

IR10 guide

Use this guide to help
you complete your
**Financial statements
summary - IR10 form**



Inland Revenue
Te Tari Taake

IR10G
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Introduction

The **Financial statements summary - IR10** form collects information for statistical purposes. We use this information to evaluate tax compliance risk, form policy and for strategic research. We pass information on to Statistics New Zealand, which produces a national business database supporting whole-of-government economic, fiscal and monetary decision making.

Completing an IR10 helps speed up the processing of tax returns. If an IR10 is completed, financial statements don't have to be included, although they may be requested later. The IR10 is a summary of the financial statements of a business and does not replace them.

Most companies have a statutory obligation to prepare financial statements. The exceptions are companies approved as non-active and very small companies that meet the exemption criteria. For more information, go to our website ird.govt.nz/records

All the figures in the IR10 are financial accounting figures, except for:

- Box 28 Tax adjustments
- Box 29 Current year taxable profit/loss
- Box 52 Tax depreciation
- Box 59 Tax-deductible – loss on disposal of fixed assets

Where financial statements are only prepared using tax concepts to arrive at the income/loss to be returned for tax purposes, the figures from these financial statements should be entered into the IR10.

If financial statements haven't been prepared, fill in the IR10 using information from the trial balance, or financial records.

To decide if you need to fill in an IR10, you must determine if you are in business. The Income Tax Act 2007 defines business as including any "profession, trade, or undertaking carried on for profit".

Which returns may require an IR10?

If amounts have been entered into these boxes:

- IR3 – Boxes 12B, 22A, 24, 25, 26B and/or 28
- IR3NR – Boxes 19A, 21, 22, 23B and 25
- IR4 – Boxes 12B, 19A, 21B, 22B and 24B
- IR6 – Boxes 15A, 17B, 18B and 19B
- IR7 – Boxes 10B, 17B, 18B, 20B, 21B and 22B
- IR8 – Boxes 8A, 10, 11C, 11D and 11E
- IR9 – Boxes 10A, 12, 14C and 15C

the customer could be in business.

You'll need to consider each case individually to decide if they are.

Customers have the option of attaching either:

- a fully completed **Financial statements summary - IR10** form, or
- a set of financial statements.

IR10s must be completed before sending E-File returns to Inland Revenue.

The IR10 should record GST-exclusive figures, unless the financial statements are prepared on a GST-inclusive basis.

Taxable property sales

If you've shown a net profit or loss from property sales in the tax return you may need to complete a **Property sale information - IR833** form, even if you've included the profit/loss in the IR10.

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Filling in the boxes

First fill in the customer's name and IRD number.

1 Multiple activity indicator

Tick "Yes" only if the customer has more than one line of business, not just several different divisions of the same business.

Here are some examples:

- Customer has a window cleaning business and a painting contractor business – tick "Yes".
- Customer has a supermarket with an alcohol division, a fruit and vegetable division, a delicatessen division and a general grocery division – tick "No".
- Customer has two gift shops, but uses one return – tick "No".

Complete only one IR10 for each return.

Profit and loss statement items

Boxes 2 to 11

Boxes 2 to 11 relate to the gross income of the business, and should generally be obtained from the profit and loss statement.

2 Sales and/or services

This is the gross income from the sale of goods or services as shown in the profit and loss statement. It is also referred to as turnover. Include management fees and commissions if this is the main source of income. Include gross salaries, wages and schedular payments if it is the only income. If there is trading income and gross income such as salary, wages and schedular payments, include them in Box 10 (other income).

3 Opening stock

This is the total stock on hand, including raw materials, livestock, grain or produce used in the business, work in progress and finished goods at the beginning of the year.

The opening stock figure will generally be the same as the closing stock shown in last year's comparative figures in the balance sheet (statement of financial position). If the figure cannot be obtained from this source check the cost of goods sold in the profit and loss statement.

Work in progress represents the value of work started but not completed. In manufacturing, it is partly finished goods, while in a contracting business, it is incomplete contracts.

If the business provides a service, rather than selling goods, there may be no stock.

4 Purchases

Enter the total amount of purchases and other direct costs as shown in the profit and loss statement. Sometimes, only the cost of goods sold is shown in the profit and loss statement. In these cases, add closing stock to the cost of goods sold and deduct opening stock. The answer should be treated as purchases, although it may include other direct costs. Direct costs (labour and other) of a business that provides services should be treated as purchases. Do not include purchases of assets where the proceeds of sale of the assets have been included in Box 26 (exceptional items).

