

GST News

Inland Revenue
Te Tari Taake

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Welcome to GST News

We send you this newsletter twice a year, in March and September, to tell you about Inland Revenue services, tax law changes and topical issues relating to GST.

If you have a GST topic you'd like to see covered in this newsletter, please write to the Editor, *GST News*, PO Box 2198, Wellington 6140 or email us at gst.news@ird.govt.nz and we'll aim to cover the topic in a future edition.

Please pass this newsletter on to the person who deals with GST in your business.

GST due dates and the number of payments you need to make

We've received several questions about how the new GST due dates affect your current one, two or six-monthly GST taxable periods. GST taxable periods determine how often you need to file and pay your GST.

Your GST taxable periods haven't changed at all—only the due date that you need to file and pay your GST has changed. This means you'll still continue to file and pay your GST the same number of times each year as you have in the past.

If you currently file your GST every:

- month, you'll continue to file twelve returns each year
- two months, you'll continue to file six returns each year
- six months, you'll continue to file two returns each year.

For example, if you file your GST returns every two months

...and your two-monthly GST taxable period ends on the last day of:	...under the new due dates, your GST returns and payments are due on:
January	28 February
March	7 May
May	28 June
July	28 August
September	28 October
November	15 January

Please refer to the GST taxable period and due date printed on the GST return we send you.

Note

If the due date falls on a weekend or public holiday, we'll accept payments and returns on the next business day.

Keep your business moving

A new series of **Business is Booming** has recently returned to TV One.

Targeted at small business owners, it provides tips and inspiration from experienced business owners. The magazine-style programme is designed to help you start and grow your business.

Business is Booming is produced by the independent television company, **Wonderful**. It's supported by six funding partners, including the New Zealand Institute of Chartered Accountants (NZICA) and Inland Revenue.

NZICA is also providing \$300,000 worth of free chartered accountancy to some lucky viewers.

This series will screen on **TV One** from 28 July to 10 November on Saturdays at 8 am. The last four episodes will be repeats of earlier programmes that clashed with the Rugby World Cup.

You'll also be able to catch up with the last series, or episodes you miss, through "**TV ondemand**". Check out the website, tvnzondemand.co.nz

Paying your provisional tax with your GST

If you pay GST and provisional tax, you need to be aware of the following changes to your payments.

What's changing?

From the beginning of your 2008–09 tax year (for most, this will be 1 April 2008), you'll pay your GST and provisional tax together in the months when your provisional tax is due. You'll continue to file your GST return as normal, and make a combined payment for your GST and provisional tax in the months that provisional tax is due. In all other periods you will continue to make GST payments only, unless you choose to make voluntary provisional tax payments.

We're also introducing a new option for calculating your provisional tax—the **ratio option**. The ratio option takes your sales during the year into account, matching your provisional tax payments more closely to your income. Under this option you make provisional tax payments every two months.

The ratio option is designed to benefit small to medium-sized businesses. We'll look at the information we already hold for you to see if you're eligible to use it. If so, we'll send you information before the start of your 2008–09 tax year, to let you know how to apply.

Will the number of GST and provisional tax instalments change?

The number of times you pay GST won't change, but the number of times you pay provisional tax each year might change, depending on how you work out your provisional tax and how often you pay your GST.

If you file and pay GST	...and you use:	...you'll make:
every month or every two months	the existing standard or estimation options to calculate your provisional tax	three provisional tax instalments each year (the same as in the past, except that you'll now pay these with your GST, according to the GST due dates).
every six months	the existing standard or estimation options to calculate your provisional tax	two provisional tax instalments each year (paid along with your GST). Please note that you can't use the ratio option if you pay GST every six months.
every month or every two months	the new ratio option to calculate your provisional tax	six provisional tax instalments each year (paid along with your GST).

Do I need to do anything?

For most of you, only your provisional tax due dates will change so they are the same as your GST due dates—just check the due date at the top of the return we send you.

There are a few of you who file and pay your GST two-monthly or six-monthly and have tax years that start mid-way through a GST period. You'll need a one-off adjustment.

Because you'll be paying your provisional tax at the same time as your GST, your first GST taxable period for any given tax year needs to start at the same time as your tax year.

Note

We'll make this change for you before your 2008–09 tax year starts and let you know once we've done this—you don't need to do anything. If you want to make this change earlier, please contact us.

What happens next?

From the start of your 2008–09 tax year, we'll send you the new *GST and provisional tax return (GST 103)* if you pay GST and provisional tax during the year. This will replace the GST return we currently send you.

The information on these returns will be tailored to suit the particular requirements for each period, for example, we will indicate when provisional tax payments are compulsory.

For customers who only pay GST, we'll continue to send you the *Goods and services tax return (GST 101)*.

More information?

Our website has a range of questions and answers about these changes and tells you when your GST and provisional tax payments are due. You'll find these in the provisional tax section at www.ird.govt.nz under "changes".

Is your business winding down?

Did you know that if the value of your taxable supplies within a 12-month period is \$40,000 or less, your GST registration becomes voluntary, unless you expect the value of your taxable supplies to exceed \$40,000 within the next 12 months. This means you have a choice—you can stay GST-registered, and continue to charge GST or you can deregister and stop charging or claiming GST. When you deregister we stop sending you GST returns. If you have a tax agent (accountant), we recommend you talk to them about cancelling your GST registration before making any decisions.

Call us on 0800 377 776 if you want to cancel your registration.

Remember, you must re-register if your taxable supplies are expected to exceed \$40,000 in any 12-month period.

Note

If your business has ceased, you're required to let us know within 21 days, so we can cancel your GST registration. Only businesses that are trading "continuously or regularly" can register (or stay registered) for GST.

Self-employed? Your guide to KiwiSaver (KS 12)

A leaflet about KiwiSaver for those who are self-employed is now available. It provides an overview of KiwiSaver and explains what self-employed people need to do if they want to join.

You can download the KS 12 from:

www.ird.govt.nz/forms-guides/keyword/kiwisaver or order copies by calling our automated telephone service INFOexpress on 0800 257 773.



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