



# GST rate change adjustment calculation sheet

- Use this sheet to calculate qualifying supply adjustments for your GST return up to and including the period ending 30 September 2010.
- This one off adjustment is required to accommodate the GST rate change from 12.5% to 15%.
- Keep this sheet and full details on how this adjustment has been calculated with your records.

Business name

## How to complete your GST rate change adjustment calculation sheet

The purpose of this adjustment is to ensure that taxable supplies made on or before 30 September 2010 are charged and claimed at the GST rate of 12.5%.

### 1. Select your GST accounting basis

- Invoice
  Hybrid
  Payment

Your accounting basis is printed on the front page of your return.

### 2. Identify your qualifying supplies

If you use the ...	then your qualifying supplies are ...	then your non-qualifying supplies are ...
<b>payment basis</b>	<ul style="list-style-type: none"> <li>• all goods and services <b>purchased</b> on or before 30 September 2010 where full payment has not been made by 30 September 2010</li> <li>• all goods and services <b>sold</b> on or before 30 September 2010 where full payment has not been made by 30 September 2010</li> </ul>	• Nil
<b>invoice basis</b>	<ul style="list-style-type: none"> <li>• only second-hand goods <b>purchased</b> on or before 30 September 2010 from a non-registered person where full payment has not been made by 30 September 2010</li> </ul>	• any goods and services <b>purchased or sold</b> excluding second-hand goods
<b>hybrid basis</b>	<ul style="list-style-type: none"> <li>• all goods and services <b>purchased</b> on or before 30 September 2010 where full payment has not been made by 30 September</li> </ul>	• any goods and services <b>sold</b>

The adjustment is only calculated on:

- the amount that remains unpaid on the goods and services, and;
- has not been written off as a bad debt.

**Note:** The adjustment does not apply to zero-rated or exempt supplies.

### 3. Complete your rate change adjustment

Separate your qualifying supplies into a list of creditors (qualifying supplies received ie goods or services you have purchased but not paid for) and debtors (qualifying supplies made ie goods or services you have sold but not received a payment for).

Transfer your creditors total to Box A and your debtors total to Box B. Complete the calculation steps for Box C and Box D.

#### Your calculation

Total "qualifying supplies" received (purchased) including GST.

Creditors **A** \$

Total "qualifying supplies" made (sold) including GST. If you are on an Invoice or Hybrid accounting basis enter zero (0) in Box B

Debtors **B** \$

Subtract Box B from Box A

**C** \$

Divide the difference by 51.75. This is your GST rate change adjustment.

**D** \$

Tick one

- If Box A is larger than Box B, GST is payable.  
 If Box B is larger than Box A, a GST credit is available.

Turn over to find out where to account for your adjustment

Reset Form

#### 4. What to do with your rate change adjustment

Accounting for your adjustment ...	and you do not make other adjustments ...	and you make other adjustments ...
<b>if Box D is GST to pay</b>	<ul style="list-style-type: none"> <li>take the total from Box D and enter the amount directly into Box 9 or 9A of your GST return for the period ending 30 September 2010</li> </ul>	<ul style="list-style-type: none"> <li>take the total from Box D and enter the amount into the 'Other' adjustment box on your <i>GST adjustments calculation sheet (IR 372)</i> for the period ending 30 September 2010</li> <li>then take your total adjustments from your IR 372 and copy into either Box 9 or 9A of your GST return</li> </ul>
<b>if Box D is a GST refund</b>	<ul style="list-style-type: none"> <li>take the total from Box D and enter the amount directly into Box 13 or 13A of your GST return for the period ending 30 September 2010</li> </ul>	<ul style="list-style-type: none"> <li>take the total from Box D and enter the amount into the 'Other' adjustment box on your <i>GST adjustments calculation sheet (IR 372)</i> for the period ending 30 September 2010</li> <li>then take your total credit adjustments from your IR 372 and copy into either Box 13 or 13A of your GST return</li> </ul>



Goods and Services Tax Act 1985  
**Goods and services tax return**  
 For help in completing this return go to [www.ird.govt.nz](http://www.ird.govt.nz) (keyword: t)

The adjustment is only calculated on:

- the amount that remains unpaid on the goods and services, and;
- has not been written off as a bad debt.

Note: The adjustment does not apply to zero-rated or exempt supplies.

3. Complete your rate change adjustment

Separate your qualifying supplies into a list of creditors (qualifying supplies received in goods or services you have purchased but not paid for) and debtors (qualifying supplies made in goods or services you have sold but not received a payment for). Transfer your creditors total to Box A and your debtors total to Box B. Complete the calculation steps for Box C and Box D.

Your calculation

Total "qualifying supplies" received (purchased) including GST. Creditors **A** \$

Total "qualifying supplies" made (sold) including GST. If you are on an Invoice or Hybrid accounting basis enter zero (0) in Box B. Debtors **B** \$

Subtract Box B from Box A. **C** \$

Divide the difference by 51.75. This is your GST rate change adjustment. **D** \$

Tick one

If Box A is larger than Box B, GST is payable

If Box B is larger than Box A, a GST credit is available.

