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ESSENTIAL 12-POINT TAX YEAR END PREPARATION GUIDE

As the current tax year winds down and we edge into the 2024-2025 period, it's crucial to get your financial affairs in optimal condition.

01 Invoicing for Future Payments

Ensure any retentions billed that are not due until the next fiscal year are accounted for. These will be considered taxable income for the 2023-24 tax year if payable within this period.

02 Compensation and Leave for Employees

If you're committed to paying holiday bonuses, redundancy packages, or long service leave to employees this year, you can claim these expenses, provided they're paid within 63 days after the fiscal year-end.

- Make sure holiday pay is accurately calculated to prevent time-consuming adjustments post-tax year.

03 Credit Note Adjustments

Locate any credit notes given to customers after the fiscal year-end. These may reduce your taxable income if applicable to the current tax year.

04 Prepaid Expenditures

Consider advancing payments for expenses like stationery, postage, and courier fees before March 31 to accelerate deductions.

05 Debt Recovery

Prior to the end of March, evaluate your accounts receivable for any uncollectible debts. Document attempts to collect these debts, as those written off by March 31 might qualify for deductions.

06 Dividend Distribution and Imputation Credits

Finalise the review of dividend distributions and ensure your imputation credit account is not in deficit by March 31 to avoid penalties. Also, assess deemed dividends, such as overdrawn shareholder current accounts without interest charges.

07 Managing Tax Losses

Consult with your accountant regarding any anticipated losses this financial year or previous years' tax losses. Explore options for loss carryforwards, offset elections, and subvention payments

08 Inventory Management

Dispose of or write down the value of obsolete inventory by year-end. If your inventory is valued under $10,000 and annual turnover is less than $1.3 million, stock movements don't need to be recorded for tax purposes.

09 Maintenance and Repairs

Undertake any necessary repairs or maintenance before the fiscal year's end to claim deductions, including costs related to software development and enhancements.

10 Asset Management

Consider writing off any assets no longer in use.

11 Prompt Payment Incentives

If you've provided early payment discounts throughout the year and have a reserve for these, it might be deductible. Ensure detailed records of these discounts are kept.

12 Fringe Benefit Tax (FBT) Considerations

Evaluate potential FBT exemptions. The FBT return for the March quarter is crucial for the final calculation of the year.

For more guidance, email us at info@achievebiz.co.nz