

GECATM YEAR END CHECKLIST

CHARTERED ACCOUNTANTS

With the 2016/17 year-end approaching on 31 March, we've prepared a checklist of areas to look at prior to balance date to help with the preparation of your annual accounts and to try and maximise your tax efficiency.

	What Needs To Be Considered	Completed
Bad Debts	<p>Have you written off all debts that you consider bad?</p> <ul style="list-style-type: none"> Remember to physically write any amounts out of your debtors ledger that you think are not recoverable. This needs to be done before March 31 to ensure a tax deduction can be claimed for the write off. The bad debts can be transferred to a separate Bad Debts ledger if you still want to pursue the debtors. Then, if you receive payment against any bad debts this should be classified as Bad Debts Recovered. 	
Dividends and Imputation Credit Accounts (For Companies Only)	<ul style="list-style-type: none"> Regardless of your balance date, your Imputation Credit Account (ICA) must have either a NIL or credit balance at March 31. If you have declared or paid a dividend in the current year that we did not prepare documentation for, please let us know before March 31 to ensure all aspects have been properly dealt with. If you think you may have an overdrawn shareholders account at March 31 you may need to pay a dividend prior to this date. Please call us to discuss any of the above. 	
Donations	<ul style="list-style-type: none"> Companies are allowed a deduction for a gift of money to charitable organisations approved for charitable rebate purposes. There is no threshold so all qualifying donations and gifts of money are deductible - as long as donations do not exceed taxable income for the year. 	
Employee Wages and Leave	<p>Have you considered encouraging staff to take leave within the 63 days following balance date?</p> <ul style="list-style-type: none"> An employer may obtain a deduction for employees' monetary remuneration provided payment is made within 63 days of year-end. Monetary remuneration includes accrued bonuses and holiday pay, long service leave and gratuities. If you were planning to make bonus payments, they should be paid by 2 June and advised to us with your accruals and creditors at year-end. Similarly, please advise us of holiday pay paid between 1 April and 2 June 2017 for a March balance date. 	
Fixed Assets and Depreciation	<p>Now is a good time to review your asset register for accuracy and decide what items are not being used anymore.</p> <ul style="list-style-type: none"> Assets can be written off if they meet the following criteria: <ul style="list-style-type: none"> The asset is no longer in use by the business. The business does not intend to use the asset in the future. The cost of disposing the assets is more than its disposal value. Conversely, if assets have been purchased their value and acquisition date should be brought into the register. <p>Are you planning to buy any assets? A full month's depreciation can be claimed for any part month that an asset is owned and used. So it may be worth buying replacement assets on or just before balance date to obtain one month's depreciation deduction.</p> <p>Are you thinking of selling any assets? If you expect to make a loss on sale, consider selling prior to balance date. If you expect to make a gain on sale, consider deferring the sale until after balance date.</p>	
Higher Income	<p>Is your income significantly higher than last year?</p> <ul style="list-style-type: none"> If so, an additional voluntary provisional tax payment may be appropriate. Please discuss your options with us prior to year end. 	

