Sole trader checklist

This is an easy-to-follow checklist you can use to tick off the essentials of being a sole trader.

Must do checklist

These are your annual must dos as a sole trader to keep your business running.

You are responsible for completing your own taxes. This includes keeping track of your income and business expenses so you can accurately calculate all taxes due.

Income tax

[ ]  It is essential you have a basic understanding of key tax types.

[Tax 101 for sole traders](https://www.business.govt.nz/news/tax-101-for-sole-traders/)

[ ]  Find out how much tax you have to pay.

[Work out tax on your yearly income](https://www.ird.govt.nz/income-tax/income-tax-for-individuals/how-income-is-taxed/work-out-tax-on-your-yearly-income) – Inland Revenue

**Paying your tax all at once**

[ ]  Each year you must complete your IR3 and file it on time.

[Complete your individual income tax return](https://www.ird.govt.nz/income-tax/income-tax-for-individuals/what-happens-at-the-end-of-the-tax-year/individual-income-tax-return---ir3/complete-my-individual-income-tax-return---ir3) – Inland Revenue

**Splitting up your tax payments**

[ ]  To help manage your cash flow around income tax obligations, check if it will be better to pay income tax in instalments during the year rather than paying one lump sum.

[Provisional tax](https://www.ird.govt.nz/income-tax/provisional-tax) – Inland Revenue

[ ]  You may be charged use-of-money interest (UOMI) on any underpayments of provisional tax (income tax). Find out how tax pooling options can help to reduce any UOMI.

[Tax pooling](https://www.ird.govt.nz/topics/intermediaries/tax-pooling) – Inland Revenue

**Additional tax help**

[ ]  Find out if you are eligible for a tax discount in your first year of being a sole trader.

[Discounted tax for your first year in business](https://www.business.govt.nz/news/grab-a-first-year-tax-discount-and-other-tax-tips/) – Inland Revenue

[ ]  Don’t panic if Inland Revenue (IR) wants to audit your business.

[When we call you](https://www.ird.govt.nz/managing-my-tax/scams/when-we-phone-you) – Inland Revenue

Tax deductions and expenses

A tax deduction is a claimable expense item is related to your business income. You claim these expenses on your IR3 tax return each year.

[ ]  Businesses are taxed on their taxable income, after deducting claimable business expenses.

[Types of business expenses](https://www.ird.govt.nz/income-tax/income-tax-for-businesses-and-organisations/types-of-business-expenses) – Inland Revenue

[ ]  We have more information and guidance on claiming expenses. Remember that to claim a business expense, you’ll need to keep good records and hold on to your receipts.

[Claiming expenses](https://www.business.govt.nz/tax-and-accounting/reducing-your-tax/claiming-expenses/)

[ ]  For a video and explanation about claiming expenses to help you prepare, head to IR.

[Expenses of a sole trader and record keeping](https://www.ird.govt.nz/about-us/videos/campaigns/business-basics/sole-trader-expenses-and-records) – Inland Revenue

GST returns

If you think you will earn more than $60,000 per financial year, you will need to file GST returns.

[GST – When to register and how it works](https://www.business.govt.nz/tax-and-accounting/basic-tax-types/gst/)

[ ]  Once you’ve registered for GST you’ll need to file regular GST returns and pay GST on your taxable activities. Work out how on IR’s website.

[Filing and paying your GST, and refunds](https://www.ird.govt.nz/gst/filing-and-paying-gst-and-refunds) – Inland Revenue

[ ]  IR have all the information about how to file your GST return

[File your GST return](https://www.ird.govt.nz/gst/filing-and-paying-gst-and-refunds/filing-gst/file-your-gst-return) – Inland Revenue

Accident Compensation Corporation (ACC) levies

All self-employed or small business owners must pay an ACC Work levy each year. ACC levies cover injuries that happen at work, at home, on the sports field and when you’re out and about.

You will receive your ACC Levy invoice by post or email once you have filed your tax return.

[ ]  To understand more about your ACC Levy invoice, see ACC’s website.

