



APRIL 2017 UPDATE

Kumeu Auckland

FROM OUR OFFICE

Terminal Tax Notifications

As your accountant and tax agent, we send to all our clients, notifications of when Terminal tax is due, and the amount that you need to pay.

The IRD have also started sending out these notices to all taxpayers and this has caused a lot of confusion, due to the fact that the IRD notifications are sent out around the same time as the KTS notifications - making some clients think that they need to pay again.

Please be assured that the notifications from KTS are the ones to follow and the amounts to pay are correct.

You are able to pay these taxes through online Banking or through myIR if you are registered for this App.

Selecting the correct tax period

It is very important when paying any tax, to ensure that you select the correct dates from the dropdown of periods listed, otherwise your payment will go astray and will need manual intervention by us to allocate the payment to the correct period. The default period that shows when you pay is not necessarily the correct period for your payment.

OUR STAFF



Karen Loft has moved on !

Karen, who has been a valued member of our team at KTS, has moved on to start a new venture together with her husband in Whangarei, her last day with us was on Friday 24th March. From all the team at KTS, we wish both her and her husband great success in their new venture and all the best for the future.

ITS A NEW YEAR !

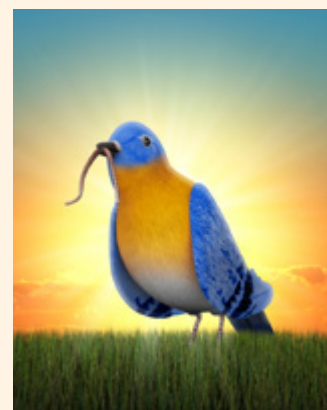
The new financial year 2017 - 2018 has started.

For the early bird clients, who are keen to have their 2016 - 2017 accounts started on and completed early, the rollover for the new financial year at KTS occurs on the 6th April, we can start on your accounts any time after this date.

To check that you have all the required information together that we need to complete your accounts, see our questionnaire, its on our website and this is the link:

QUESTIONNAIRE

We have already sent this questionnaire to you by mail, but you can also print it out from the website, fill in the details, sign it and bring it to us at KTS with your accounts.



SCROLL DOWN FOR PAGE 2

Write off bad debts



With 31 March 2016 financial year just ended, there's always the prospect of paying too much tax due to bad debts.

It doesn't need to be this way.

One of the biggest issues is the importance of writing off bad debts. It seems almost every year we have a client for whom we prepare the annual financial statements, who has a large amount of money owing to them.

When we get the results for the year we find there is a big profit, which has been inflated by an excessive accounts receivable figure. Discussion reveals some of this money is never going to be collected.

Can we fix the problem?

No. The law will not permit us to write off bad debts back-dated to the previous year. The client has to pay the tax and wait until next year to get these bad debts written off.

In the end the result is the same but in the meantime our client has to pay his tax earlier than necessary.

Look at the debts owing to you. Are there some you have been pursuing and who won't pay you? Have you taken every reasonable step to get paid?

If yes, you must physically write off the bad debt before balance date, if you want to reduce your accounts receivable and hence your profit and tax. It depends on the system you are using as to how you go about this. If it's a very basic system like keeping copies of the invoices you have sent out, just write on your copy the words "written off as a bad debt on..." and insert the date. Do this now. It is not something you want to overlook.

You should tell us the amount you have written off as Inland Revenue likes us to record this separately.

Can you continue to try to collect a bad debt?

Definitely yes. If you're lucky enough to get some money it becomes part of your taxable income.

Residential rental

If you are a landlord, you need to know this.

As soon as a tenant vacates your house and you switch the house to personal use, repairs and maintenance become non tax deductible, regardless of whether damage to the house has been inflicted by the tenant.



It therefore follows, as soon as you make your house available for renting, maintenance costs of the property become tax deductible.

Mowing the lawns, cleaning the house, garden maintenance, rates etc would become a tax deductible cost from the time the property becomes available for letting, even though you don't yet have a tenant.

It is important to keep records of the dates that your house is tenanted and when it switches to personal use for tax purposes



Tax Calendar

April 7th 2017

2016 Terminal Tax
(March balance date)

May 7th 2017

- 3rd instalment of 2017 Provisional Tax (March balance date)
- GST for period ending 31st March 2017



Save your data even with cloud accounting

Although a third party provider may be used to store business records, taxpayers remain responsible for their tax obligations including retaining business records for the retention period (usually seven years) required under the Tax Administration Act.

Something to think about.....

If you stop subscribing to a cloud accounting software package, will the supplier give you access to your records should you require this in the future?

If the answer is no, be sure to save all your data on to your own computer each year.