

Don't be left behind this October!

GST rate change

Is your business prepared?

Healthcheck Services

Are you prepared?

The announcement of the 2010 Budget confirmed the Government's intention to increase the GST rate from 12.5% to 15%. The new rate will come into effect from 1 October 2010.

As a business owner/operator, you will need to ensure your systems and processes are prepared for the increase to ensure a smooth and error-free transition. There are many issues outside the box that you need to consider now: new/existing contracts, cash-flow and pricing changes. These are just a few issues that may trip you up and need your attention before the transition.

Tax errors can be costly and a headache to resolve, so don't be left behind this October.

What you need to consider

Unfortunately a rate change isn't as simple as changing a number in your accounting system – a change in a wide reaching tax like GST will have wide reaching implications. Some things you will need to consider include:

- Contracts, how can the rate of GST be adjusted (can it be?)
- Accounting and reporting systems need to be adjusted, how do you account for prepayments?
- Consumer behaviour, changing activity pre and post increase and impact on inventory levels and cashflow
- Transactions that span the rate change - what rate applies?
- Industries with special rules, where mixed (taxable and exempt) supplies are made.

How we can help

It's stressful to run a business, particularly in these tough times.

We can help you through this transition by ensuring your systems and processes are up-to-date by providing the following services:

- A systems and process review through one of our Tax Healthchecks
- Forecasting cash-flows for the year to chart out the 'tricky periods' for the new GST rate
- Advice on any specific contracts/transactions that occur in the transition period
- Consideration of appropriate apportionment methodologies if your business makes mixed supplies.

We can provide you a workable roadmap when recommending options.

If you would like more information on any of the above please contact:

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