



Financial Statements and Tax Returns for the year ended 31 March 2021

31 March 2021 is upon us, which means that it is time to think about year end procedures and information that we will require to produce financial statements.

Our 2021 Financial Questionnaires will be available online on our website www.bellaconsultants.co.nz/portal from April 2021.

Please - Read, **complete**, sign and return the applicable questionnaires together with any information required to prepare the 2021 financial accounts as we are unable to start any work without them. Just signing the questionnaire does not enable us to complete your work on a timely basis as we generally need to stop and ask for the information already requested. We are conscious that in these times saving money is paramount and in order for us to be able to maintain our fees we need full information.

Completing the questionnaires will provide a detailed guide as to the information required for the preparation of your accounts and tax returns.

We do require your current bank account details for possible tax refunds. The Inland Revenue do not issue refunds by cheque.

The following is a very summarised version of the details of our checklist and the major points are included in it.

Bad debts - If you are no longer pursuing recovery from debtors and you have accepted the payment will not be received, please ensure these are written off prior to 31 March 2021.

Stock - Please try to give an accurate stock figure as at 31 March 2021. This should be valued at cost price excluding GST.

Provide a record of any major changes to your business. For example, purchase or sale of assets, purchase or sale of rental properties, new companies/trusts/partnerships formed, appointment of new directors or trustees, new bank accounts, new loans, new hire purchase or lease agreements.

If your accounts are prepared using a computerised accounting system and the accounting system is in the cloud - for example XERO or MYOB - then adviser access can be made to prepare the accounts. If your accounting system is not in the cloud then a backup of the year end accounting file as at 31 March 2021 on a memory stick should be provided.

Make sure bank accounts are reconciled, particularly where a computerised accounting system, such as MYOB or Xero, is used. We will still require a copy of your bank statement confirming the balance as at 31 March 2021.

Where applicable, print out outstanding debtor and creditor lists as at 31 March 2021 and ensure they match the accounts.

If your accounts and tax returns are prepared on a cash basis you will need to provide a full year's bank statements for all bank accounts showing the opening and closing balances.

Provide loan account balances as at 31 March 2021 and summaries of interest paid for the year.

Provide term deposit confirmations as at 31 March 2021.

Provide us with interest received (RWT) certificates for the year for all applicable bank accounts including term deposits, both existing and new deposits.

Provide any dividend statements received during the year.

If you have purchased assets that cost more than \$5000 (plus GST), you will need to provide a summary of those purchases and copies of the invoices. Additionally, provide copies of any new hire purchase agreements entered into during the year.
The asset write-off threshold has been increased to \$1000 for assets purchased.

If credit cards have been used for both business and personal expenditure you must clearly identify which expenditure is which. Provide a schedule of any business expenses paid from your personal account and any personal expenses paid from your business account.

If you have sold or purchased property during the year include copies of settlement statements and sales and purchase agreements.

If using a home office provide full details of the time spent working per week on average at home. Also details of home expenses such as interest on the home's mortgage or rent, insurance, power/gas, rates and repairs and maintenance expenditure.

If you have income protection/disability insurance provide details of premiums paid for the year.

Wage subsidy or Resurgence Support Payment - if you received any assistance from Government departments provide details of the of the type of subsidy, the amount and the date.

Small Business Loan - provide the documentation received from the Inland Revenue Department.

It is always helpful if you provide your records in an orderly manner, for example, in a folder using appropriate folder dividers. Providing full

information in the right format will enable us to complete your financial accounts and tax returns accurately, efficiently and cost-effectively.

As stated previously, please complete and return the signed questionnaires. They look difficult but once viewed the task seems less daunting. It is frustrating for you to receive constant queries from the accountants and for them to have to "stop/start" the accounts while waiting for answers. Do not hesitate to ask us any questions regarding these documents.

TAX PAYMENTS

When you receive the tax notices from us please set up the automatic payments at that time. It is essential that the payments are made in full and **on or before** the due date.

If you are unable to make the full payment, please let us know immediately so that we can advise you of different procedures to make the payment.

If you have paid the tax in full but a day late, please let us know immediately.

The consequences of late or short payments are dire. IRD will now charge interest on the late paid amount from its due date until the final tax for the year is paid – sometimes this is 18 months. This is known as loss of safe harbour. Safe harbour is your tax status when all required amounts are paid in full and on time.

TAX CHANGES

The minimum wage for an adult will increase from \$18.90 to \$20.00 per hour on 1 April 2021.

The starting out and training rate will also increase from \$15.12 to \$16.00 per hour.

If you are an employer, you need to ensure that your payroll systems and processes are updated.

Sick leave increases have not been adopted as yet but will apply two months after becoming law.

The Brightline test, from 27 March 2021, has been extended to 10 years for residential rental properties excluding new builds.

Interest deductions will be phased out over 4 years on existing residential rental properties **and** new builds. New residential rental purchases, excluding new builds, will have no interest deductions available from 1 October 2021.

From the Team

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