

GST RATE CHANGE TO 15%

GST Return preparation for period ended 30 September 2010

CHECK LIST

- **GST Invoices**

Ensure that GST tax invoices have been issued for all supplies made up to 30/9/2010. As a concession for the additional compliance requirements during the GST rate transition the date for the issue of GST tax invoices relating to supplies made up to 30/9/2010 has been extended to 11/10/2010.

- **Date of Supply**

The date of supply for any GST transaction is the earlier of:

- Date invoice issued

OR - Date that a payment is first received for the supply (non refundable payment)

- **GST Transition Adjustment**

As for the previous GST rate change in 1989 there will be a transition adjustment required for those GST registrations that are on a payments basis.

A one-off GST adjustment is to be made in the September GST Return to allow for the GST differences in debtors and creditors as at 30/9/2010.

This adjustment is necessary as both debtors and creditors will be returned as receipts and payments are made, in future GST Returns at the new 15% rate. To compensate for this future additional 2½% impact on the debtors and creditors an adjustment is made in the September period GST Return.

The Inland Revenue will be enclosing a worksheet for the calculation of that adjustment with the September GST Return.

The GST adjustment is calculated by way of the following simple examples:

(A)	Debtors	50,000	
	Creditors	<u>30,000</u>	
	<u>Difference</u>	<u>\$20,000</u>	
	<u>GST Adjustment (BOX 13)</u>	<u>20,000</u>	= <u>\$386.47 CREDIT</u>
		51.75	

(B)	Debtors	25,000	
	Creditors	<u>40,000</u>	
	<u>Difference</u>	<u>\$(15,000)</u>	
	<u>GST Adjustment (BOX 9)</u>	<u>15,000</u>	= <u>\$289.85 DEBIT</u>
		51.75	

Accordingly, if at 30/9/2010 debtors are greater than creditors there will be a credit claim entered in BOX 13.

Conversely, if at 30/9/2010 creditors are greater than debtors there will be a debit charge entered in BOX 9.

This GST transition adjustment does not apply for a GST registration on an invoice basis.

- **Late GST Input Claims**

If a GST input claim relating to the September period cannot be claimed because you have not received a tax invoice it will be possible to claim the relevant GST input claim in a subsequent GST Return when the tax invoice has been received. The 12½% GST content would be entered into BOX 13 of the Return.

- **GST Registration Cancellation**

If it is contemplated to de-register for GST it may be more economic to effect this in the September period in order for the GST output tax on residual assets remaining in the business to be determined at 12½% instead of 15%.

- **New Perpetual Tax Invoices**

New perpetual tax invoices will need to be issued in October for continuous supplies of services e.g. rental supply of premises, to record the new GST rate of 15%.

- **Second Hand Goods Input Claim**

If it is proposed to purchase second hand goods from a non-GST registered supplier there would be an advantage in delaying the purchase until after 1/10/2010 in order for the input claim to be based upon 15% instead of 12½%.

- **GST Calculator**

Any calculations required at the new GST rate of 15% can be determined from the GST calculator on our website www.macden.co.nz

- **Filing Date**

Ensure the GST Return is filed and any GST payment made on due date 28/10/2010.