

How to make tax time easier

Take the stress out of tax time with a bit of organisation and the right help at the right time. Here are some steps you can take to get prepared.

1. Plan (and save) ahead

No one likes being taken by surprise by a big bill, so put money aside for taxes and levies.

You should:

- Set up a separate, interest-earning account for tax and ACC payments, and put a portion of each payment you receive into it.
- Make sure you withdraw these funds in time to make any due payments.

The interest you'll earn can go towards your ACC levy, so you might not need to set extra aside for that.

Guide to making tax time easier

[\(/assets/Uploads/Visualisations/Making-tax-time-easier.pdf\)](/assets/Uploads/Visualisations/Making-tax-time-easier.pdf)

[Explore full visualisation PDF 809 KB \(/assets/Uploads/Visualisations/Making-tax-time-easier.pdf\)](/assets/Uploads/Visualisations/Making-tax-time-easier.pdf)

The steps below are text versions of the visual guide. It's aimed at people who use screen readers, or who prefer to take in information by reading.

It's common for small businesses to put off filing tax returns to Inland Revenue (IR), resulting in a last-minute scramble. Avoid stress by following these simple tips on how to prepare for tax time. Keeping good records — either digital, on paper or in the cloud — is key.

Starting out

Tip: DO NOT think your first year in business is tax-free — you can choose to pay it in a lump sum after filing your first return, or you could choose to use AIM and pay small amounts during the year when your business makes an accounting profit.

- Attend a free Inland Revenue seminar.
- Register for online services at myIR.
- Understand business tax basics with Inland Revenue's Smart Business guide (IR320).
- Keep good records — it's a legal duty and helps you see the financial health of your business.
- Consider using expert advice to get set up correctly.
- Tell Inland Revenue if another person looks after your tax tasks, eg a tax agent. They'll need access to your myIR for filing.
- Think about getting accounting software. It could manage your GST, provisional tax and payday filing for you.

[myIR\(external link\) \(http://www.ird.govt.nz/online-services/myir-secure-online-services.html\)](http://www.ird.govt.nz/online-services/myir-secure-online-services.html) — Inland Revenue

[Smart Business \(IR320\)\(external link\) \(http://www.ird.govt.nz/forms-guides/number/forms-300-399/ir320-guide-smart-business.html\)](http://www.ird.govt.nz/forms-guides/number/forms-300-399/ir320-guide-smart-business.html) — Inland Revenue guide

GST

Tip: DO NOT keep the GST you charge. It's not your money — you're collecting it for the Government.

- Check if you need to register.
- Once registered, you must start charging GST.
- Code receipts and invoices as you go to show what they're for.
- Put money aside in a high-interest account until it's time to pay GST — the interest earned might help pay your ACC levy.
- Deregister when you need to. This will save you having to file nil returns.

[GST\(external link\) \(https://www.business.govt.nz/tax-and-accounting/basic-tax-types/gst/\)](https://www.business.govt.nz/tax-and-accounting/basic-tax-types/gst/)

Income tax

Tip: DO NOT forget to pay income tax. The payment date may be a few months after you file a tax return.

- To help cover your tax bill, regularly put money aside — some experts suggest at least 20% of income.
- Consider hiring a tax agent. Their knowledge could save you time and money.
- Always file your tax return by the due date to avoid penalties.
- Tell Inland Revenue early if you think you might have problems paying. They might help you come to some arrangement.

[Income tax and provisional tax \(/tax-and-accounting/basic-tax-types/income-tax-and-provisional-tax/\)](/tax-and-accounting/basic-tax-types/income-tax-and-provisional-tax/)

PAYE

Tip: DO NOT file late. Penalties may be more than your PAYE deductions.

- Register as an employer online with Inland Revenue.
- There are two forms to file each month:
- IR345: Employer deductions — must be filed, even if you make no deductions.
- IR348: Employer monthly schedule — only required for the months you pay employees.
- Only deduct child support for an employee if Inland Revenue tells you to.

[Register as an employer\(external link\) \(https://www.ird.govt.nz/employing-staff/register-as-an-employer\)](https://www.ird.govt.nz/employing-staff/register-as-an-employer/) — Inland Revenue

[PAYE \(/tax-and-accounting/tax-when-you-have-employees/payee/\)](/tax-and-accounting/tax-when-you-have-employees/payee/)

If the unexpected happens

Tip: DO NOT forget to deregister for GST and as an employer if you wind up your business.

