Owens		For an in	teracti	jeff@owenstax.com			
Tax Advisors Ltd	Т	ax calc	ulatio	ns		click to amend	penalty rate
	gross	rates	GST	net	notes	add a penalty*	total tax and penalty
Sole trader	1	<u> </u>					
Sales less expenses	115	15%	15	100	assuming all sales and expenses are subject to GST		100.00
Income tax		33%		33	assuming already at top marginal rate	14.85	47.85
Income after tax Ratio of tax to income excl GST				33%			47.85%
Company owned by individual or trust							
Sales less expenses	115	15%	15	100			100.00
Income tax		28%		28			
Income after tax				72			
Cash dividend Imputation credits Gross dividend to individual				72 28 100			
Income tax (individual)		33%		33	assuming already at top marginal rate		
less imputation				28			
Net tax to pay				5			
Total tax paid (company and individual)				33		14.85	47.85
Ratio of tax to income excl GST				33%	will get the same result if net (or extra) income is treated as a bonus		47.85% Plus interest
Effect of taxing at both com	pany and	shareho	lder le	vel			Plus litterest
Sales less expenses	115	15%	15	100			100.00
Income tax		28%		28		12.60	40.60
Income after tax				72			
Cash dividend				72			
Imputation credits Gross dividend to individual				72	IRD denying a backdated imputation credit		
Income tax (individual)		33%		23.76	assuming already at top marginal rate		
less imputation							
Net tax to pay				23.76		10.69	34.45
Total tax paid (company and individual)				51.76			75.05
Ratio of tax to income excl				52%			75.05%
							Plus interest

* Where a tax shortfall has	occurred, a per	nalty may apply, and	then	may be subject to	various reductions	
		Potential reductions				
	Base penalty	disclosure pre audit notification		disclosure post audit	previous good behaviour	
Examples:				notification		
1. lack of reasonable care	20%	100%		40%	50%	
2. gross carelessness	40%	75%		40%	50%	
3. abusive tax avoidance	100%	75%		40%	50%	
4. evasion	150%	75%		40%	50%	
Our example:						
[can edit yellow cells using d	ropdown menu	ıs]				
4. evasion		n	or	У	У	effective
						penalty
	150%			40%	50%	45.00%

Assumes the taxpayer has been notified of an audit and makes a disclosure before the audit commences. The taxpayer is found to have evaded tax but gets the appropriate reductions in penalty

Owens Tax Advisors Ltd click to return to tax calculations