Turn over to find out where to account for your adjustment

**adjustments calculation sheet**

IR 372  
September 2007

This return and any payment are due

If your correct postal address for GST is not shown above, print it in Box 3.

If your correct daytime phone number is not shown here, print it in Box 4.

**Goods and services tax on your sales and income**

Total sales and income for the period (including GST and any zero-rated supplies) **5** \$

Zero-rated supplies included in Box 5 **6** \$

Subtract Box 6 from Box 5 and enter the difference here **7** \$

Divide the amount in Box 7 by nine (9) **8** \$

Adjustments from your calculation sheet **9** \$

Add Box 8 and Box 9. This is your total GST collected on sales and income **10** \$

**Goods and services tax on your purchases and expenses**

Total purchases and expenses (including GST) for which tax invoicing requirements have been met—excluding any imported goods **11** \$

Divide the amount in Box 11 by nine (9) **12** \$

Credit adjustments from your calculation sheet **13** \$

Add Box 12 and Box 13. This is your total GST credit for purchases and expenses **14** \$

Print the difference between Box 10 and Box 14 here **15** \$

If Box 14 is larger than Box 10 the difference is your GST refund (This one) **16** \$

If Box 10 is larger than Box 14 the difference is GST to pay **17** \$

Has payment been made electronically? Yes No

**Include GST on adjustments in Box 9.**

Private use of business goods and services for annual or period-by-period adjustments

Business assets used privately (a one-off adjustment)

Assets kept after ceasing to be registered

Entertainment expenses (once a year only)

Change of accounting basis

Goods and services used in making exempt supplies for annual or period-by-period adjustments

Other (such as: barter, bad debts recovered, exported secondhand goods, insurance payments received)

Total adjustments. Copy this total to Box 9 on your return. **9** \$

**Include GST on credit adjustments in Box 13.**

Business use of private/exempt goods and services for annual or period-by-period adjustments

Private assets used for business costing less than \$18,000 (a one-off adjustment)

Change of accounting basis

Other (such as: bad debts written off, GST content shown on Customs' Invoices)

Total credit adjustments. Copy this total to Box 13 on your return. **13** \$

**You do not make other adjustments**

**You make other adjustments**

#### 5. Rate change calculation example

##### Example

Swinton Appliances has to make an adjustment as they account for GST on a payment (cash) basis. To do this they:

- Review all transactions up to and including 30 September 2010
- Identify and group qualifying supplies into qualifying supplies received (creditors) and qualifying supplies made (debtors)

Swinton Appliances have qualifying supplies received (creditors) of \$9,530.15 and qualifying supplies made (debtors) of \$16,125.17.

Their adjustment calculation is:

$$\text{Creditors } \$9,530.15 - \text{Debtors } \$16,125.17 = \$6,595.02\text{cr}$$

$$\$6,595.02 \div 51.75 = \$127.44$$

As Swinton Appliances debtors are larger than their creditors their adjustment of \$127.44 is a GST credit. Swinton Appliances will use the table in question 4 to account for their GST credit.

Keep your completed GST rate change adjustment calculation sheet with your records.

Do not send in to Inland Revenue unless requested.

Further information on the GST rate change adjustment calculation sheet and general information on the GST changes can be found online at [www.ird.govt.nz](http://www.ird.govt.nz)



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Accountants & Business Advisors  
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# GST and Tax Changes

October 2010

## GST Rates

	OLD	NEW
GST Rate	12.5%	15%
Fraction	1/9	3 /23
GST Content	8	6.66666667

## Time of Supply

- The general rule for time of supply for GST is the earlier of invoice or payment
- The Act talks of the invoice “being issued”
- The issue of an invoice must be made within the 11 October 2010 and payment must be due within 60 days

## Accounting Systems

- Xero
  - Xero have already updated their system to incorporate the 15% GST. However if you are a payments basis GST person you need to be aware that you will still need to work out your accounts receivable and accounts payable on 30 September 2010 to make adjustments on the GST return.
  - For further information log on to [www.xero.com](http://www.xero.com)

## Accounting Systems

### ➤ MYOB

- Please log on to [www.MYOB.co.nz](http://www.MYOB.co.nz).
- Select the “GST change 2010” to check if your version is okay. Click on the “Update Your Software” option and enter your MYOB serial number. This will tell you if your version is compliant with the new rate or not. If not you will need to contact MYOB to purchase an upgrade directly from them.

## Accounting Systems

### ➤ Banklink

- Banklink will require a software upgrade. We have already received the upgrade and we will send it to you with the September bank transactions and will be emailed to you with your banklink data file at the beginning of October.

## Accounting Systems

- Cashbook Complete
  - Cashbook Complete is offering the new version for the GST rate change for free. For more details on how to get your free copy log on to [www.acclaim.co.nz](http://www.acclaim.co.nz).
- Cash Manager
  - Cash Manager has released a new version online which will be compliant with the new GST rates. For further information log on to [www.crssoftware.co.nz](http://www.crssoftware.co.nz).

