



Is Your Business Prepared?

The government has given us very strong signals that GST is set to rise to 15% later in the year. Many businesses of today have not seen an increase in GST during their lifetime and if they have it was so long ago most of us do not remember. We will not know the finer details of the government's plans until the May Budget is delivered. A rise from 12.5% to 15% represents a 20% increase. Experts predict that this rise in GST will be effective from 1 October 2010.

All businesses need to consider what impact this will have on their business here are some things to think about:

- Expect consumer behaviour to change, experience of the past showed consumer spending increased just before the introduction of GST and a dip in spending after the introduction of GST
- When pricing or tendering for work make sure it is clear to your customers that your price is + GST to avoid any potential confusion or disputes.
- Make sure your accounting system can cope with two rates of GST. You may need to file 2 GST returns.
- Think about how you are going to re price all that stock!! Possibly overnight, updating your Point of Sale Systems. Think about advertising and specials you may want to run.
- How will this impact your cashflow
 - Exporters will carry a higher GST cost until refunds are paid out
 - Importers will pay higher GST on imports there will be a timing issues until this cost is offset by GST collected from sales.
- Have you issued gift vouchers? Consumers remember those vouchers buried in the draw somewhere
- Think about using those gift cards or vouchers
- Property Transactions look at the documentation re GST
- A raise in GST means errors are going to cost more. Make sure you are accounting for GST correctly **before** getting a GST audit.

