$295 (plus GST). Please contact your Director if you would like to explore this option.

We are aiming to get 2011 statistics out early Feb 2012.

## IRD Update

The IRD is activity pursuing the 'hidden economy' ensuring everyone pays their fair share of tax, lessening the burden of those of us who pay their taxes correctly. They are initially focusing on the hospitality industry with regards to income not being returned and wages not being correctly declared.