The Maori Trustee collects the 6 monthly rental, still $1,000. He deducts his 7½% fee, $75 ($1,000 x 7½%), he then deducts goods and services tax $7.50 ($75 x 10%), and distributes the balance to the owners, that is, he distributes $917.50.

Registered taxpayers

There has been a lot of talk about "registering for G.S.T.". To return to my social club example, the social club has a turnover of $24,000, from subscriptions, socials and sales, so it must register by 31 August 1986.

Many organisations that have not paid tax before will have to pay G.S.T. For example, the department of Maori Affairs must register each of the development stations, on behalf of its owners. The Maori Trustee must be registered in each of the Maori Affairs districts in which he operates, and the department itself must register as a G.S.T. taxpayer. In all that will be about 120 registrations. That's a lot of paper work!!

Farming businesses

Farms in a development phase e.g. kiwifruit ventures are likely to be entitled to refunds of tax paid on goods purchased and services provided.

In these circumstances it would be wise to register as a monthly "taxpayer", so as to get the refund as soon as possible, to plough back into the business.

An example of this is as follows:

	Business $	*Tax* $	*Total* $
Revenue	1,000	100	1,100
Expenditure	10,000	1,000	11,000
G.S.T. refund		900	

Koha

This is a very sensitive issue, but one that I must bring to the attention of every marae. The cost of providing hospitality is going to increase by 10% once G.S.T. is introduced.

The Inland Revenue consider koha to be a donation and therefore not taxable. In effect, this means that a refund cannot be claimed for expenditure tax incurred by the host marae when they purchase items to provide hospitality.

An example of this is as follows:

Pre G.S.T.		
Koha	800	
Expenses	1000	
Deficit	200	
After G.S.T.		
Koha	800	
Expenses	1100	(being $1,000 + 100 G.S.T.)
Deficit	300	

It is important that guests realise that the cost of hospitality has increased.

A further problem for hosts is that the fund raising ventures that we run to cover the deficit from extending hospitality are taxable e.g., Subscriptions, raffles etc. In effect we are being double taxed.

Maori land transactions

When Maori Land passes to successors, on the death of an owner, the transaction is not a sale, and therefore no G.S.T. is payable.

When Maori Land is sold then G.S.T. is payable.

Application fees to the Maori Land Court will increase as a result of the introduction of G.S.T.

Assistance and advice

In each of the Maori Affairs district offices I have a district accountant.

They are all very keen to assist Maori people, whether trusts, incorporations, associations, families, or private individuals, to cope with the introduction of G.S.T. If you want help you need only ask, we will be running seminars later in the year, and will advise then or individually on record keeping and legal obligations.

If the job is too big for us then we will help you find a Chartered Accountant to provide full accountancy services.