5 Closing stock

This is the total stock on hand, including raw materials, livestock, grain or produce used in the business on hand, work in progress and finished goods at the end of the year.

Work in progress represents the value of work started but not completed. In manufacturing, it is partly finished goods, while in a contracting business, it is incomplete contracts.

If the business provides a service, rather than selling goods, there may be no stock. To find the closing stock figure, check the profit and loss statement or current assets in the balance sheet.

If the turnover of the business is not more than \$1.3 million in the income year and if a reasonable estimate of the value of the closing stock is less than \$10,000, the opening stock can be used as the closing stock (refer section EB 23 of the Income Tax Act 2007).

6 Gross profit

Enter the total amount of gross profit as shown in the profit and loss statement. The gross profit figure is determined by taking sales and/or services and then deducting the cost of goods sold. The cost of goods sold is calculated by adding opening stock and purchases (including other direct costs) and then deducting closing stock.

If the gross profit figure is a loss, put a minus sign in the last box. If the opening stock, purchases and closing stock figures cannot be obtained insert the sales and/or services figure shown in Box 2 into Box 6.

7 Interest received

Enter the amount of interest income/finance income of the business. You can find this figure in the profit and loss statement. Include interest income from finance leases.

8 Dividends received

Enter the amount of dividends received as shown in the profit and loss statement, including inter-group dividends. You can gross up the dividends to the extent that they are taxable and the imputation credits are available to satisfy the business's income or tax liability. Or you can account for the taxable dividends on a net basis and make a tax adjustment for any imputation credits. Businesses that must prepare general purpose financial statements that comply with generally accepted accounting principles (GAAP) must account for imputation credits on a net basis as required by International Financial Reporting Standards (IFRS).

9 Rental, lease and licence income

Enter the amount of gross rental, lease, licence and hire income before expenses as shown in the profit and loss statement. Include income from land, buildings, vehicles, fishing quotas and stud fees. Licence income includes franchise fees and royalties. If licence income or hiring activities are part of normal business activities the income should be included in Box 2 (sales and/or services). Don't include income from hire purchase and finance lease agreements, but show the interest portion of these receipts in Box 7 (interest received).

10 Other income

Enter all other income shown in the profit and loss statement that has not been included in Boxes 2 and 6 to 9. This includes any taxable property income. Include salary, wages and schedular payments that have been included in the profit and loss statement where they have not already been recorded in Box 2 (sales and/or services). Do not include exceptional items that must be included in Box 26.

11 Total income

This figure includes all income shown in Boxes 6 to 10. It should be equal to the total income shown in the profit and loss statement, excluding exceptional items. If the total income is a loss, put a minus sign in the last box.

Boxes 12 to 24

Boxes 12 to 24 relate to the expenses of the business that are generally shown in the profit and loss statement. If a specific expense in Boxes 12 to 24 has been treated as a direct cost in the profit and loss statement it will already have been accounted for in calculating the gross profit at Box 6 and should not be included again within Boxes 12 to 24.

12 Bad debts

Enter the total amount of bad debts written off for financial accounting purposes. Don't include doubtful debts or debt collection fees.

13 Accounting depreciation and amortisation

Enter the total amount of accounting depreciation and amortisation as shown in the profit and loss statement. Where tax depreciation rates were adopted for accounting purposes this figure will be the same as Box 52.

14 Insurance (exclude ACC levies)

Enter the insurance premiums that were treated as an expense for financial accounting purposes. Do not include ACC levies, which should be included in Box 22 (salaries and wages paid to employees).

15 Interest expense

Enter the total amount of interest expense/finance expense as shown in the profit and loss statement.

16 Professional and consulting fees

Professional fees include accounting, legal fees and taxation advice. Consulting fees include: management advice, financial advisory fees, assistance with feasibility studies, and advice concerning mergers, acquisitions, financing and restructuring. This expense categorisation includes all fees that have been expensed, but not capitalised to the balance sheet.

17 Rates

Enter the total amount of rates paid to local authorities that were treated as an expense for financial accounting purposes.

18 Rental, lease and licence payments

Enter the total amount of rental, hire, lease and licence payments as shown in the financial statements. Do not net these expenses against rental, lease and licence income (Box 9). Rental, hire and lease payments can be made for items such as buildings, vehicles and equipment. Licence payments include franchise fees, royalties and licence fees.

19 Repairs and maintenance

Enter the total amount of repairs and maintenance expenditure as shown in the financial statements.