[If you’ve received an invoice from ACC](https://www.acc.co.nz/for-business/received-an-invoice/) – ACC

[ ]  To find out how to pay your levies invoice see ACC’s guide on ways to pay your invoice.

[Ways to pay your invoice](https://www.acc.co.nz/for-business/received-an-invoice/ways-to-pay-levies/) - ACC

Student loan repayments (if applicable)

If you have a student loan, and you earn over the annual threshold of $24,128, then you must make repayments on your student loan.

[ ]  IR has information on how to make a student loan repayment on your income and how to calculate it.

[Repaying my student loan when I am self-employed or earn other income](https://www.ird.govt.nz/student-loans/living-in-new-zealand-with-a-student-loan/repaying-my-student-loan-when-i-am-self-employed-or-earn-other-income) – Inland Revenue

[ ]  IR has a student loan repayment calculator to estimate your loan repayment obligation and how long it will take.

[Student loan repayment calculator](https://www.ird.govt.nz/student-loans/tracking-my-student-loan-balance/student-loan-repayment-calculator) – Inland Revenue

[ ]  To work out how much you need to pay, use IR’s calculator.

[Work out tax on your yearly income](https://www.ird.govt.nz/income-tax/income-tax-for-individuals/how-income-is-taxed/work-out-tax-on-your-yearly-income) – Inland Revenue

[ ]  Student loan repayments are made through myIR. You can make a one-off payment or set up a direct debit.

[myIR](https://myir.ird.govt.nz/) – Inland Revenue

Record keeping

Business paperwork is a standard part of any business practice. We’ve outlined the business paperwork you need to do to be compliant and provide resources to help you both understand and keep on top of it.

**Business operations**

When you’re in business, you’re required to keep accurate and complete records for at least 7 years. This can include banking information, financial accounts, invoices and other contractual information.

[ ]  For details on record keeping obligations read the business.govt.nz website and additional resources at IR.

[Keep tax records](https://www.business.govt.nz/tax-and-accounting/tax-time-tips/keeping-tax-records/)

[Record keeping](https://www.ird.govt.nz/managing-my-tax/record-keeping) – Inland Revenue

Contracts and Invoicing

[ ]  Ensure you review any customer contracts regularly, so they are lawful and fair.

[Customer contracts review](https://www.business.govt.nz/news/time-to-review-your-customer-contracts/)

**Tips for payments**

[ ]  For an overall guide to creating and sending an invoice, along with an invoice template, see our micro-course on what you need to prepare an invoice.

[How to prepare an invoice](https://www.business.govt.nz/risks-and-operations/tradies/how-to-prepare-an-invoice/)

Recommended that you do checklist

Here we’ve outlined the tasks that you don’t have to do, but are recommended that you do, to help you get the most out of being in business.

KiwiSaver contributions

If you think KiwiSaver is not for you because you’re self-employed, you’re probably missing out on thousands of dollars in government contributions.

[ ]  Get tips for powering up your savings.

[KiwiSaver benefits](https://www.ird.govt.nz/kiwisaver/kiwisaver-individuals/kiwisaver-benefits) – Inland Revenue

[ ]  For information on how to join KiwiSaver if you are a sole trader, see IR’s resource.

[Joining KiwiSaver if I’m self-employed or not working](https://www.ird.govt.nz/kiwisaver/kiwisaver-individuals/joining-kiwisaver/joining-kiwisaver-if-im-self-employed-or-not-working) – Inland Revenue

Seeking help

When you’re deep in the day-to-day of running your business, it can be hard to keep track of the bigger picture. Or maybe these tasks are simply not your cup of tea.

Seeking advice from different sources can give you a fresh perspective on your business. Consider getting help from:

* a traditional accountant
* a digital accountant
* investment advisors
* [Regional Business Partner Network](https://www.regionalbusinesspartners.co.nz/)
* Business Mentors New Zealand

Seeking advice from an accountant or bookkeeper can free up time for you to focus on what you do best – your job.

Tip: Make sure to prepare beforehand, that that you can get the most out of a service.

[Types of advice you’ll need](https://www.business.govt.nz/getting-started/advice-and-governance/types-of-advice-youll-need)