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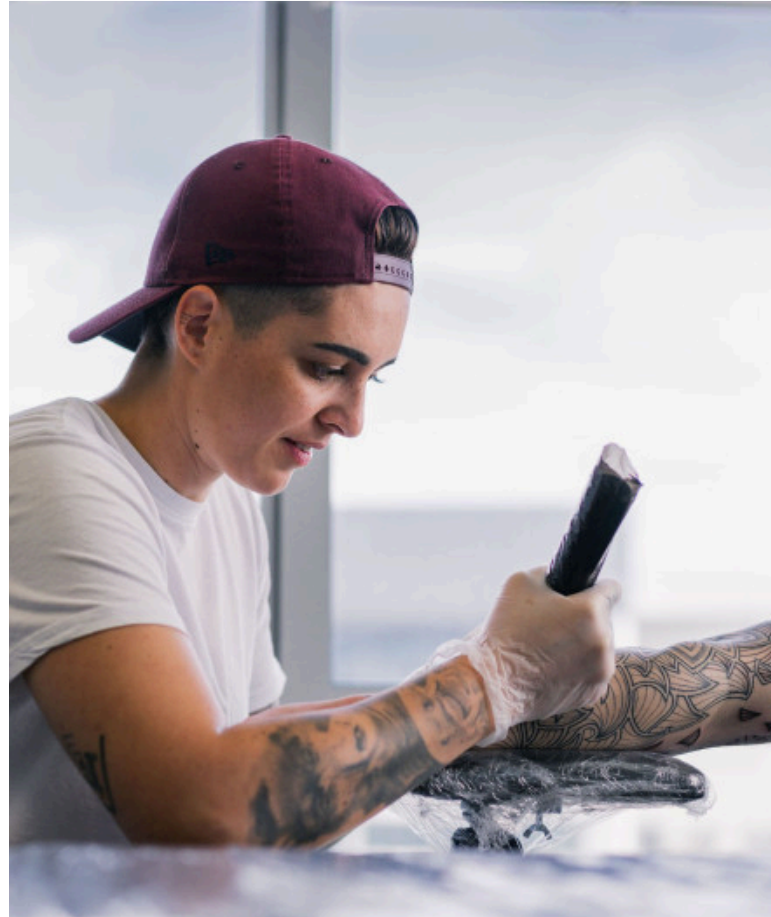


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Sole trader checklist

This is an easy-to-follow checklist you can use when setting up as a sole trader. It will also help you if you are already a sole trader and want to check you have set yourself up correctly or are thinking of hiring people.

Download the checklist [DOCX,155KB]
(/assets/uploads/Documents/sole-trader-checklist-
doc.docx)



There are four areas that are important to understand when you're a sole trader.

- [Getting started as a sole trader](#)
([/getting-started/sole-trader-guide/sole-trader-checklist#e-33214](#)) – registering for myIR, myACC and other information.
- [Financial – essential tasks](#)
([/getting-started/sole-trader-guide/sole-trader-checklist#e-33220](#)) – filing your tax return and other essential tasks.
- [Business paperwork](#)
([/getting-started/sole-trader-guide/sole-trader-checklist#e-33229](#)) – filing the right information in the right way.
- [Hiring staff](#)
([/getting-started/sole-trader-guide/sole-trader-checklist#e-33233](#)) – what to do if you want to bring on staff.

Getting started as a sole trader

If you've decided to start a business, you need to register with certain government agencies when you begin. We've outlined who to register with and how to do it.

Telling Inland Revenue (IR) you are a sole trader

To register as a sole trader, you must have an IRD number and advise IR you are working for yourself.

I do not have an IRD number:

- Complete the IR quick assessment on how to apply for an IRD number to get one

[How to apply for an IRD number](#) — Inland Revenue

- Set up your 'MyIR Account' at IR and follow the next step to advise IR you have started working as a sole trader.

I already have an IRD number and I need to tell IR I have started working for myself as a sole trader:

- Log into your MyIR account at Inland Revenue.

[myIR](#) — Inland Revenue

- Click the 'I want to...' tab.
- Scroll down to 'Communicating with IR' and select 'Send a message'.
- Under 'Select an option', select 'This message is not relevant to a specific account'.
- Under 'Select message category' select 'Other'.
- In the subject line enter 'Notification to become a sole trader' and in the message area you can ask any questions or request any information about being a sole trader. Then click 'Submit' to send.

Register for GST (if applicable)

- Follow the IR guided help to quickly assess if you need to register

[Do I need to register for GST](#) — Inland Revenue

- If you need to register, go to Inland Revenue website and follow the steps in the link below.

[Registering for GST](#) — Inland Revenue

How to register with ACC

As a sole trader, you will automatically receive ACC cover if you are injured. You need to register and set up MyACC business account to pay your levies when the time comes.

