

AIM

A new method for calculating your provisional tax

RightWay

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A new method for calculating your provisional tax came into effect 1 April 2018 and it could make paying your provisional tax a whole lot easier.

The Accounting Income Method, otherwise known as AIM calculates your provisional tax based on your profit for the year to date. Your payments are aligned with your GST return and are paid either monthly or two monthly.

Think of it as PAYE for businesses.

AIM IS A SUITABLE OPTION FOR:

- New businesses
- Growing businesses
- Businesses with unpredictable income
- Seasonal businesses
- Businesses who want to keep on top of their tax during the year

WHAT ARE THE BENEFITS?

- Better for your cash flow – pay tax on your profits as you earn them
- No Use of Money Interest as long as you pay what the system says you should
- No Penalties as long as you take reasonable care
- If your profits drop during the year and you've paid too much tax you can get a refund during the year instead of waiting until your tax return is filed

AM I ELIGIBLE?

You can use AIM to calculate your provisional tax if:

- Your sales are under \$5 million per year
- You use AIM approved software, e.g. Xero
- You are a company or a sole trader
- You don't have any foreign investment income
- You don't offset losses between your businesses

WHEN DO I HAVE TO DECIDE?

If you want to pay your provisional tax through AIM the opt-in deadlines are:

- 28th May for making monthly AIM payments
- 28th June for making two monthly AIM payments.

WILL IT COST ME MORE IN ACCOUNTING FEES TO USE AIM?

For many clients there will be no additional cost at all. At most it will be an additional \$37.50 per month. Any additional costs will depend on the services you're already receiving from RightWay.

If you're interested in AIM get in touch with us today and we'll arrange a time for your Business Partner to give you a call to discuss whether AIM is the best provisional tax option for your business.

CONTACT US



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