

**2019 BUSINESS INFORMATION**

Client name:

Street address: \_\_\_\_\_  
\_\_\_\_\_

Telephone (home): \_\_\_\_\_

Mobile No: \_\_\_\_\_

Telephone (business): \_\_\_\_\_

Email: \_\_\_\_\_

Convenient time to call: \_\_\_\_\_

Can you please indicate the level of urgency in completing your 2019 accounts:

Urgent (Please advise reason) \_\_\_\_\_

Not urgent

**Please complete this questionnaire as it contains vital information required to complete your accounts. Be sure to answer all questions so we know you have not missed any questions by mistake. Correctly completing this questionnaire will generally save us a great deal of time which will ensure your statutory obligations are met and you receive vital information on the performance of your business in a timely fashion.**

**Terms of the Engagement**

*(The complete Terms of Engagement are set out in our Engagement Letter)*

I hereby instruct BDO Auckland to prepare my Financial Accounts and Taxation Returns for the 2019 year.

BDO Auckland is authorised to act as my tax agent and communicate with, and obtain information from Inland Revenue on my behalf in respect of all revenue/tax types.

I accept the responsibility for the accuracy and completeness of the information supplied above which is to be used in the preparation of my financial statements and income tax returns. You are not to complete an audit, nor do I wish you to undertake a detailed review of my affairs in order to substantiate the accuracy of the information, and therefore you are unable to provide any assurance on my financial statements. I understand your work cannot be relied on to detect error or fraud and that you accept no liability for the accuracy and the completeness of the information supplied by me. I further understand that the financial statements will be prepared at my request and for my purposes only and that you will not be liable for any losses, claims or demands by any third person.

I accept responsibility for any failure by me to supply all relevant records and information to you. You are hereby authorised to communicate with the appropriate Bankers, Solicitors, Finance companies and other persons or organisations to obtain such further information as you may require in order to carry out the above assignment.

**Client Name:**

**Signed:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**1. Records Supplied to BDO Auckland**

Please attach all relevant information and return to us along with this signed questionnaire.

*Tick where appropriate ✓*

**If BDO is to process your source information:**

- Manual Cashbook including bank reconciliation(s)
- Bank Statements (for all bank accounts & stock firms for entire financial year plus one month after)
- Cheque Butts and Deposit Books (or narrations on bank statements)
- Solicitors Trust Account Statements
- Credit Card Statements (that include any business transactions)
- Bartercard Statements (that include any business transactions)

**If you have an internal accounting package (Banklink offsite, QuickBooks, MYOB etc):**

- Backup/accountants copy on memory stick or emailed to our office

**In all cases (where applicable)**

- Hire Purchase and Lease transactions documentation
- Mortgage and other term borrowings documentation
- GST Returns, work papers and assessments
- FBT Returns and workings
- Interest and Dividend Certificates and rebate notices received for the period
- Resident Withholding Tax reconciliation statements for interest or dividends paid by you
- Investment Portfolio Reports including taxable income statements
- Motor Vehicle Mileage Records
- PAYE Returns / Wages Reconciliation Documentation
- Property Sale and Purchase Agreements, settlement statements and revaluation notices
- Invoices for legal or other professional services expenses
- Insurance premium notices and ACC Invoices paid during the year or received subsequently
- Stocktake summary or stocktake count sheets
- Review asset register and provide invoices and supporting information for asset sales/purchases
- Accounts receivable list - appendix 1
- Accounts payable list - appendix 1
- Dairy Company (Fonterra) statements / Fonterra letters re shareholding

**\*\* If a section is not applicable, please put a line through it \*\***

**2. Cash on hand**

- |  |    |       |
|--|----|-------|
| a) Petty cash                                | \$ | _____ |
| b) Till Floats                               | \$ | _____ |
| c) Income received but not banked            | \$ | _____ |
| d) Deposits in advance/lay-by sales receipts | \$ | _____ |

**3. Bankings on hand**

- |   |     |    |
|---|-----|----|
| a) Do bankings include amounts which are not from normal sales?<br><i>If yes, please provide details (if not clearly shown in your deposit book).</i> | Yes | No |
| b) Were all sales banked into your business account?<br><i>If no, please supply details.</i>  | Yes | No |
| c) Were all sales not banked into your business account included in your GST returns?   | Yes | No |

**4. Stock on hand**

Stock on hand (excluding GST) \$ \_\_\_\_\_

State basis of valuation      Cost/Net realisable value/other - please specify (delete non-applicable)

*If your turnover is less than \$1.3 million per year you can use your opening stock value for tax purposes as long as the closing stock can be reasonably estimated to be worth less than \$10,000.*

