

OVERHEAD EXPENSES APPLICABLE TO BUSINESS EARNINGS

- re:
- ***Small sole trader/contractor***
 - ***Commission agent***
 - ***Cottage based industry***
 - ***Professional consultant***

The following is a check list on potential expenses which may be relevant for GST and Income Tax purposes against your business earnings:

1. Motor Vehicle Expenses

Fuel
Service
Repairs
Insurance
Registration
Parking Fees

2. Loan re Vehicle Finance

Interest - apportionment
Copy of Loan Agreement required

3. Depreciation re Vehicle

- Passenger only vehicle – 30% D.V.
 - Work vehicle – 20% D.V.
- Log book is to be maintained for 3 months in order to determine business usage.

4. Subscriptions

Professional institutes etc
Newspapers/Journals

5. Entertainment (Including Prospective Clients)

Lunches
Dinners
Home Entertainment
Record of clients' names should be noted in appointment diary or credit card vouchers.

Notes: - *Above entertainment is subject to Entertainment Tax and accordingly only 50% can be claimed.*
- *Meeting costs are deductible 100%.*

6. Telephone

- 50% of home rental plus business toll calls
- Cellphone
- Internet

7. Clothing

- Protective clothing - wet weather clothing/boots etc
- Corporate clothing - incorporating logo etc

8. Stationery

Printing/postage/maps etc

9. Plant/Loose Tools

re Tools of trade etc

- Incidental items costing under \$500 each can be claimed in full.
- Items over \$500 are capitalised and depreciated at the relevant rates set by the Inland Revenue.
- Initial inventory of plant to be determined.

10. Office Equipment/Furniture

Desk/chairs/cabinets etc

Calculators/computer/telephone equipment

11. Office Costs

The following house costs are required in order to determine the relevant office cost claim:

- Rates
- Insurance
- Power
- Mortgage interest
- Repairs and maintenance
- Area of house) to determine business usage
- Area of office/workshop/storage)

12. Gifts to Clients

- On completion of sale etc.

13. Travel Expenses

Travel expenses relating to business purposes -

- visiting clients
- attending conferences etc.

14. Wages to Spouse/Children

- Approval can be obtained from the IRD for wage payments to spouse.
- Payments for work duties to children whilst attending school are exempt from taxation up to \$2,340 p.a.

15. Interest re Business Finance

Interest on any finance which has been raised for business purposes.

16. General

Any sundry expenses which have a direct relationship with your business activity. e.g.

- Tea/coffee
- Rubbish bags/cleaning
- Promotions/sponsorships
- Accountancy fees
- Client meeting costs