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Interest Payments	<p>Have you paid more than \$5,000 in interest to someone other than a bank?</p> <ul style="list-style-type: none"> If you have, you may be required to pay Resident Withholding Tax. Please talk to us immediately. 	
Land Sales	<p>Have you sold any land in the current year? Are you intending to sell any land? Are you planning a subdivision or any improvements to your land?</p> <p>If so, please let us know so that we can discuss any potential tax consequences.</p>	
Legal Fees	<p>If your legal fees are greater than \$10 000 for the year please note that some fees may not be deductible for tax purposes.</p>	
Overseas Investments	<p>Do you have any investments or interests in overseas entities?</p> <ul style="list-style-type: none"> The tax treatment of overseas investments is quite specific, so it is important that we are aware of the types and amounts of overseas investments, and any changes in these investments. Please discuss your investments with us to ensure the correct tax treatment is used. 	
Prepaid Expenses	<p>Have you considered prepaying some expenses?</p> <ul style="list-style-type: none"> There are a number of items that can be pre-paid prior to 31 March which relate to the next tax year. Examples are advertising, stationery, consumable aids, rent, insurance, subscriptions, advance bookings for travel and accommodation. Please refer to the list of expenses that can be prepaid(see below)— call us if you need help. 	
Repairs and Maintenance	<ul style="list-style-type: none"> This account should be checked carefully to ensure that no capital items have been included. Several small items may have been paid for during the year on a project which may add up to a more significant asset which should then be capitalised. Capital items under \$500 exc GST can be written off as repairs. <p>Have you incurred all repairs and maintenance expenses on business fixed assets prior to balance date?</p> <ul style="list-style-type: none"> If it will be necessary to incur these expenses in the near future anyway, consider incurring them before balance date to obtain an earlier tax deduction. 	
Shareholding (For Companies Only)	<p>Are you considering making shareholding changes?</p> <ul style="list-style-type: none"> Remember to take into account the effect of shareholding changes on losses carried forward, imputation credit accounts, qualifying company status and look through company status. Shareholder current accounts should be reviewed to avoid any possible liability for fringe benefit tax. If you think your shareholder accounts may be overdrawn (in debit) please call us as there are some actions that can be taken to reduce any interest which may need to be charged or fringe benefit tax payable. 	
Trading Stock	<ul style="list-style-type: none"> It is important to complete a stock take on March 31 as it is the last working day of the financial year. Stock must be valued at Cost or Market Selling Value whichever is lesser. Using Market Selling Value can be useful in reducing tax if the value of stock has fallen but the values chosen must be supported by appropriate evidence. Stock takes are not required if your turnover is less than \$1,300,000 and stock value is less than \$10,000. Call us if you are unsure of the best method to use when valuing your stock. 	
Vehicle expenses	<p>If you are a sole trader, partnership or trust have you kept a vehicle logbook for a three month period during the last three years?</p> <ul style="list-style-type: none"> A logbook test period is necessary to establish a business use percentage for tax purposes and when there has been a significant change in business activity. 	

PREPAID EXPENSES

The IRD has discretion under s EA 3 Income Tax Act to excuse taxpayers from the requirement to accrue for prepayments and has issued determination E12, which lists the monetary limits of unexpired portions of various expenses, which need not be adjusted in year-end accounts if prepaid prior to year-end. These are as follows in the table below:

Description of Expenditure	Prepaid Amount Up To	Months Prepaid
Rental for the lease of land or buildings relating to a period ending more than one month after balance date	\$26,000	6
Rental for the lease of land or buildings other than such rental dealt with elsewhere in this determination		1
Rental for the lease or bailment of livestock or bloodstock	\$26,000	6
Payment for the purchase of consumable aids	\$58,000	Unlimited
Insurance premiums if total premiums for the year don't exceed \$12,000		12
Payment for equipment service if inseparable from the part of the consideration for the asset(s)		Unlimited
Payment for a contract for service or maintenance of plant, equipment or machinery if the total for such expenditure doesn't exceed \$23,000		3
Telephone or other communication equipment		2
Cost for services, other than those dealt elsewhere here	\$14,000	6
Periodic charges, other than those dealt elsewhere here	\$14,000	12
Purchase of stationery		Unlimited
Subscriptions for newspapers, journals and annotation services		Unlimited
Motor vehicle registration and driver license fees		Unlimited
Subscriptions (but not franchise fees) to any trade, professional or other association if total amount for year for that association does not exceed \$6,000		12
Costs on postal and courier services, including franking, post boxes, business reply post and on stamps		Unlimited
Rates if invoiced on or before balance date		Unlimited
Advance bookings for travel and hotel or motel accommodation	\$14,000	6
Costs of advertising	\$14,000	6
Road user charges		Unlimited
Audit fees		Unlimited
Mandatory accounting costs		Unlimited
Accrual expenditure deductible under s DB 3 ITA 2004		Unlimited
Claim settlement costs of a general insurer if total cost in outstanding claims reserve does not exceed \$65,000		Unlimited