



# Tax Time Tips

Tax planning is an essential component of all businesses and ensures you can implement strategies prior to June 30, 2016. If you leave it too late, you'll be wasting precious time. End of financial year planning should only utilize one month as actioning each month on the go will provide all of the necessary information for tax returns.

## **Why is tax planning so important?**

It minimises your tax liability, which means you will have more money for expenses, investment and growth in your business.

## **How do I organise my tax planning?**

- Contact your accountant in April/May each year to discuss tax planning.
- Your accountant will discuss with you all tax planning strategies including business tax, income tax and FBT (if applicable). One hour with them is great education.

## **Look at your directors drawings account**

This account is one that can catch a business owner when their individual tax is prepared. Be smart and know the dollar value of additional money drawn from your business.

## **Log book, easier tracking to claim more expenses on the Motor Vehicle**

Every 5 years is when we need to re-assess the business use of our vehicle. It could also be time to do the log book again if your situation has changed and you have increased the usage for business. In today's world there are enhancements to make this 12 week task easier. This document is valid for 5 years.



## Other Considerations at Tax Time

Follow these basic steps to gain control and stay in control of your business's bookkeeping tasks:

- Become at least generally familiar with the software
- Know how to input checks
- Reconcile bank accounts
- Create reports and other data

Then choose one of five ways to maintain it:

**1. Do it yourself.** Take a class on the software and dedicate time each week to input information and reconcile bank statements. Falling behind in this process usually results in bank statements and receipts being put in a box and left untouched for too long.

**2. Hire a local bookkeeper.** Bookkeepers are able to provide the services you need and turn the books over to your certified public accountant for planning and tax preparation at the end of the year. A bookkeeper will certainly be more skilled and knowledgeable than you or a family member, but your cost per hour will increase. One smart strategy is to negotiate a fixed monthly fee so you can budget for the service.

**3. Auto-track your mileage.** Keeping a written record of all your business, charitable and medical auto mileage can be a pain. Look into a satellite-assisted service, phone application or software program.

**4. Meet with your CPA at least twice annually.** Review your business plans, financials, tax deposit amounts, payroll procedures and tax strategies. Just a few minutes on a regular basis can save thousands of dollars. Also, remember that your CPA should be bringing you strategies and ideas in these meetings. If the meeting consists of you throwing out ideas and your CPA shooting them down, you have the wrong CPA. Find a planner who is reaching out to you with ideas and strategies on a regular basis.

**5. Separate personal accounts from business accounts.** Don't mix the two. Keeping personal and business bank accounts and credit cards separate will make bookkeeping much easier and help maintain your corporate veil if you have a formal entity.