



1 OCTOBER 2010 TAX CHANGES

GST Rate

As announced in the Budget 2010, the rate of tax to pay on goods and services (GST) increases from 12.5% to 15% from 1 October 2010.

If you are registered for GST on a payments basis you will need to make an adjustment in the GST return for the period ending 30 September as follows:

1. Make a list of all debtors and all creditors that are made up of all goods and services sold or purchased on or before 30 September but not paid for by 1 October (note, do not include any zero rated or exempt items) and calculate the total of each list.
2. Subtract the amount of any debtors from the amount of creditors, and **divide** the result by 51.75. This is your GST rate change adjustment.
3. If the amount of creditors is greater than the amount of debtors, then the GST rate change adjustment is GST payable. The GST rate change adjustment goes in box 9 of the GST return. If the amount of debtors is greater than the amount of creditors, then the GST rate change adjustment is a GST credit and goes in box 13 of the GST return.

If you are registered for GST on an invoice basis, the above adjustment only needs to be made for second hand goods that were purchased from a non-GST registered person on or before 30 September, but not paid for by 1 October.

Note the IRD has a GST rate adjustment sheet you can use (GST105) and also a GST rate change guide (GST106). You can find these on the IRD website.

You will need to ensure your accounting software package is updated to be able to deal with the change in rate. If you are using any version of MYOB and need help with the update, please contact our offices.

Personal Tax Rates

The Government announced changes to personal tax rates in the 2010 Budget, which means PAYE rates are changing on 1 October.

You'll need to start using the new rates when calculating PAYE from the first pay period that ends on, or after, 1 October 2010.



Updated PAYE information is now available on the IRD website. The online calculator, “Calculate tax on holiday pay – 2011” will be available from 1 October. If you already use the IRD online tables and have bookmarked them, you’ll need to update the bookmark to link to the updated 2011 PAYE tables.

If you use a payroll software package, you need to ensure it is updated and ready to use from 1 October. If you use MYOB Payroll and need help with the update, please contact our offices.

The ACC Earner Levy increases to 2.04% on 1 October due to the increase in GST rate.

FBT rates are also changing from 1 October 2010. If you’re GST registered, you need to pay GST at the new rate of 15% on fringe benefits liable for GST, provided on or after 1 October 2010. Please ensure you keep accurate records for fringe benefits provided before and from 1 October 2010.

If you have any questions, or need any assistance regarding the above tax changes, please do not hesitate to contact our offices. One of our staff will be able to assist you.