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THREE LETTERS, ENDS IN

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“ Death, taxes and childbirth! There’s never any convenient time for any of them. ”

— MARGARET MITCHELL, AUTHOR OF GONE WITH THE WIND.

However, understanding your tax obligations and their benefits – whether you’re an employee, mother working at home, unemployed or a business owner – will save you money and potentially, your sanity too.

A few years ago, the Inland Revenue in New Zealand stopped the requirement for all salary and wage earners to complete a tax return so chances are, many readers won’t give a second thought to tax. But if you pay for childcare or housekeeping, have earned extra money from a hobby, such as selling your paintings through an exhibition, or donate to charity then it’s time to pay attention.

Many working women won’t know that, in New Zealand, you can claim some of the money you pay for childcare back annually as long as your children are under 18 and you can provide receipts.

If you’re a generous Kiwi who donates to charities, then you can claim back one-third of any donation you make over \$5 as long as you can provide receipts. While it’s great to give a few coins to street collectors, it’s much more beneficial for you – and charities – to plan your giving and be able to claim back on it at the end of the financial year.

Student loans are a debt that is simply a way of life for many university-trained people. I have two simple rules: pay them off as quickly as you can (like any debt) and if anything changes, let the tax department know. That big OE might seem like a great holiday but unless you take the time to let Inland Revenue or the Taxation Office know you’re away for a while, fines or late payment penalties will build up into a nasty homecoming surprise.

Recently in New Zealand, and probably in Australia too, there have been a number of tax refund companies popping up. Finding out you are due a tax refund is great... a windfall for savings, paying bills or those new shoes you’ve got your eye on.

However, be careful – the contract that you sign to get your refund also often states that any communication from the tax department to you will be sent directly to that third-party business until you request otherwise.

That means you potentially won’t receive any statements or overdue notices and won’t know you owe money until you’ve already clocked up arrears.

Tax goes in cycles and while it may seem relentless, it is also predictable. Once you know the dates when money is due (there are many more dates for business owners than individuals), you’ll begin to be successful. Tax, like death and childbirth, will happen and ignoring it will only end in tears – interest and fees.

If the mental block regarding numbers kicks in and feels like fingernails on the blackboard, then just taking a deep breath and organising paperwork so it can be fitted neatly into its respective debits and credits, is a great start. Concepts like left/right, right/wrong, debit/credit, position/performance makes accounting simple. With finance, there are no grey areas – it’s either done or it isn’t, so my advice? Just get it done!

While all tax is important – more importantly is making sure women take responsibility for their own finances. Know what you earn, what you spend, how much you’re saving and where your money is going. It’s far too easy for relationships to break up and to be left with nothing, ladies – take the time to get finance-smart now. **MZW**

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