

# Late for a very important date?

Unfortunately as the saying goes "The only two things that are certain in life are death and taxes". Both seem to be feared by many, but Butch Mawdsley 10X Business Coach and director of chartered accounting firm RES Group says this doesn't always have to be the case for the latter if you understand the process, abide by the regulations and are proactive and plan for your year ahead.

Each year the Inland Revenue Department requires you to submit a properly compiled tax return and most businesses would engage the services of an accountant (tax agent) to assist with preparing an annual financial report which would then be translated into the tax return. Should this be the case then you would be given an extension of time up to 31 March of the following year to file your returns.

Many people are not aware of the implications of not meeting this deadline, so especially for *Business to Business* readers Butch has answered some of the most frequently asked questions he has encountered on the subject.

## What will happen to me if I miss this deadline?

If you miss the deadline and do not get your tax return submitted by 31 March you could be subject to penalties and "Use of Money Interest" and in all probability you will lose your "Extension of Time" arrangement with your tax agent.

"Effectively you will then be required to submit your tax return by the 7th of July the following year instead of 31 March, which means that you lose a six month window of time which may adversely affect your cash flow," Butch said.

If you continue to ignore this



■ Butch Mawdsley.

requirement by the IRD then you could become liable for a serious fine and in extreme circumstances possibly even a jail term.

## Help, what do I do to rectify this situation?

Butch's advice for if you are in this category or think that you might end up in this category is to contact your accountant or tax agent as soon as possible so that arrangements can be made to prevent an unpleasant situation from developing.

"I have experienced many people at this point who become paralysed with fear, I think this is because they just don't realise how easy the process is, but the longer you leave this the worse the situation can turn out, if you contact your tax agent or accountant as soon as possible this allows them more time to rectify the situation and minimise the negative outcome for you.

Don't wait, take action NOW!"

## What information do I need for my tax return?

Below is a brief summary of the



■ Planning ahead will avoid headaches with the Inland Revenue.

information that you should be preparing for your accountant so they can process your tax return.

Your accountant will have a more detailed list of what you will need to personally provide but keep these items in mind for a quick reference.

■ A detailed list of any major changes or transactions in your business (e.g. purchase or sale of property)

■ All bank records or statements for bank accounts

■ General ledger (if available)

■ Records of any cash transactions

■ Accounts receivable (debtors balance)

■ Accounts payable (creditors balance)

■ Information on any term borrowings (loans)

■ Stock on hand/work in progress

■ Fixed assets details

■ Motor vehicle details

■ Documents relating to any new hire purchase, finance lease, operating lease etc.

■ Details of any home office expense

■ GST/PAYE/FBT/ACC supporting documents

■ Supporting documents in respect to legal fees, insurances, travel, repairs and maintenance

■ Details of any dividends declared and/or paid

■ Details of any other income such as interest.

Avoiding situations like this in the future is best practice.

"It should always be remembered that proactive communication with your accountant, tax agent and IRD will go a long way towards avoiding the consequences of non-compliance," Butch said. He also suggested to every year get your accounts done as soon as possible.

Planning your tax affairs in a more structured way will remove some of the stress that arrives at the end of the tax year.

Choosing an accountant or tax agent that you trust and that is proactive will also make life easier for you come tax time.

A proactive accountant should:

■ Be making contact with you at least three times a year (just prior to provisional tax time)

■ Check with you to see how your business is progressing.

■ Be revising your tax plan in time for each provisional tax payment.

■ Provide you with assistance with investment or finance decisions to ensure that your tax position is optimised.

■ Be involved in monitoring how the business activities are tracking against the business plan.

■ Be able to assist you in creating a business plan.

■ Be able to provide you with tools to help you to remain focussed on increasing profitability, improving your cash flow and enhancing your lifestyle.

Overall your accountant should be helping to take some of the stress out of the tax process. Remember, your accountants are there to support you through this process.

"If you have questions regarding anything to do with the tax process don't be afraid to ask your accountant some questions," Butch finished.

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