- If a major disaster happens, you must still file returns even if you can't pay.
- If your records are damaged, tell Inland Revenue as soon as possible.
- To help your business survive, Inland Revenue may suggest payment options.
- If you're operating at a loss and are worried about being unable to pay, contact Inland Revenue.

[What to do if you're operating at a loss \(/tax-and-accounting/business-finance-basics/what-to-do-if-your-business-is-operating-at-a-loss/\)](/tax-and-accounting/business-finance-basics/what-to-do-if-your-business-is-operating-at-a-loss/)

[Planning for the unexpected: Natural disasters\(external link\) \(https://www.business.govt.nz/news/natural-disaster-being-prepared-better-for-business/\)](https://www.business.govt.nz/news/natural-disaster-being-prepared-better-for-business/)

[Closing your business \(/tax-and-accounting/closing-down/closing-your-business/\)](/tax-and-accounting/closing-down/closing-your-business/)

2. Get help when you need it

You may want one-off advice to get you up to speed, or ongoing help from an expert.

You should:

- Have a think about what you actually need. Are your tax affairs complicated, or are you pretty confident you can get it sorted yourself?
- Talk to providers of accounting software and see how software could help you.
- Consider getting help at key times if you decide you don't want the ongoing cost — pick and choose what you want help with and what you can do yourself.
- Do some research before appointing anyone, and think about your needs and the type of advice you're after. A chartered accountant may fit the bill, or a qualified bookkeeper or tax agent. Their fees will differ, as will the experience and expertise on offer.

Calling in professionals can be costly — but they know all the ins and outs of tax, so may end up saving you more than they cost you.

3. Get your records in order

You must:

- Keep all expense receipts and invoices you receive.
- Keep copies of all invoices you send out.
- Keep records of any other types of income or expenses, like dividends or rental income.
- Try to pay for anything that could be a claimable business expense through your business account, so you've got a paper (and electronic) trail.
- Keep all records, either electronically or in paper form, for seven years.

You should:

- Set up a filing system that works for you, so you can easily find your records.

[Tips on keeping records \(/tax-and-accounting/tax-time-tips/keeping-tax-records/\)](/tax-and-accounting/tax-time-tips/keeping-tax-records/)

Using online accounting software can make this step easier.

Everything's filed electronically in one place as you go, and it's tallied up automatically for you at tax time. With accounting software you can file your GST, manage your provisional tax using the new option AIM, and manage your payday filing.

4. Use the right systems

Whether you opt for paper-based or online, choose a system that suits your business.

You should:

- Talk to others and try a few systems to work out what's best for you and your business — there are plenty of online software options that can save you a lot of time at not much cost. Or opt for a paper-based system.
- Consider getting expert help to get started — knowing you've got everything set up properly will save you time and stress down the road.

Some accounting systems offer a service for businesses to file GST directly to Inland Revenue. GST can also be paid online using Inland Revenue's myGST service, a new section of myIR.

[myIR\(external link\) \(http://www.ird.govt.nz/online-services/myir-secure-online-services.html\)](http://www.ird.govt.nz/online-services/myir-secure-online-services.html) — Inland Revenue

[Filing tax returns through accounting software\(external link\) \(https://www.ird.govt.nz/business-income-tax/expenses/software-exp/bit-expenses-software.html\)](https://www.ird.govt.nz/business-income-tax/expenses/software-exp/bit-expenses-software.html) — Inland Revenue

[Tips on systems that can help \(/tax-and-accounting/tax-time-tips/systems-that-can-help-at-tax-time/\)](/tax-and-accounting/tax-time-tips/systems-that-can-help-at-tax-time/)

Find the system that suits you best. Do your research online to find exactly what you need.

If accounting software, spreadsheets or electronic files are your thing, do it that way. If paper-based works for you, stick with it.

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How expenses can help reduce tax bills

[\(/tax-and-accounting/reducing-your-tax/claiming-expenses/\)](/tax-and-accounting/reducing-your-tax/claiming-expenses/)

[Offsetting expenses against income can help with your tax bill. But you'll need to know what to claim for, and how.](#)

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