20 Research and development

Enter the total amount of research and development expenditure that has been treated as an expense in the financial statements. The expenditure should include all scientific and technological research and development.

21 Associated persons' remuneration

For this expense, "associated persons" has the same meaning as in subpart YB of the Income Tax Act 2007. For more guidance please refer to **IR620 - Associated persons definitions for income tax purposes**.

"Associated persons" can include persons and entities, for example, individuals, companies, trustees, partnerships and limited partnerships.

Enter the total amount of remuneration, which has been treated as an expense in the financial statements and paid for services performed by the owner of the business (including sole trader) and/or associated persons'. In a small family owned business the remuneration includes regular payments of salaries and wages as well as lump sum payments (whether PAYE was deducted or not). It also includes management fees (whether paid to individuals or associated persons) and directors' fees paid to associated persons. For a widely owned business (such as a listed company) and/or an overseas owned business, the associated persons' remuneration will consist of management fees paid to associated persons.

For simplicity, you can exclude indirect remuneration such as ACC levies, FBT and employer contributions to superannuation/KiwiSaver from the associated persons' remuneration. These exclusions are to minimise compliance costs arising from apportionment.

Instead, you can enter these indirect remuneration expenses in box 24 on your IR10.

Remuneration in this context does not include dividends, drawings, interest or royalties.

22 Salaries and wages paid to employees

Enter the total amount of salaries and wages paid to employees that have been treated as an expense in the financial statements. Salaries and wages include PAYE, bonuses and other indirect employment costs such as KiwiSaver contributions and ACC levies. They do not include associated persons' remuneration.

23 Contractor and sub-contractor payments

Enter the total amount of contractor and sub-contractor payments shown in the financial statements. These payments include agricultural and construction subcontractors, schedular payments, relief taxi and courier drivers, temporary contractors ("temps"), and labour-only contractors. Do not include associated persons' remuneration and salaries and wages paid to employees.

24 Other expenses

Include any other expenses in the profit and loss statement that have not been included in Boxes 4 and 12 to 23.

25 Total expenses

This is the sum of all expenses shown in Boxes 12 to 24.

26 Exceptional items

These are large income and/or expense items that do not arise as a result of normal business operations and are not expected to recur. In particular, the following six income and/or expense categories are exceptional items:

1. Results from the sale or disposal of the business or a significant part of it;
2. Results from natural disasters, i.e. Acts of God
3. Major restructuring costs paid or provided for
4. Major impairments or write-offs
5. Reversal of major impairments, write-offs or restructuring provisions
6. Large one-off non-operational receipts.

For the purposes of this disclosure, only disclose exceptional items if the income and/or expense items in the above six categories total more than 5% of turnover.

If the net exceptional items are a negative amount, put a minus sign in the last box.

27 Net profit/loss before tax

This is the total of Box 11 (total income) less Box 25 (total expenses) and then adding Box 26 (exceptional items) if it is a positive amount, or deducting Box 26 if it is a negative amount. The net profit/loss before tax should be the same as the net profit/loss before tax shown in the profit and loss statement. If there is a net loss before tax, put a minus sign in the last box.

28 Tax adjustments

These are the total of all the adjustments that are required to go from the net profit/loss before tax as shown in Box 27 to the total current year taxable profit/loss as shown in Box 29. The tax adjustments figure may be positive (add to net profit) or negative (deduct from net profit). If it is negative put a minus sign after Box 28. If there is no difference between Box 27 and Box 29 leave Box 28 blank.

Examples of common causes of tax adjustments are differences between accounting and tax depreciation, tax depreciation recovered, capital gains and losses on sale of assets, provisions not incurred at balance date, tax-exempt inter-company dividends and non-deductible expenditure such as entertainment.

Tax adjustments may also be required for items not included in the profit and loss statement. Examples include imputation credits attached to dividends received, fair dividend rate income and income earned by sole traders that has not been included in the financial statements e.g. interest and dividends.

29 Current year taxable profit/loss

Enter the taxable profit/loss figure from the tax return. This figure should be equal to the net profit/loss before tax in Box 27 plus or minus the tax adjustments shown in Box 28. It should be before inter-group company loss offsets and the utilisation of any losses carried forward. The figure should be the same as:

IR3 – Box 31

IR3NR – Box 28

IR4 – Box 27

IR6 – The sum of Box 20B (total income), minus Box 22 (expenses claimed)

IR7 – Box 25

IR8 – Box 11J

IR9 – Box 18

If there is a tax loss for the current year, put a minus sign in the last box.

