

## Attachment to Tax Working Group submission

### MATCHING PROVISIONAL TAX TO CASH INFLOWS.

Year	Month	Net Cash Receipts from	
		Revenue taxable Sources*** \$	Provisional Tax calculated monthly \$
2016	July	20,000.00	1,000.00
2016	August	120,000.00	6,000.00
2016	September	90,000.00	4,500.00
2016	October	12,000.00	600.00
2016	November	16,000.00	800.00
2016	December	70,000.00	3,500.00
2016	January	12,000.00	600.00
2016	February	70,000.00	3,500.00
2016	March	80,000.00	4,000.00
2016	April	15,500.00	775.00
2016	May	27,300.00	1,365.00
2016	June	3,000.00	150.00
2017	July	35,000.00	1,750.00
2017	August	16,000.00	800.00
2017	September	70,000.00	3,500.00
2017	October	12,000.00	600.00
2017	November	70,000.00	3,500.00
2017	December	80,000.00	4,000.00
2017			
		Credit Provisional WHT	0.00
		2016 year terminal tax	(3,210.00)
2017	January	1,600.00	96.00
2017	February	35,000.00	2,100.00
2017	March	30,000.00	1,800.00
2017	April	12,000.00	720.00
2017	May	16,000.00	960.00
2017	June	70,000.00	4,200.00
2017	July	50,000.00	3,000.00
2017	August	76,000.00	4,560.00
2017	September	30,000.00	1,800.00
2017	October	25,000.00	1,500.00
2017	November	15,000.00	900.00
			Refunds are refunded to
2017	December	70,000.00	3,150.00
2018	January	16,000.00	720.00
2018	February	35,000.00	1,575.00

### ASSUMPTIONS

\*\*\* Cash net of GST. Would exclude Equity injections:  
**PTPR** The assumption here is that each cash flow has a

Most SME prime source of accounting data capture is the bank statement  
This is the basis of products such as Xero, MYOB etc.

**Prescribed rate:** Previous financial years ratio of RIT to Gross revenue  
In the first year of a business would not pay any provisional tax payments

**Risk to the Crown.**

What is to happen when the company ceases trading and the final return is filed  
IRD Commissioner must have tax recovery powers in this case.

on from John O'Malley. C.A.

Provisional Tax Paid six monthly \$	Provisional Tax balance in account( in perpetuity) \$	Provisional tax prescribed rate,. [PTPR]
	1,000.00	5.00%
	7,000.00	5.00%
	11,500.00	5.00%
	12,100.00	5.00%
	12,900.00	5.00%
16,400.00	0.00	5.00%
	600.00	5.00%
	4,100.00	5.00%
	8,100.00	5.00%
	8,875.00	5.00%
	10,240.00	5.00%
10,390.00	0.00	5.00% Balance day
	1,750.00	5.00%
	2,550.00	5.00%
	6,050.00	5.00%
	6,650.00	5.00%
14,150.00	10,150.00	5.00%
	0.00	5.00% Annual Income tax retu
	0.00	Provisional tax paid for
	(3,210.00)	
	(3,114.00)	6.00% Recalculated PTRR on p
	(1,014.00)	6.00%
	786.00	6.00%
	1,506.00	6.00%
	2,466.00	6.00%
6,666.00	0.00	6.00% Balance Day
	3,000.00	6.00%
	7,560.00	6.00%
	9,360.00	6.00%
	10,860.00	6.00%
	11,760.00	6.00% Annual Income tax retu
		Provisional tax paid for
		<b>Ta</b>
to the taxpayer (plus interest)		
	14,910.00	4.50% Recalculated PTRR on p
	15,630.00	4.50%
	17,205.00	4.50%
	ETC	

s, Loans, Capital gains realised.

a taxable profit included in it equal to previous years RIT to Gross sales ratio.

ement.

enue (excluding GST)

iyable.

months cash flow is stripped by shareholder employees ?

Return is filed in this case in December	
RIT calculated (say).	<b>\$30,000.00</b>
2016 year	<b>\$26,790.00</b>
<b><i>Tax to pay</i></b>	<b><i>\$3,210.00</i></b>

previous income year when tax return filed

Return is filed in November	
RIT calculated (say).	<b>\$19,500.00</b>
2017 year	<b>\$20,816.00</b>
<b><i>Tax to Refund</i></b>	<b><i>\$1,316.00</i></b>

previous income year