

GST 12.5% → 15%

Making the change easy with QuickBooks

- *What options do I have as a QuickBooks user?*
- *Ensure you understand the changes with the IRDs GST checklist*
- *Our guide to make the change as easy as possible*

As a user of QuickBooks, we wish for you to be informed as much as possible around the changes to GST on October 1, and what this means for you. All GST registered businesses must prepare well in advance for the change to ensure all Accounting and Business processes are compliant - **We want you to 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 you need to consider relating to your Accounting software.

Making the change within your current software is more than likely not the easiest option. To ensure the transition is as easy and stress free as possible, while still upholding your obligations to the IRD, Reckon asks you to carefully consider your options within this document and understand what to do before and after October 1.

So what do I need to do before October 1?

A) Upgrade to QuickBooks 2010/11. Doing so will allow you to download an update, which will make all the changes for you, FREE. The update patch is the simplest option for all users of QuickBooks in order to be compliant with the latest changes. The update will simply change your data to reflect the new rate by adding a new tax code and updating all of your Item Lists, Customer/Supplier Lists, Memorised Transactions and any other associated accounts that have GST tagged as a default (currently 12.5%) to them. It also will keep a secondary code of 12.5% to enable businesses to continue to process accounts for the transitional period after October 1.

Did you know: All QuickBooks Online & Subscription customers are always on the latest version of QuickBooks, and are covered for any legislation changes



B) Continuing to use your current software (pre 2010/11) is not recommended. For users operating an older version of QuickBooks, you can manually add another tax code in your current software. After doing so, you will need to manually modify each individual item in your Item List, changing the GST code to the new 15%. You would also need to amend all Chart of Accounts, Memorised Transactions and any other items associated with GST manually. Considering the complex change in calculation, we cannot guarantee that after making these changes that your GST will calculate correctly, or that it will upgrade properly in the future.

12.5% is calculated by dividing by 9. 15% requires you to multiply by 3 then divide by 23 to get the accurate GST applicable. The IRD have stipulated rounding to be done in a certain way with the new rate, so you also need to ensure any changes are compliant with this aspect. As you can see, preparation for the change must be done well in advance, and considering the implications and risks surrounding the use of an older version after the change, this may not be the best option for you.

What should I be doing in preparation for October 1?

Update your accounting software, training your staff to ensure they know about the changes.

Ensure you are able to issue invoices at 15%.

Make sure your Accounts Payable system can handle invoices at both 12.5% and 15%. [You may receive invoices at both rates for a period after the change]

Ensure you can issue credit and and debit notes at both 12.5% and 15% rates. [The GST rate on credit and debit nores needs to reflect the original invoice]

Ensure you understand IRD Rules of Supply, including implications of doing GST on a cash basis for outstanding orders and/or laybys - follow up as many debtors as possible.

Consider any price increases you are going to make, and what impact this may have on your customers.

What do I need to do after October 1?

Ensure GST reporting and all associated GST items are correct after applying the QuickBooks 2010/11 update patch.

If you make the changes manually in an older version, employ a QuickBooks Accredited Consultant to make or check these changes for you.

Ensure all staff are familiar with the manual processes surrounding dealing with payments on a cash basis during the transitional period.



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. Although it may be a one off cost however, purchasing QuickBooks 2010/11 and then applying the FREE update will make all the changes for you. Doing this has already removed a lot of stress and problems for our existing customers.
- Ensure you are familiar with the changes in rounding as a result of the change, and be absolutely certain that the method you are implementing to make the change will be compliant. An update to QuickBooks 2010/11 can assure you this.
- Consider any increases in pricing, and how an increase in pricing may affect your customers. Are you going to apply 2.5% across all items, an increase on some items more than others, or leave the prices you have as they are?
- Make it easy on your business by finalising as many debtors as possible before October 1. This will avoid confusion when receiving payments after October 1, which will be at a different GST rate than when the initial invoice was issued.
- Make sure all staff are familiar with the manual processes around receiving payments 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).

If you are not comfortable making the change or updating yourself, ring one of our team, or head to www.quicken.co.nz to find out how you can get in touch with one of our nationwide Accredited Consultants. They can outline the best way to manage the change, and guide you through the process.

Reckon will be running a series of Webinars around the GST change, and what you need to do as a business owner for customers upgrading to QuickBooks 2010/11. Upgrade between 6/09/10 and 4/10/10 to be eligible to enrol for a FREE one hour webinar to the value of \$75.*

*Terms and Conditions of enrolment at www.quicken.co.nz



Changing GST, stress free with



Did you know Reckon now gives you the ability to use QuickBooks **Online?**

All updates happen automatically with the Online product; the perfect solution for any future GST or legislation changes. Being Online allows you to concentrate on what really matters to you - running your business, without the stress.

All the core accounting functionality you come to expect with QuickBooks Enterprise, with the flexibility of accessing your data file anywhere, anytime, over the internet.

*QuickBooks Online aims to take the stress out of this year's GST change for all New Zealand Businesses. Changing the GST to 15% happens automatically in QuickBooks Online; no work, no stress, **no cost.***

What can QuickBooks Online do for your business?

Available anywhere, any time

Now you have the convenience of being able to access your live company data from anywhere in the world, at any time, just as if you were sitting in the office. QuickBooks Online gives you the flexibility to work from home, a café, park, hotel, or anywhere there's an Internet connection. Even share your data with your Accountant or Bookkeeper, removing the need for the manual transfer of files.

Don't be limited out of the office

QuickBooks Online's intelligent integration capabilities allow you to access QuickBooks information stored on remote hard drives; print reports to local or remotely networked printers, email invoices and remittance advices directly from your nominated email address.

Advanced security

QuickBooks Online is hosted in the Reckon Data Centre, with mirrored servers across two locations in Australia to safeguard your company data file. With backups done every hour automatically, you can rest easy knowing your data is safe, while reducing your IT burden at the same time. Access to your data file can only be achieved through a secure login, so you decide who has access to vital company information. Plus, the advanced activity-based security settings ensure users only access areas required to complete their job.

better business, smarter.

www.quickbooksonline.co.nz

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