Balance sheet items

Boxes 30 to 51 are for the balance sheet (statement of financial position) of the business. The figures in these boxes should be obtained from the balance sheet and where necessary, the associated notes/records supporting the financial statements.

Current assets

30 Accounts receivable (debtors)

Enter the total amount of all accounts receivable and debtors, which is the amount the debtors owe the business at the end of the period as shown in the balance sheet.

31 Cash and deposits

Enter the total amount of all bank accounts in funds as shown in the balance sheet. Include all funds on short-term deposit (i.e. less than one year), cash on hand, funds with building societies, stock firms and other financiers.

32 Other current assets

Include any other current assets shown in the balance sheet that have not been included in Boxes 30 or 31. This should include closing stock (inventory), work in progress, and the balance of the owners' current account where they owe funds to the business.

Fixed assets

33 Vehicles

Enter the accounting book value (net of depreciation) of vehicles as shown in the balance sheet and associated notes to the accounts. Vehicles include boats, trailers, motorbikes, tractors, caravans, aircraft and helicopters, as well as cars and trucks.

34 Plant and machinery

Enter the accounting book value (net of depreciation) of plant and machinery as shown in the balance sheet and associated notes to the accounts. Do not include anything already included in Box 33 (vehicles).

35 Furniture and fittings

Enter the accounting book value (net of depreciation) of furniture and fittings as shown in the balance sheet and associated notes to the accounts. Include chattels and office equipment.

36 Land

Enter the total value of land as shown in the balance sheet and associated notes to the accounts. Typically, the value will be the cost or a re-valued amount.

37 Buildings

Enter the accounting book value (net of depreciation) of buildings as shown in the balance sheet and associated notes to the accounts. Buildings include residential houses, factories, office buildings, barns and car parking buildings.

38 Other fixed assets

Include the accounting book value (net of depreciation) of any other fixed assets in the balance sheet that have not been included in Boxes 33 to 37.

Other non-current assets

39 Intangibles

Enter the total book value (net of depreciation and/or amortisation) of intangible assets as shown in the balance sheet and associated notes to the accounts. Common examples of intangible assets include goodwill paid when a business is purchased, computer software, patents, trademarks and Resource Management Act consents. It also includes the rights to use intangible assets.

40 Shares/ownership interests

Enter the accounting book value of profit sharing investments. This includes shares in companies, interests in a partnership or joint venture, equity in unit trusts and entitlements to trust distributions.

41 Term deposits

Enter the total amount of all long-term interest-bearing deposits (one year or longer) as shown in the balance sheet. Include bank term deposits and bonds. Do not include loans and mortgages.

42 Other non-current assets

Include any other assets shown in the balance sheet that have not been included in Boxes 30 to 41.

43 Total assets

This is the total of all entries made in Boxes 30 to 42. It should be the same amount as the total of assets shown in the balance sheet.

Current liabilities

44 Provisions

Enter the amount of provisions as shown in the balance sheet and associated notes to the accounts. A provision is generally to provide for estimated expenditure that it is anticipated the business will have to pay in the future. Examples include re-structuring, redundancy, and bonuses.

45 Accounts payable (creditors)

Enter the total amount of all accounts payable (creditors), including all trade creditors as shown in the balance sheet. It is the amount the business owes its suppliers as at the end of the period. Also include expenses that have been accrued at balance date.

46 Current loans

Enter the amount of loans outstanding that are re-payable or will have to be re-financed within one year as shown in the balance sheet. Include interest-free loans, loans from the owners of the business, bank overdrafts and amounts owing to stock firms.

47 Other current liabilities

Include any current liabilities as shown in the balance sheet that are not shown in Boxes 44 to 46. Current liabilities are liabilities payable within one year. Include the balance of the owners' current account where the business owes funds to the owner.

48 Total current liabilities

Add Boxes 44 to 47 and enter the total here. It should be the same as the total current liabilities shown in the balance sheet.

49 Non-current liabilities

Enter the total amount of liabilities with a term of more than one year as shown in the balance sheet. Include loans, mortgages or other term borrowing. Do not include the owners' current account balance.

50 Total liabilities

This is the total of Boxes 48 and 49. It should be the same as the total of liabilities shown in the balance sheet.

51 Owners' equity

This is the equity or interest that the owners have in the business. With a company it will be the sum of paid-up capital, reserves and retained profits/accumulated losses. With a partnership or sole trader, it will be the sum of capital that has been contributed and retained profits/accumulated losses. With a club or society, it will be accumulated funds and reserves. With a trust or estate, it will be the sum of amounts settled and undistributed profits/accumulated losses. The owners' equity should be the amount shown in the balance sheet and be equal to total assets shown at Box 43 less total liabilities shown at Box 50.