**5. Work in progress**

Work in progress includes material costs, labour costs and overhead content incurred but not yet invoiced at cost price (excluding GST) \$ \_\_\_\_\_

**6. Goods for Private Use**

- |  |     |       |
|--|-----|-------|
| a) What was the value of goods taken from stock for private use?<br>at cost price (including GST)  | \$  | _____ |
| b) Were there any payments made to your suppliers for goods or services that were used by you personally?<br><i>If yes, please provide details</i> | Yes | No    |
| c) Has accommodation and meals been supplied to staff as part of their employment package?<br><i>If yes, please provide details</i>                | Yes | No    |

**6a. Donations**

Has the entity made any donations during the financial year? If so please provide details

**7a. Motor Vehicles**

**For Sole Traders, Trusts & Partnerships only**

*(Vehicle expense claims will be limited to a maximum of 25% of total costs unless you have a log book to substantiate a higher claim).*

**a) Are there any business vehicles used for private purposes?** Yes No  
*If yes, please complete the following for each vehicle:*

**Vehicle 1** Make & model \_\_\_\_\_

Three month period of the last log book kept From \_\_\_/\_\_\_/\_\_\_ to \_\_\_/\_\_\_/\_\_\_  
*(Refer to Appendix 2 for details on log book requirements)*

Total kilometres travelled during period: \_\_\_\_\_

Of this figure advise the total kilometres of business use: \_\_\_\_\_

Business percentage: \_\_\_\_\_ %

**Vehicle 2** Make & model \_\_\_\_\_

Three month period of the last log book kept From \_\_\_/\_\_\_/\_\_\_ to \_\_\_/\_\_\_/\_\_\_  
*(Refer to Appendix 2 for details on log book requirements)*

Total kilometres travelled during period: \_\_\_\_\_

Of this figure advise the total kilometres of business use: \_\_\_\_\_

Business percentage: \_\_\_\_\_ %

**b) Are there any private vehicles used for business purposes?** Yes No  
*If yes, please complete the following:*

**Vehicle 1** Make & model \_\_\_\_\_

Three month period of the last log book kept From \_\_\_/\_\_\_/\_\_\_ to \_\_\_/\_\_\_/\_\_\_  
*(Refer to Appendix 2 for details on log book requirements)*

Total kilometres travelled during period: \_\_\_\_\_

Of this figure advise the total kilometres of business use: \_\_\_\_\_

Business percentage: \_\_\_\_\_ %

**c) If you answered yes to a) and/or b), have you made an adjustment in your GST returns?** Yes No

*If yes, please provide workings of the GST adjustment and the GST period the adjustment was made.*

## 7b. Motor Vehicles

- |   |     |    |
|---|-----|----|
| a) Have you provided employees a motor vehicle for private use?                               | Yes | No |
| b) Did you as a business owner or employer have access to a business vehicle for private use? | Yes | No |
| c) If so, do you return this benefit for FBT purposes?  | Yes | No |

## 8. Business Entertainment

Please provide the following details if not clearly identified in your records

- a) Entertainment expenses paid by your business but which are private \$\_\_\_\_\_
- b) Entertainment expenses which are business-related but only 50% deductible (exclude GST if registered) \$\_\_\_\_\_
- Include food or beverages provided for existing clients, potential clients, business contacts, and staff.
  - Include social functions for employees (e.g. Christmas functions).
  - Include provision of (or access to) corporate boxes or tents, pleasure craft, and similar exclusive areas at sporting, cultural or other recreational activities.
  - Exclude all entertainment enjoyed or consumed overseas.
  - Exclude food or beverages consumed while on business travel, unless an existing client, potential client or business contact was a guest.
  - Exclude morning and afternoon teas provided to employees on your business premises or at a conference or course.

**Note:** These inclusions and exclusions are not a comprehensive list. Please refer to the Inland Revenue booklet for more details.

## 9. Fixed Assets

- |   |     |    |
|---|-----|----|
| a) Have you reviewed the asset register from last year and noted any changes of assets purchased (including trade-ins), sold or otherwise disposed of. Assets include items such as Land & Buildings, Motor vehicles, Plant & Equipment, Furniture & Fittings and Leasehold improvements that cost more than \$500 GST exclusive.<br><i>We require copies of tax invoices and supporting information (including hire purchase, loan/lease agreements, insurance proceeds) for all asset transactions.</i> | Yes | No |
| b) Have any assets been constructed or refurbished?<br><i>If yes, please provide details of cost of materials and labour on a separate sheet.</i>   | Yes | No |

