



A&G Tax Accountants Limited
Inland Revenue Approved Tax Agency

Information Pack

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Welcome

We would like to thank you for entrusting A&G Tax Accountants. We want to assure you that you have made an excellent decision by assigning your accounting and taxation matters to us. We are honoured to serve you.

We are in this together and we want to ensure that you pay the minimum tax on the due date.

If you have any queries or requests, feel free to contact us at any time.

A&G Tax Accountants are offering accounting and tax services for individuals, partnerships, trusts, companies and rental properties.

We provide a friendly and professional service at a reasonable and affordable rate while educating you about your Accounting & Tax matters.

Our services

Accounting

We will prepare your financial statements to meet all current reporting requirements.

Taxation

We can prepare and e-file your income tax, Goods and Services Tax (GST) and PAYE returns, and advise you of your tax liability.

Business Support

We also can prepare the documentation your bank requires to provide you with funding.

Xero

We are fully qualified to assist you in the selection of the Xero package best suited to your requirement. We provide you with any installation, configuration and training that you may need.

Client 's tax obligations

Tax Administration Act 1994

Section 22 of the Act: Keeping of business records

Goods and Services Tax Act 1985

Section 75: Keeping of records

For the purposes of this section, the term records includes books of account (whether contained in a manual, mechanical, or electronic format) recording receipts or payments or income or expenditure, and also includes vouchers, bank statements, invoices, tax invoices, credit notes, debit notes, receipts, and such other documents as are necessary to verify the entries in any such books of account.

- **Registering for GST**

You need to register for GST if you carry out a taxable activity and your annual turnover is more than \$60,000.

- **What to do after you registered for GST**

- Once you register for GST, you must:
- charge GST at 15% on all your sales, except for exempt supplies
- give tax invoices to GST-registered persons within 28 days
- keep GST invoices and receipts when you buy goods or services for your business
- keep GST invoices to claim a GST credit for a supply of more than \$50 (including GST)
- keep any other records and paperwork to support the figures in your GST returns
- What kind of records should I keep?

- You may choose any recordkeeping system suited to your business that clearly shows your income and expenses.

- **Supporting Business Documents**

- Purchases, sales, payroll, and other transactions you have in your business will generate supporting documents such as invoices and receipts. Supporting documents include sales slips, paid bills, invoices, receipts, deposit slips, and canceled checks. These documents contain the information you need to record in your books. It is important to keep these documents because they support the entries in your books and on your tax return. You should keep them in an orderly fashion and in a safe place. For instance, organize them by year and type of income or expense.

- For more detailed information refer to the following these are some of the types of records you should keep:

- **Gross receipts** are the income you receive from your business. You should keep supporting documents that show the amounts and sources of your gross receipts. Documents for gross receipts include the following:

- Cash register tapes
- Bank deposit slips
- Receipt books
- Invoices
- Credit card charge slips

- **Purchases** are the items you buy and resell to customers. If you are a manufacturer or producer, this includes the cost of all raw materials or parts purchased for manufacture into finished products. Your supporting documents should show the amount paid and that the amount was for purchases. Documents for purchases include the following:

- Canceled checks
- Cash register tape receipts

- Credit card sales slips
 - Invoices
- **Expenses** are the costs you incur (other than purchases) to carry on your business. Your supporting documents should show the amount paid and that the amount was for a business expense. Documents for expenses include the following:
 - Canceled checks
 - Cash register tapes
 - Account statements
 - Credit card sales slips
 - Invoices
 - Petty cash slips for small cash payments
- **Travel, Transportation, Entertainment, and Gift Expenses**
 If you deduct travel, entertainment, gift or transportation expenses, you must be able to prove (substantiate) certain elements of expenses.
- **Assets** are the property, such as machinery and furniture that you own and use in your business. You must keep records to verify certain information about your business assets. You need records to compute the annual depreciation and the gain or loss when you sell the assets. Documents for assets include the following:
 - When and how you acquired the assets.
 - Purchase price
 - Cost of any improvements.
 - Deductions taken for depreciation.
 - How you used the asset.
 - When and how you disposed of the asset.
 - Selling price.
 - Expenses of sale.
- The following documents may show this information.
 - Purchase and sales invoices.
 - Real estate closing statements.
 - Canceled checks.
- **Employment taxes**
 Keep all records of employment for at least seven years.

Mileage rate for self-employed people

If you're self-employed you can use our mileage rate to calculate the cost of using your motor vehicle for business purposes.

Standard mileage rate for motor vehicles

The mileage rate for motor vehicles is 74 cents per kilometre.

[Find out more information about mileage rates](#)

Rates apply to each income tax year (1 April – 31 March). If you have a non-standard balance date the rate applies from the beginning of your relative income year.

You can use this rate for up to a maximum of 5,000 km of work-related travel per year. For distances greater than 5,000 km, you must keep a record of actual vehicle expenses.

The rate applies irrespective of engine size or whether your vehicle is powered by a petrol or diesel engine. The mileage rate does not apply to motor cycles.

Calculating business motor vehicle use if you're self-employed

There are three ways you can calculate the proportion of business use of your motor vehicle:

- actual costs
- a logbook, or
- a mileage rate for distances of 5,000 km or less a year.

Actual costs

If you believe your vehicle costs are higher than the rates given you can use the actual costs option.

You can claim deductions on your actual costs including depreciation loss for the business use of your motor vehicle. If you use this method you must keep accurate records including details of private and work-related expenses. Your records will need to show the reasons for and the distances of journeys for business travel.

Logbook

You can also work out the business use of your vehicle by keeping a logbook for at least 90 consecutive days. After 90 days you can work out the average proportion of business to private use of your vehicle. The logbook term is up to three years, provided variance of business use is less than 20% of the logbook representation.

The logbook **must** record the:

- start and end of the 90-day test period
- vehicle's odometer readings at the start and end of the test period
- distance of each business journey
- date of each business journey
- reason for each business journey, and
- any other detail that we may require.

You can use your logbook to calculate the deduction for the costs you incur and the amount of depreciation loss for the business use of your motor vehicle.

Default method

The deduction for costs of using a motor vehicle is limited to the lesser of:

- the proportion of actual business use of the vehicle, and
- 25% of the total use of the vehicle

where:

- actual records showing the proportion of business use haven't been kept, or
- the period of use if not reflected in the log book, or
- the mileage rate method can't be used.