Owners' equity is usually a positive figure. However, if accumulated losses exceed the capital of the business it is a debit. If a debit put a minus sign in the last box.

Other information

Boxes 52 to 59 request supplementary financial information that is important for taxation and statistical purposes. This information should be readily available in the financial records of the business, but has not been previously requested.

52 Tax depreciation

Tax depreciation is calculated in accordance with the Income Tax Act 2007 (ITA 2007) and associated depreciation determinations issued by IR. It includes depreciation on

- fixed assets
- depreciable land improvements as specified in schedule 13 of the ITA 2007
- depreciable intangible property as specified in schedule 14 of the ITA 2007
- expenditure on primary industry improvements as specified in schedule 20 of the ITA 2007.

For further information on tax depreciation refer to **Depreciation - a guide for business - IR260** available on our website ird.govt.nz Where tax depreciation rates were adopted for accounting purposes this figure will be the same as Box 13 (accounting depreciation and amortisation). Tax depreciation excludes depreciation on buildings with an estimated useful life of 50 years or more.

53 Untaxed realised gains/receipts

This includes all gains and receipts not subject to income tax. These amounts of untaxed gains and/or receipts should be drawn from the financial statements. Common examples of realised untaxed gains/receipts are capital gains on the sale of assets such as land or shares, gifts received and one-off receipts of a capital nature.

54 Additions to fixed assets

Enter the total amount spent during the year on purchasing fixed assets and the costs of commissioning them. You may be able to get this figure from the accounting depreciation summary shown in the notes to the financial statements.

55 Disposals of fixed assets

Enter the proceeds from the sale of fixed assets and funds received as a result of scrapping fixed assets. You may have to get this information from the financial records of the business.

56 Dividends paid

Enter the amount of dividends paid to shareholders or credited to their current account during the year (including resident withholding tax). Do not include imputation credits attached to the dividends and dividends that were proposed but not paid at balance date. Include non-cash dividends such as distributions of assets to shareholders or expenditure for the benefit of the shareholders. The dividends paid can generally be obtained from the profit and loss statement or statement of changes in equity.

57 Drawings

Enter the total drawings taken from the business by the proprietors or shareholders or partners or beneficiaries. Include all private use adjustments and private expenditure through the business that has not been treated as a dividend or a trust beneficiary distribution. This information will be obtained from the analysis of the proprietor's or shareholders' or partners' or beneficiaries' current account.

58 Current account year-end balances

This includes:

- for partnerships - the current accounts of the partners.
- for companies - the current accounts of the shareholders.
- for estates and trusts - the beneficiaries' current account balances.

For other entities, such as a self-employed person, it includes current accounts of a similar nature. Add together the closing balances of all proprietor or shareholder current accounts. If a debit, put a minus sign in the last box.

59 Tax deductible loss on disposal of fixed assets

Enter the total tax loss on disposal of fixed assets. The loss on disposal can be calculated by taking the difference between written down tax value and sale proceeds. Include the loss arising when fixed assets are scrapped. Do not include depreciation recovered.

The following pages provide examples of what items can be listed under each box on the IR10

Box 2 Sales and/or services

- Commissions
- Contracting income
- Management fees (received)
- Salary, wage and income from schedular payments
- Sales of goods or services
- Turnover

Box 3 Opening stock

- Finished goods
- Grain or produce
- Livestock
- Opening stock
- Produce on hand
- Raw materials
- Work in progress

Box 4 Purchases

- Direct costs
- Materials
- Purchases

Box 5 Closing stock

- Closing stock
- Finished goods
- Grain or produce
- Livestock
- Produce on hand
- Raw materials
- Stock on hand
- Work in progress

Box 6 Gross profit

- Gross margin
- Gross profit
- Gross surplus

Box 7 Interest received

- Finance income
- Interest portion of finance lease income
- Interest received
- Use-of-money interest (income)

Box 8 Dividends received

- Dividends received
- Inter-group dividends
- Preference share dividends

Box 9 Rental, lease and licence income

- Fishing quota rental
- Franchise fees
- Hire income
- Lease receipts
- Licence income
- Rents received
- Royalty income
- Stud fees received

Box 10 Other income

- Accounting depreciation recovered
- Bad debts recovered
- Commissions (received)
- Gain on sale of assets (unless exceptional item)
- Goods for private use