## 10. Prepayments

- |   |     |    |
|---|-----|----|
| Did you incur any costs during the year for goods or services which were not fully used until after balance date?<br><i>If yes, please provide details or copies of any invoices.</i> | Yes | No |
|---|-----|----|

**11. Goodwill**

If there is goodwill shown as an asset in your previous financial statements or you have purchased some during the period, are there any factors that would reduce its value? Yes      No  
*If yes, please attach details.*

**12. Investments (New Zealand)**

At any time during the year, did you

- acquire any investments? Yes      No
- sell or transfer any investments? Yes      No
- have any investments matured during the year? Yes      No
- have an investment in a PIE. Yes      No

*If yes, please attach all documentation received for these investments.*

**13. Investments (Overseas)**

At any time during the year, did you

- have any foreign currency bank accounts (in New Zealand or overseas)? Yes      No
- own any shares in overseas companies or unit trusts? Yes      No
- have any interest in an overseas superannuation scheme? Yes      No
- have any interest in an overseas life insurance policy? Yes      No

*If yes, please attach all documentation received for these investments.*

**14. Loans made**

Did you lend any money during the year? Yes      No

*If yes, please attach copies of the agreements and any statements. We need to know the name of the other parties, the interest rate(s) and the repayment terms.*

**15. Loan borrowings**

Did you incur any of the following during the year

- Loans / mortgages Yes      No
- Hire purchases Yes      No
- Personal guarantees Yes      No

*If yes, please attach copies of the agreements and any statements. We need to know the name of the other parties, the interest rate(s) and the repayment terms.*

**16. Other income**

a) Did you receive any income from a Trust, Estate or Partnership? Yes      No

b) Did you receive any other income not mentioned in this questionnaire? Yes      No

*If yes, please provide details and advice notices received, or the name and address of the person to contact for the information.*

**17. Home Office Expenses**

If not ascertainable from business records please advise:

Have you owned this property for the last 12 months?    Yes    No    Number of months: \_\_\_\_\_

If not please provide the date the property was sold or purchased \_\_\_\_\_

Total area of house		Area used for business	
House	_____ M <sup>2</sup>	_____	M <sup>2</sup>
Office	_____ M <sup>2</sup>	_____	M <sup>2</sup>
Shed	_____ M <sup>2</sup>	_____	M <sup>2</sup>
Workshop	_____ M <sup>2</sup>	_____	M <sup>2</sup>
Other	_____ M <sup>2</sup>	_____	M <sup>2</sup>

Purchase price of home:    Land    \$ \_\_\_\_\_  
    Buildings    \$ \_\_\_\_\_  
    Chattels    \$ \_\_\_\_\_

Please provide details of the following expenses

Monthly/Annual (delete non-applicable)

Insurance (Home and Contents)    \$ \_\_\_\_\_  
 Mortgage interest payments    \$ \_\_\_\_\_  
 Power & Gas    \$ \_\_\_\_\_  
 Rates/Water    \$ \_\_\_\_\_  
 Repairs & maintenance    \$ \_\_\_\_\_  
 Telephone    \$ \_\_\_\_\_

Documentation of any other expenses relating to this property not included above.

**18. Business Expenses Paid Personally**

- a) Have you paid any business expenses from personal funds which have not been reimbursed for?    Yes    No  
*If yes, please attach a list of business expenses paid from personal funds.*
- b) Have these been adjusted for in your GST returns?    Yes    No  
*If yes, please provide workings of the GST adjustment and the GST period the adjustment was made.*

**19. Income/Expenditure from a Look Through Company**

Were you allocated a share of income/expenditure from a Look Through Company?    Yes    No  
*If yes, please provide details and advice notices received, or the name and address of the person to contact for the information.*

**20. Companies Only - General**

- |  |     |    |
|--|-----|----|
| a) Did the Company declare any dividends or return any capital to the shareholders during the financial year?<br><i>If yes, please supply details.</i>                                     | Yes | No |
| b) Were there any changes in shareholding (direct or indirect) or names of shareholders/directors during the year?<br><i>If yes, please attach a list of the changes that have arisen.</i> | Yes | No |

**Note: It is important to consult with us prior to any shareholding or share capital changes (including between existing shareholders) as there could be adverse tax implications.**

