

Title	Demonstrate knowledge of taxation and implement taxation requirements for an agribusiness		
Level	5	Credits	8

Purpose	<p>People credited with this unit standard are able to, for an agribusiness: demonstrate knowledge of taxation; prepare tax returns for employee Pay As You Earn (PAYE), prepare Goods and Services Tax (GST) returns; estimate the income tax liability; describe record keeping and timing requirements for returns; and demonstrate knowledge of the implications of fluctuating income, and its impact on taxable income and tax planning.</p>
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Classification	Agriculture > Agribusiness Management
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Available grade	Achieved
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Guidance Information

- 1 Legislation applicable to this unit standard includes but is not limited to:
 - Goods and Services Tax Act 1985
 - Privacy Act 1993
 - Income Tax Act 2007
 - Tax Administration Act 1994
 - Taxation Review Authorities Act 1994.
- 2 Definition

Stock on hand refers to, but is not limited to – livestock, plant stock, or produce on hand.
- 3 The Inland Revenue Department (IRD) has freely available tax tables and forms relating to this unit standard which should be consulted. Forms, tax tables, and publications are available on the IRD website <http://www.ird.govt.nz>.
- 4 Assessment

For the purposes of assessment, the agribusiness has a simple structure such as owner operator or simple partnership. Candidates operating within more complex agribusiness structures would normally utilise specialist assistance in taxation-related issues.

Outcomes and performance criteria

Outcome 1

Demonstrate knowledge of taxation applicable to an agribusiness.

Performance criteria

- 1.1 The types of taxation applicable to the agribusiness are described in terms of legislative requirements.
- Range income tax – provisional, terminal, residual and PAYE payments, resident withholding tax (RWT); withholding tax, GST, fringe benefit tax (FBT), company tax, trust income tax, gift duty.
- 1.2 Taxable and non-taxable income are identified.
- 1.3 Tax deductible and non-tax deductible expenditure are identified.
- 1.4 Capital and development expenditure is described in terms of deductibility for tax purposes.
- 1.5 The system for calculating depreciation of capital assets is described.
- 1.6 The non-cash adjustments are described in terms of the implications for the specified agribusiness.
- Range change in valuation of opening and closing stock, depreciation of assets, private use of business assets.
- 1.7 The methods of valuing stock on hand are described.
- 1.8 Record keeping requirements for preparation of tax returns are described in terms of legislative requirements.
- Range documents to retain, period of storage.

Outcome 2

Prepare tax returns for employee PAYE for an agribusiness, and describe record keeping and timing requirements for tax returns.

Performance criteria

- 2.1 The employee PAYE is calculated and reconciled on the required IRD form for the agribusiness.
- 2.2 Record collation and storage requirements are described in terms of legislative requirements.
- 2.3 Timing for the return is described in accordance with legislative requirements.

Outcome 3

Prepare GST returns for an agribusiness, and describe record keeping and timing requirements for GST returns.

Performance criteria

- 3.1 The GST refunds or payments are calculated using a payment, accrual, invoice and/or hybrid basis and the relevant GST form is completed.
- 3.2 Record collation and storage requirements are described in terms of legislative requirements.
- 3.3 Timing and frequency of the return are identified in accordance with legislative requirements.
- 3.4 Timing and frequency of the return are described in terms of the implications for the agribusiness.
- Range compliance cost, time involved.

Outcome 4

Estimate the income tax liability for an agribusiness, and describe record keeping and timing requirements for income tax returns.

Performance criteria

- 4.1 Taxable gross income, tax deductible cash expenditure, and non-cash tax deductible expenditure are estimated to determine the income tax liability.
- 4.2 Record collation and storage requirements are described in terms of legislative requirements.
- 4.3 Timing for income tax payment is described in accordance with legislative requirements.

Outcome 5

Demonstrate knowledge of the implications of fluctuating income, and its impact on taxable income and tax planning for an agribusiness.

Performance criteria

- 5.1 The implications of fluctuating income, and impact on tax liability, are described in terms of the effects on cash flow.
- 5.2 The methods of minimising income fluctuations are described.
- Range Farm Income Equalisation Scheme, carrying forward losses, timing of expenditure and income, varying discretionary expenditure, livestock valuation methods; evidence is required for at least two.

This unit standard is expiring. Assessment against the standard must take place by the last date for assessment set out below.

Status information and last date for assessment for superseded versions

Process	Version	Date	Last Date for Assessment
Registration	1	28 June 1999	31 December 2022
Revision	2	16 May 2003	31 December 2022
Review	3	27 April 2005	31 December 2022
Review	4	18 March 2011	31 December 2022
Review	5	22 October 2020	31 December 2022
Rollover	6	30 September 2021	31 December 2023

Consent and Moderation Requirements (CMR) reference

0052

This CMR can be accessed at <http://www.nzqa.govt.nz/framework/search/index.do>.