- GST (income) (GST-inclusive account only)
- Insurance receipts
- Revaluation of assets
- Salary, wage and schedular payments (where not recorded in Box 2)
- Subvention receipts
- Sundry (income)
- Wage subsidies

Box 11 Total income

- Total of Boxes 6 to 10

Box 12 Bad debts

- Bad debts written off

Box 13 Accounting depreciation and amortisation

- Accounting amortisation of intangible assets
- Accounting depreciation

Box 14 Insurance

(exclude ACC levies)

- Insurance premiums paid on business assets
- Medical, life and income protection insurance

Box 15 Interest expense

- Finance expenses
- Interest paid
- Interest paid to owners
- Use-of-money interest (expense)

Box 16 Professional and consulting fees

- Accounting services
- Audit fees
- Consulting fees
- Fees for feasibility studies

- Financial advisory fees
- Investment bank fees
- Management advice (excluding owners remuneration)
- Legal fees
- Professional fees
- Taxation advisory fees

Box 17 Rates

- Council rates
- Regional council rates
- Water rates

Box 18 Rental, lease and licence payments

- Asset hire
- Building lease/rental
- Fishing quota rent
- Franchise fees
- Ground rent
- Hire
- Lease payment
- Licence fees
- Moorings (rental)
- Rents paid
- Royalties paid
- Vehicle lease and rental

Box 19 Repairs and maintenance

- Building maintenance
- Bridge repairs (expenses)
- Drain repairs
- Fence repairs
- Hedge trimming
- Land maintenance
- Lawn mowing and garden maintenance
- Maintenance
- Plant and machinery repairs and maintenance
- Repairs and maintenance

- Track and road maintenance
- Vehicle repairs
- Weed spraying

Box 20 Research and development

- Industrial research and development
- Scientific research and development
- Software development

Box 21 Associated persons' remuneration

Includes the following payments made to owners of the business (including sole traders) and to associated persons being:

- Consulting and management fees
- Directors' fees
- Lump sum remuneration
- Management fees
- Salaries and wages

Box 22 Salaries and wages paid to employees

- ACC levies
- Employer contributions to superannuation/ KiwiSaver
- Fringe benefit tax
- Holiday pay
- Lump sum payments including bonuses
- Redundancy payments
- Remuneration
- Salary and wages
- Share-based

remuneration

- Sick pay

Box 23 Contractor and sub-contractor payments

- Agricultural contractors and sub-contractors
- Commissions paid to contractors
- Construction contractors and sub-contractors
- Contract milkers and share-milkers
- Contractors and sub-contractors
- IT contractors
- Labour-only contracts
- Locum fees (doctor, dentist, pharmacist)
- Relief courier and taxi drivers
- Rental agency fees
- Scheduling payments as per schedule 4 of the Income Tax Act 2007
- Shearing contractors
- Temporary contractors ("temps")

Box 24 Other expenses

- All other expenses not included in Boxes 4 and 12 to 23 including:
 - Administration costs
 - Cleaning
 - Communication costs
 - Consumables
 - Electricity
 - Entertainment costs
 - General or sundry expenses

- Travel and accommodation
- Training and staff development
- Vehicle expenses
- Indirect remuneration (eg, ACC levies and FBT) from associated persons' remuneration

Box 25 Total expenses

- Total of Boxes 12 to 24

Box 26 Exceptional items

- Large one-off non-operational receipts
- Major impairments or write-offs
- Major restructuring costs paid or provided for
- Results from natural disasters ie, Acts of God
- Results from the sale or disposal of the business or a significant part of it
- Reversal of major impairments or write-offs or restructuring provisions

Box 27 Net profit/loss before tax

- Box 11 less Box 25; add Box 26 (if positive) or deduct Box 26 (if negative)

Box 28 Tax adjustments

- Capital gains and losses on sale of assets
- Difference between accounting and tax depreciation

- Fair dividend rate income
- Financial arrangement adjustments
- Impairment/write-downs
- Imputation credits attached to dividends received
- Income not included within profit and loss statement
- Non-deductible expenditure eg, entertainment
- Provisions not incurred at balance date
- Salary, wages and schedular payments not included in the profit and loss statement
- Tax exempt inter-company dividends
- Wages not paid within 63 days of balance date

Box 29 Current year taxable profit/loss

- add Box 28 (if positive) or deduct Box 28 (if negative)

Box 30 Accounts receivable (debtors)