**21. Trusts only**

- |   |     |    |
|---|-----|----|
| a) <i>Gifts made or Loans forgiven</i>  |     |    |
| - Was any loan or debt partly or fully forgiven during the year?  | Yes | No |
| - Was any gift received during the period?<br><i>If yes, to either of the questions above, please supply copies of the documentation.</i>   | Yes | No |
| <i>If you answered no and you have loans to the Trust, would you like advice on gifting?</i>  | Yes | No |
| b) <b>Allocation of Income or Capital</b>   |     |    |
| - Do you wish to make an allocation of income and/or capital to any beneficiaries?<br><i>If yes, please provide us with your instructions. We will need to know the IRD number of any beneficiaries and if any of these beneficiaries are under the age of 16 as at balance date.</i> | Yes | No |
| c) <b>General Trust Questions</b>   |     |    |
| - Was any settlor or trustee absent from NZ during the year?  | Yes | No |
| - Is any settlor or trustee contemplating leaving NZ in the near future?  | Yes | No |
| <i>If yes for either of the above questions, please supply details.</i>   |     |    |
| - Were there any changes in trustees or beneficiaries or the names of trustees or beneficiaries during the year?  | Yes | No |
| <i>If yes, please attach a list of the changes including the IRD numbers of the new parties and Trust minutes (where applicable).</i>   |     |    |

**22. Accounting Software**

Software name \_\_\_\_\_

Version \_\_\_\_\_

Username/Password \_\_\_\_\_

- |                              |     |    |
|------------------------------|-----|----|
| a) File e-mailed or enclosed | Yes | No |
|------------------------------|-----|----|

*Emailed to:* \_\_\_\_\_ *Date:* \_\_\_\_\_

- |  |     |    |
|--|-----|----|
| b) Do <u>all</u> bank accounts reconcile at balance date?<br><i>(Please provide printouts)</i> | Yes | No |
|--|-----|----|



- |   |     |    |
|---|-----|----|
| c) If we supplied you with a final journal entry for the previous financial year has it been entered into your accounting system? | Yes | No |
| d) Is your current accounting software meeting your needs?  | Yes | No |
| e) Would you like us to contact you regarding options and/or training?  | Yes | No |

**23. Tax Refunds**

If your tax calculations result in a refund being due and you are a provisional taxpayer do you want the refund:

- |  |     |    |
|--|-----|----|
| - Refunded to you in full, or                            | Yes | No |
| - Used to offset your provisional tax liability (if any) | Yes | No |

**24. General**

- |   |     |    |
|---|-----|----|
| a) Did you export any goods or services during the last financial year?<br><i>If yes, please supply details and/or documentation.</i>             | Yes | No |
| b) Did the nature of your business change in any way during the last financial year?<br><i>If yes, please provide details in the box provided</i> | Yes | No |

- |   |     |    |
|---|-----|----|
| c) Do you expect the nature of your business to change during the next financial year?<br><i>If yes, please supply details in the box provided.</i> | Yes | No |
|---|-----|----|

- |  |     |    |
|--|-----|----|
| d) Do you have any lease commitments?<br>e.g. Did you enter into any arrangements for leasing assets during the financial year?<br><i>If so, please provide details.</i>                     | Yes | No |
| e) Do you have any capital commitments?<br>e.g. Maintenance commitments, Building refurbishment commitments<br><i>If so, please provide details.</i>   | Yes | No |
| f) Are there any contingent liabilities you are aware of?<br>e.g. Any legal proceedings pending which will have a material affect on your business.<br><i>If so, please provide details.</i> | Yes | No |

## 25. Rental Information

Address of Property

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a) Was a property purchased or sold during the financial year, if so please provide the following:

- Solicitor's settlement statement confirming purchase details of property.
- The rateable valuation or independent valuation of the property at the time of purchase.
- Advise how the property was funded and any loan documentation.
- A list of chattels in the property at time of purchase.

b) Did you make any improvements to the property during the year?

- If 'yes', please advise the cost and nature of the improvements

c) How many days was the property rented out to non-associated people?

d) How many days was the property rented to, or used by, associated people e.g. Family?

e) How many days was the property used personally?

f) Rental Information

- Detail below the rental income and expenses for the year:

○ Rental Income: \$ \_\_\_\_\_

○ Expenses:

▪ Commission \$ \_\_\_\_\_

▪ Rates \$ \_\_\_\_\_

▪ Insurance \$ \_\_\_\_\_

▪ Repairs and Maintenance\* \$ \_\_\_\_\_

▪ Bank charges \$ \_\_\_\_\_

▪ Other expenses (please specify) \$ \_\_\_\_\_

(\*Provide a separate list of all repairs costing more than \$500.)

