

Is your Business ready for October 1?

Dear <first name>

IMPORTANT: GST rate change to 15% on October 1

Is your business ready for October 1? All GST registered businesses must prepare well in advance for the GST rate change to ensure all Accounting and Business processes are compliant.

Why are we writing to you?

- ✓ **What options do I have as a QuickBooks user?**
- ✓ **Checklist to understand the changes to take effect on October 1st**
- ✓ **Reckon's guide to make the change as easy as possible**

As a user of QuickBooks, we wish for you to be as informed as possible around the changes to GST and what that means to you as a business owner or accounts person. The GST change to 15% is something that all businesses need to be across prior to the 1st October. Businesses must consider; do they understand what the changes really mean? As a business it is crucial for you to know what you need to do to be compliant with the changes and what other processes to consider, ensuring that the process is as simple and stress free as possible. In most cases, simply changing the GST rate within your current software may not be the easiest fix or hassle free option. Below are further details on the requirements of the IRD, and options for your business to consider.

Consider your options

1. An upgrade to QuickBooks 2010/11 will give you access to download a free update before October 1st.

*But **why** should I upgrade?*

The update patch is the simplest option for QuickBooks Users; it does the work for you of updating your software to be compliant with the latest changes. The update patch will simply change your accounting data to reflect the new rate by adding a new code, updating all of your Item Lists, Customer and Supplier Lists, Memorised Transactions and any other associated accounts that have GST tagged as a default to them. Additionally it will keep a 12.5% GST code to enable businesses to continue to process accounts for the transitional period (pre October 1). The patch will automatically keep your historical data as it is, while making 15% the default after October 1. QuickBooks 2010/11 will additionally let you address a possible increase to your pricing – have you considered changing your pricing to reflect the increase in GST?

2. For users operating an older version of the QuickBooks software you can manually add another GST code in your current software, however this would not be the 'recommended' option by Reckon. After you add a new tax code of 15%, you would need to manually modify each individual item in your item list changing this to the new GST rate. Again you would also have to amend all Chart of Accounts and Memorised Transactions to link this with the new GST code. Also, consider the difference in calculation; 12.5 % is calculated by dividing by 9. In order to calculate 15% GST you are required to multiply by 3 and divide by 23 to get an accurate GST rate. The IRD department have stipulated that the rounding is calculated a certain way, so you would need to ensure that your current software is compliant. After doing so, Reckon cannot guarantee the correct calculation of GST, or that your file will upgrade in the future. The rules surrounding the changes to take effect are complex, and businesses must prepare well in advance to ensure all areas of business are compliant.

more overleaf...

The following is a basic checklist, as issued by the Inland Revenue Department, to ensure you understand compliance around the changes:

- ✓ I have updated my software and my accounting staff know what to do
- ✓ I am ready to issue invoices at 15% from October 1
- ✓ My Accounts Payable system can handle tax invoices at both 12.5% and 15% rates
You may receive invoices at both rates for a period after the change
- ✓ I can issue credit and debit notes at both 12.5% and 15% rates
The GST rate on credit and debit notes needs to reflect the original invoice
- ✓ Do you understand the “rules of supply?” That is, when are you to enter over the transitional period a transaction at 12.5% or 15%? For example, Laybys are calculated at the time of final payment / supply. Therefore, if it is after October 1st (but entered into before 30th September) the GST is still calculated at 15% (when the final payment is paid and the goods supplied).

Making the change as easy as possible

A change in GST can cause a headache for everyone who owns or works in a business. As a QuickBooks user, follow Reckon's guide to making the change as smooth as possible for you and your company:

- ✓ In no way is it mandatory to upgrade, but consider purchasing QuickBooks 2010/11 to make all the GST changes in your software for you. Doing so has already removed a lot of problems for 2010/11 customers.
- ✓ Ensure you are familiar with any changes in rounding of amounts as a result of the GST change.
- ✓ Are you going to directly add 2.5% to the price of all your items to compensate for the change?
- ✓ Finalise as many debtors as possible before October 1 to reduce manual adjustments to transactions after the change is enforced.
- ✓ Ensure you are familiar with the manual processes in QuickBooks 2010/11 that you will need to implement after October 1st to be compliant with the GST adjustment calculation required by the IRD for a cash reporting basis (accounting for payment only once it is received).

Not comfortable making the change yourself? Ring one of our team or head to our website to get in touch with one of our nationwide Accredited Consultants to guide you through the process and make it even easier.

Prepare well in advance to make the change on October 1 as easy and as smooth as possible on you and your business. If you have any queries, any of the Reckon team are more than happy to help in guiding you to the quickest and best solution for you to make the change.

Best Business Regards,



Catie Cotcher
Operations Manager Reckon New Zealand (Pty.) Limited

Terms and Conditions

- Offer is from Reckon NZ (Pty.) Limited to all people upgrading to QuickBooks 2010/11 between 6/09/10 and 4/10/10 (Accounting, Small Business, Pro & Premier)
- Special offer is a free one (1) hour webinar to the retail value of \$75. Free webinar enrolment is not redeemable for cash, or transferable to any other QuickBooks or Reckon training course
- Free webinar must be claimed via receipt of enrolment form and proof of purchase enclosed in the upgrade
- Enrolments for free webinars and proof of purchase must be received no later than 30/09/10



UPGRADE to QuickBooks 2010/11 and enrol for a FREE GST webinar to the value of \$75!

Make the change a breeze: not only will you get the GST patch update, 12 months free technical support but also attend a **FREE** 1 hour GST webinar from the comfort of your desk with one of our QuickBooks specialists, covering what the GST change means to your business, how the GST patch update works, explanation of the rate of supply, transitional GST reporting and how to get the right GST reports from QuickBooks. Find out all the ins and outs of what you need to know in preparation, and after the change.