- Accounts receivable
- Debtors
- Receivables
- Sundry debtors
- Trade debtors

Box 31 Cash and deposits

- Bank accounts (asset)
- Building society short term deposits
- Cash on hand

- Cheque account (asset)
- Finance company short-term deposits
- Float/petty cash
- Savings account
- Short-term deposits
- Solicitors' trust accounts
- Stock firm accounts

Box 32 Other current assets

- Beneficiaries' current account
- Inland Revenue, eg, GST refund owing
- Inventory/stock
- Livestock
- Owners' current account (asset)
- Partners' current account
- Prepaid expenses
- Shareholders' current account
- Work in progress

Box 33 Vehicles

- Aircraft
- Barge
- Boats
- Caravans
- Cars
- Forklifts
- Helicopters
- Motor vehicles
- Motorcycles
- Planes
- Quad bikes
- Semi-trailers
- Tractors
- Trailers
- Trucks
- Utes

- Vehicles
- Yachts

Box 34 Plant and machinery

- Loose tools
- Machinery
- Plant
- Tool box

35 Furniture and fittings

- Chattels
- Fittings
- Furniture
- Office equipment

Box 36 Land

- Land
- Land improvements

Box 37 Buildings

- Barns
- Building
- Building alterations
- Car parking buildings
- Factories
- Hangars
- Office buildings
- Residential houses
- Shopping malls

Box 38 Other fixed assets

- Other fixed assets not included in Boxes 33 to 37. This includes:
 - Fences
 - Forests
 - Horticultural plants
 - Orchards
 - Roads and tracks
 - Vineyards

Box 39 Intangibles

- Business goodwill
- Computer software
- Customer lists
- Easements
- Franchise assets
- Intangible assets
- Intellectual property
- Patents, trade-marks and copyright
- Resource Management Act consents
- Site goodwill

Box 40 Shares/ownership interests

- Cooperative company shares
- Entitlements to trust distributions
- Interests in a joint venture
- Interests in a limited partnership
- Interests in a partnership
- Ordinary shares
- Preference shares
- Redeemable preference shares
- Shares
- Unit trusts

Box 41 Term deposits

- Bank term deposits
- Bonds
- Long-term deposits
- Term deposits

Box 42 Other non-current assets

- Bonus bonds
- Deferred tax asset
- Loans (asset)

- Mortgage (asset)
- Other investments

Box 43 Total assets

- Total of Boxes 30 to 42

Box 44 Provisions

- Bonus pay provision
- Damages/compensation provision
- Provisions
- Redundancy provision
- Restructuring provision

Box 45 Accounts payable (creditors)

- Accounts payable
- Accruals
- Creditors
- Other payables
- Sundry creditors
- Trade creditors

Box 46 Current loans

- Amounts owing to stock firm
- Bank overdraft
- Credit card payable
- Interest free loans
- Loans from owners
- Loans from partners
- Loans from settlor
- Loans from shareholders
- Solicitors' trust accounts

Box 47 Other current liabilities

- Beneficiaries' current account
- Inland Revenue (liability)
- Owners' current account
- Partners' current account
- Shareholders' current account

Box 48 Total current liabilities

- The total of Boxes 44 to 47

Box 49 Non-current liabilities

- Bank loans
- Deferred tax liability
- Loans (liability)
- Mortgages (liability)
- Term liabilities

Box 50 Total liabilities

- Total of Boxes 48 and 49

Box 51 Owners' equity

- Accumulated funds
- Accumulated profits
- Accumulated losses
- Amount settled
- Capital contributed
- Capital reserves
- Owners' equity
- Paid-up capital
- Proprietorship funds or equity
- Retained profits
- Reserves-other
- Shareholders' funds or equity
- Undistributed profits

Box 52 Tax depreciation on:

- Aqua-cultural improvements (schedule 20 of the Income Tax Act 2007)
- Computer software
- Depreciable fixed life intangible property (schedule 14 of the ITA 2007)

- Depreciable land improvements (schedule 13 of the ITA 2007)
- Farming improvements (schedule 20 of the ITA 2007)
- Fixed assets (vehicles, plant and machinery, furniture and fittings, buildings with an estimated useful life of less than 50 years)
- Forestry improvements (schedule 20 of the ITA 2007)
- Horticultural improvements (schedule 20 of the ITA 2007)

Box 53 Untaxed realised gains/receipts

- Capital gains on sale of assets such as land and shares
- Capital gains on the sale of trademarks and business goodwill
- Gifts
- One-off receipt of capital nature