- If you maintain a separate bank account for the rental property please provide all bank statements for the year. Please write on each page what each transaction was for.
- If the property is independently managed please provide a copy of the managers financial reports which were supplied



Holiday pay due to employees \$ \_\_\_\_\_

*Holiday pay paid within 63 days of balance date* \$ \_\_\_\_\_

## Penalties Regime

The legislation specifies the primary obligations of taxpayers. They are required to:

- Correctly determine the amount of tax payable under the tax laws
- Deduct or withhold the correct amount of tax from payments or receipts
- Pay tax on time
- Keep all necessary information and maintain all necessary accounts or balances
- Co-operate with the Commissioner
- Comply with other specific tax obligations

The onus of the regime is on the taxpayer to determine the correct amount of tax payable.

Penalties are based on the amount of tax shortfall. The range of penalties are as follows:

- |  |      |
|--|------|
| ▪ Lack of reasonable care              | 20%  |
| ▪ Unacceptable interpretation          | 20%  |
| ▪ Gross carelessness                   | 40%  |
| ▪ Abusive tax position (Tax avoidance) | 100% |
| ▪ Tax evasion                          | 150% |

The above penalties are increased in cases of obstruction and are reduced where the taxpayer makes disclosure before the breach is detected by the IRD.

In addition to the above penalties relating to the miscalculation of tax, the following penalties can also be imposed.

- late filing of returns: this is a flat penalty ranging from \$50 to \$500
- late payment of tax: This penalty is initially 1% on the day after payment is due, 4% one week after payment is due and 1% compounding monthly thereafter.

## IRD Use-Of-Money Interest

The IRD can charge some taxpayers “use-of-money interest”, and this might represent a significant additional cost to your business.

Even if you have paid your provisional tax instalments as required, use-of-money interest could still be charged if your “residual income tax” balance exceeds the total of your provisional tax payments. For some taxpayers, interest could apply from the first provisional tax instalment date.

It is therefore important to have systems in place to monitor the profitability of your business during the year. If there is a significant increase in profitability, we can discuss the various tax options with you.

## Changes In Shareholding

If you are planning any changes to the shareholding of your company, please contact us before this occurs. Such changes could include the introduction of new shareholders, the transferring of shares between existing shareholders, or changes in the ultimate shareholding of a parent company.

Change in direct or indirect shareholding can have tax implications for your company, including :

- Cancellation of any tax losses being carried forward from prior years
- Loss of credits in your imputation credit account, meaning that tax would need to be paid again on any retained earnings subsequently distributed as dividends
- Cancellation of Qualifying Company status
- Different treatment of LTC income/expenditure

These problems can sometimes be eliminated if you obtain advice from us before the shareholding change occurs.

### **Motor Vehicle Logbook - for sole traders, trusts & partnerships**

To calculate the business use of a vehicle, a log book must be maintained for at least a three-month test period every three years, or when a significant change in business occurs.

However, if the nature of your business or the vehicle usage means that a three-month representative period is not possible, a log book must be used for all of the vehicle's usage.

### **Motor Vehicles - employers and FBT**

An employer is usually liable to pay FBT on vehicles which are provided to employees (including shareholder-employees), unless the vehicle meets the definition of a "work related vehicle".

Although an employer is not required to maintain a log book for vehicles which are used by employees, this may be useful to determine the number of days that the vehicle is not available for private use under the limited exemptions which are available.

"Work related" vehicles are exempt from FBT if employees cannot use them for general private use and if they meet all four of the following conditions :

1. The principal design of the vehicle is not for carrying passengers
2. The exterior of the vehicle permanently and prominently displays the name of the employer, or the business logo, acronym or other identification
3. You notify employees in writing that the vehicle is available only for private use travel between home and work, and for travel which is incidental to business travel (e.g. going to a bank on the way home from work)
4. You conduct checks to ensure that employees are complying with the restrictions.

### **Purchase / Sale of Business or Building**

If you are thinking about purchasing or selling a building or your business, it is advisable to discuss this with us prior to signing any documents. Significant GST issues can arise in these situations. There may also be income taxation advantages depending on how the purchase/sale of a business is structured.

### **Personal Services Attribution Rules**

In order to prevent individuals avoiding the 33% tax rate for personal services income by trading through a company or trust, the legislation has some anti-avoidance "attribution rules". These mean that individuals who provide personal services via a company or trust (with 80% or more of their income being from one customer) might have the company or trust's income attributed to them as personal income. If these rules could possibly apply to your situation, please contact us for more specific advice.

### **Mixed-Use Assets**

If you have an asset that meets the following requirements, the mixed-use asset rules might be applicable:

1. The asset is:
  - a. Real estate (a including holiday home),or
  - b. A boat, or
  - c. An aircraft
2. The asset is not used at all for at least 62 days of the year
3. The asset is used for both business and private purposes

Please let us know if you own an asset which could possibly be subject to these rules.