## Special Cases

- Special rules apply to:
  - Door to door sales
  - Private Training Establishments
  - Lay By Sales
  - Gaming, drink vending machines etc
  - Insurance companies

## Special Cases

### ➤ Building Contracts, Progress Payments etc

- If you hire goods or provide services with periodic payments the GST amount depends on the earlier of:
  - the invoice date,
  - the payment due date,
  - Or receipt of payment.

## Payment (cash) Basis GST return

### ➤ Important:

- You need to adjust for debtors and creditors as at the 30 September 2010 manually in the GST return
- Treat any outstanding Insurance (if paid monthly) as a creditor
- This allows for an adjustment for the timing difference of GST

## Post October Issues

- Refunds or credit notes
  - When issuing a credit note or recording a refund to a Pre-October invoice the rate of GST is deemed to be that of the original issued date

## Real Issues

- Cash flow
  - If you have zero rated income, the cost of expenses are likely to increase, therefore the capital commitment will be higher until the GST is refunded.
- Pricing
  - Do you have special products with price ranges?
  - Are you going to increase prices more than 2.5%?
- Cost of Suppliers
  - How are you monitoring your suppliers costs?
  - Don't assume they have added just 2.5%

## PAYE Update

- As at the 1 October there are new income tax rates, remember to change your PAYE tables or update your software.

	1/4/10 to 30/09/10	1/10/10 to 31-03-11	2010-2011
\$0 - \$14,000	12.5%	10.5%	11.5%
\$14,001 - \$48,000	21%	17.5%	19.25%
\$48,001 - \$70,000	33%	30%	31.5%
\$70,001 +	38%	33%	35.5%



Goods and Services Tax Act 1985

# GST transitional return

Use the GST rate change guide (GST 106) to help you complete this form or go to [www.ird.govt.nz](http://www.ird.govt.nz)

**GST 104A**  
September 2010

Registration no. **1**

Period covered by the return  
from **2** to

This return and any payment are due

If your correct postal address for GST is not shown above, print it in Box 3. **3**

If your correct daytime phone number is not shown here, print it in Box 4. **4**

Area code

Phone number

## Part 1 – Goods and services from the start of your period to 30 September 2010

### Goods and services tax on your sales and income

Total sales and income for the period (including GST and any zero-rated supplies) **5A** \$

Zero-rated supplies included in Box 5A **6A** \$

Subtract Box 6A from Box 5A and enter the difference here **7A** \$

Divide the amount in Box 7A by nine (9) **8A** \$

Adjustments from your calculation sheet including any GST rate change adjustments **9A** \$

Add Box 8A and Box 9A. This is your total GST collected on sales and income **10A** \$

### Goods and services tax on your purchases and expenses

Total purchases and expenses (including GST) for which tax invoicing requirements have been met—excluding any imported goods **11A** \$

Divide the amount in Box 11A by nine (9) **12A** \$

Credit adjustments from your calculation sheet including any GST rate change adjustments **13A** \$

Add Box 12A and Box 13A. This is your total GST credit for purchases and expenses **14A** \$

**Please turn over to complete part two**

**Part 2 –  
Goods and services from 1 October 2010 to the end of your period**

**Goods and services tax on your sales and income**

Total sales and income for the period (including GST and any zero-rated supplies) **5B** ▶ \$

Zero-rated supplies included in Box 5B **6B** ▶ \$

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Subtract Box 6B from Box 5B and enter the difference here **7B** \$

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Multiply the amount in Box 7B by three (3) then divide the result by twenty-three (23) **8B** \$

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Adjustments from your calculation sheet **9B** ▶ \$

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Add Box 8B and Box 9B. This is your total GST collected on sales and income **10B** \$

**Goods and services tax on your purchases and expenses**

Total purchases and expenses (including GST) for which tax invoicing requirements have been met—excluding any imported goods **11B** ▶ \$

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Multiply the amount in Box 11B by three (3) then divide the result by twenty-three (23) **12B** \$

---

Credit adjustments from your calculation sheet **13B** ▶ \$

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Add Box 12B and Box 13B. This is your total GST credit for purchases and expenses **14B** \$

**Combined GST totals of Part 1 and Part 2**

Add Box 10A and Box 10B **15** \$

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Add Box 14A and Box 14B **16** \$

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Print the difference between Box 15 and Box 16 here **17** ▶ \$

If Box 16 is larger than Box 15 the difference is your GST refund

(Tick one)  
Refund

If Box 15 is larger than Box 16 the difference is GST to pay

GST to pay

Has payment been made electronically? Yes No

OFFICE USE ONLY



Operator code

Corresp. indicator

Payment attached

Return cat.

**Declaration**

*The information in this return is true and correct and represents my assessment as required under the Tax Administration Act 1994.*

Signature

/ /  
Date

GST 700



**Inland Revenue**  
Te Tari Taake

**Payment slip**

Registration number

Return for the period ending

This return and any payment are due

Amount of payment \$

Use the envelope provided to post your return, payment slip and any cheque payment.

Copy your total from Box 17 and enter it here. Include any late payment penalties for this period only.