

ACCOUNTANCY + BUSINESS ADVICE CENTRE LTD

Freephone: 0800 ASK NICK
Phone: 06 877 8311
Mobile: 021 225 NICK
Fax: 06 877 8310
Email: nick@abac.co.nz
Postal Address: PO Box 11166, Hastings
4158, Hawkes Bay
Website: www.abac.co.nz

So you think you're ready for the GST Increase? Let's see if your confidence is justified - have a go at these questions about GST:

1. To calculate the GST from a GST inclusive price beyond 1 October you multiply by:

- a. 15%
- b. 7.66 recurring
- c. 1/9
- d. 3/23

2. A customer buys an outfit on 30 September but brings it back on 2 October saying that in hindsight it was too small, asking for the next size up which sells for the same price. Should you:

- a. Charge her the extra 2.5%
- b. Take a hit on the extra GST yourself
- c. Tell her to go on a diet
- d. Say that you don't allow returns in case they've worn it out for the night rather than hiring one

3. You issue an invoice for a job done in September on the 4 October and you're on a GST Payments basis. What rate of GST do you charge on the invoice?

- a. 12.5%
- b. 15%
- c. Let the customer choose
- d. A composite rate of 13.75% which is halfway between the old & new rates

4. In the circumstances above, what rate of GST do you have to pay when the invoice is paid by the customer on the 20 October?

- a. The rate the customer chooses
- b. 15%
- c. 12.5%
- d. The Aussie GST rate of 10%

5. You're a bit late in issuing all your September invoices so four are not sent out until 12 October. What rate of GST should you charge on these 4 invoices?

- a. 12.5%
- b. 3/23 of the net
- c. Nil as October contains two less working days due to Labour weekend
- d. 15%

6. An acquaintance down the pub tells you he is paying \$4,000 to Contact Energy on 30 September to continue to get 12.5% GST on his power bills. Is he:

- a. A canny Scotsman
- b. Foregoing the interest he would have earned from the bank
- c. Trying to get the biggest early payment discount on his power bills ever taken
- d. Better off spending the money on a holiday in Fiji

7. Another friend, a financial adviser, is buying a new car in October but putting down a \$10,000 deposit in September. Is she:

- a. Risking her money as the car dealer may go bust
- b. Wasting her time as she will still be charged 15% on the entire cost of the car
- c. Saving the 2.5% extra GST on the \$10,000 deposit
- d. Better off borrowing the money for the deposit

8. In April 2010 a customer signs up for a job which won't be started until November as the Council is a bit behind on consents. After the Budget in May the customer says there's no way he's going to pay the extra GST. Should you:

- a. Cancel the job
- b. Accept what he says but blackball his application to join the Golf Club
- c. Bill him & set your lawyer onto him when he won't pay
- d. Read the contract and see whether it contains a clause to prevent any increase in GST from applying

How did you score? (*answer key at the bottom of the page*)

- If you scored **less than 3**, it's probably best you stay away from the admin!
- **3-5?** You need a lot of advice!
- **6 and above?** Well done, you're getting there!
- **8?** Fantastic – you can come & work with me!

GST is tricky enough as it is, but it can be a nightmare at times like these. If you need help with the GST increase, just ask, as we will be here to support not just all our clients but our friends as well - so that includes everyone reading this newsletter!