Box 54 Additions to fixed assets

- Construction and installation of fixed assets
- Purchases of fixed assets

Box 55 Disposals of fixed assets

- Proceeds from scrapping fixed assets
- Sale proceeds from disposal of fixed assets

Box 56 Dividends paid

- Dividends credited to current account
- Dividends paid
- Non-cash dividends
- Resident withholding tax deducted from dividends

Box 57 Drawings

- Drawings
- Include private expenditure not treated as a dividend
- Include private use adjustments
- Private expenditure including,
 - Domestic and overseas travel
 - House maintenance and improvement costs
 - Income tax payments
 - Insurance
- Private use of assets
- Stock taken for private use

Box 58 Current account year-end balances

- Beneficiaries' current account
- Current account
- Owners' current account
- Partners' current accounts
- Shareholders' accounts
- Shareholders' current accounts

Box 59 Tax-deductible loss on disposal of fixed assets

- Loss on disposal
- Loss on scrapping

Glossary

Accounting book value

The accounting book value of a fixed asset can be calculated by its cost, plus revaluations, less accumulated depreciation and impairments/write-offs.

Assets

Items of value owned by a business:

- cash
- bank surpluses (money the business has in the bank)
- buildings
- debtors (those who owe the business money)
- furniture and fittings
- land
- plant and machinery
- stock on hand
- vehicles

Bad debts

A bad debt is a credit sale for which the business does not expect to receive payment.

Balance sheet or statement of financial position

This shows the financial position of a business at the end of an accounting period.

Creditors or accounts payable

Suppliers the business owes money to.

Debtors or accounts receivable

Those who owe the business money for goods or services supplied.

Drawings

Amounts taken from the business by the owners during the year. This includes private use of assets, private expenditure and goods.

Expenses

Amounts paid or incurred for the purpose of generating revenue.

Generally accepted accounting principles (GAAP)

A framework of accounting standards, rules and procedures defined by the professional accounting industry. In New Zealand, the External Reporting Board sets and administers these standards.

GST-exclusive accounts

The financial statements do not include GST in income, expenses and assets and liabilities apart from accounts receivable and accounts payable.

GST-inclusive accounts

The financial statements include GST in income, expenses, assets and liabilities. The profit and loss statement treats GST payable as an expense and GST refunds as income.

Gross income

Income before any deductions or expenses.

Profit and loss statement or statement of financial performance

This shows how much profit or loss was made by the business during the accounting period.

Income year

The year ended 31 March, or the year ended on another date where the customer has made an election that has been approved by Inland Revenue under section 38 of the Tax Administration Act 1994.

International financial reporting standards (IFRS)

Accounting standards that make company accounts understandable and comparable across international boundaries.

Liabilities

These are amounts owed by the business to outside parties including:

- bank overdraft (money the business owes to the bank)
- creditors (those to whom the business owes money)
- loans (money the business borrows from an outside party)
- mortgages.

Owners' equity

This represents the net assets of the business. It is equal to total assets less total liabilities. With a company this will be the sum of paid up capital, reserves and retained profits/ losses. With a partnership or sole trader it will be the sum of capital contributed and retained profits/accumulated losses. With a trust or estate it will be the sum of amounts settled and undistributed profits/accumulated losses.

Revenue

Money received or due to be received from the sale of goods or services and other income sources.

Share-based remuneration

This is remuneration that involves paying employees by way of shares, options or similar equity or in some cases the cash equivalent. The shares, options etc are typically those of the employer but can also involve a recharge from the parent company, a subsidiary or sister company in respect of their shares/equity being issued or used.

0800 self-service numbers

Our 0800 self-service numbers are open 7 days a week - except between 5am and 6am each day. Make sure you have your IRD number ready when you call.

For access to your account-specific information, you'll need to be enrolled with voice ID or have a PIN.

Order forms, guides and returns 0800 257 773

All other services 0800 257 777

When you call, confirm what you want from the options given. If you need to talk with us, we'll re-direct your call to someone who can help you.

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Have your IRD number ready and call us on one of these numbers.

General tax, tax credits and refunds 0800 775 247

Employer enquiries 0800 377 772

General business tax 0800 377 774

Overdue returns and payments 0800 377 771

We're open 8am to 6pm Monday to Friday, and 9am to 1pm Saturday. We record all calls.

Our self-service lines are open 7 days a week - except between 5am and 6am each day. They offer a range of automated options, especially if you're enrolled with voice ID.

Find out more at ird.govt.nz/contact-us

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