Register for your MyACC business account

- Have your IRD number nearby then go to 'Register for MyACC for Business'.

[Register for MyACC for Business](#) — ACC

- Register with a RealMe, Google or Microsoft account.

New Zealand Business Number (NZBN)

Having a NZBN is recommended, as it reassures potential suppliers, customers and clients that you are a business. Having one will also make it easier for you to interact with government agencies and other businesses.

- To apply for a NZBN head to NZBN's website.

[Applying for an NZBN if you're self-employed](#) — NZBN

Certificates and licences

- Make sure you have any government licences and permits your business might need along with any qualification or registrations required for your trade or profession.

[Compliance Matters](#)

([/compliance-matters](#))

- For information and tips about being a sole trader, see our 'Becoming a sole trader' page.

[Becoming a sole trader](#)

([/getting-started/sole-trader-guide/becoming-a-sole-trader](#))

Advice for contractors

- If you intend to contract as a sole trader to larger corporations check out advice on what to consider before you start contracting. You will also need an IR330C. Inland Revenue has information on how to work out and declare your tax rate for schedular payments. You can also download the IR330C form from Inland Revenue if required.

[Work out and declare my tax rate for schedule payments](#)  — Inland Revenue

Advice for contractors

[\(/getting-started/advice-for-contractors/what-to-consider-before-you-starting-contracting\)](https://www.business.govt.nz/getting-started/advice-for-contractors/what-to-consider-before-you-starting-contracting)

Financial – essential tasks

As a sole trader, you are responsible for completing your own taxes. You will need to keep track of your income and your 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

(</news/tax-101-for-sole-traders>)

- Find out how much tax you have to pay.

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 - 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 [↗](#) — 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 [↗](#) — 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

(</news/grab-a-first-year-tax-discount-and-other-tax-tips>)

- Don't panic if IR wants to audit your business.

What to do when Inland Revenue calls

(</news/audits-inland-revenue>)

Tax deductions and expenses

A tax deduction is a claimable expense item that 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](#) — Inland Revenue

- We have information and guidance on claiming expenses.

Claiming expenses

([/tax-and-accounting/reducing-your-tax/claiming-expenses](#)).

- For a video and explanation about claiming expenses to help you prepare, head to Inland Revenue.

[Expenses of a sole trader and record keeping](#) — 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

([/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 Inland Revenue's website.

[Filing and paying GST, and refunds](#) — Inland Revenue

- IR have all the information about how to file your GST Return

[File your GST return](#) — Inland Revenue

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](#) — ACC

- To find out how to pay your levies invoice see ACC's guide on ways to pay your invoice.

[Ways to pay your levy invoice](#) — 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.

- Inland Revenue has information on making a student loan repayment and how to calculate it.

[Repaying my student loan when I am self-employed or earn other income](#) — Inland Revenue

- Inland Revenue has a student loan repayment calculator to estimate your loan repayment obligation and how long it will take.

[Student loan repayment calculator](#) — Inland Revenue

- To work out how much you need to pay, use the Inland Revenue calculator.

[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](#) — Inland Revenue

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](#) — Inland Revenue

- For information on how to join KiwiSaver if you are a sole trader, see Inland Revenue's resource.

[Joining KiwiSaver if I'm self-employed or not working](#) — Inland Revenue

Business paperwork

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.

Record keeping

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 statutory record keeping obligations read the business.govt.nz website and additional resources at Inland Revenue.

[Keeping tax records](#)

([/tax-and-accounting/tax-time-tips/keeping-tax-records](#))

[Record keeping](#) — Inland Revenue

Contracts and invoicing

- Ensure you review any customer contracts regularly so they are lawful and fair.

Customer contracts review

(</news/time-to-review-your-customer-contracts>)

Tips for payments

- Find tips on how to manage invoices and payments.

Tips for prompt payment

(</news/invoicing-tips-for-prompt-payments>)

Tips for getting paid on time

(</news/invoice-tips-make-sure-you-get-paid-on-time>)

Tips for chasing up debtors

(</news/owed-money-tips-for-chasing-debtors>)

- 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

(</risks-and-operations/tradies/how-to-prepare-an-invoice>)

Hiring staff

You might be about to grow your business. One way to handle growth is to hire staff to help manage business operations. We've outlined what you need to do when you've decided you want to hire staff.

Register as an employer

- Before you hire any staff you must register as an employer with IR.

[Register as an employer](#) [↗](#) — Inland Revenue

Hiring process

When you decide to hire staff use the following information to assist you.

- For a step-by-step guide on hiring see our 'Overview' page.

Overview of the hiring process

([/hiring-and-managing/hiring-people/overview-of-the-hiring-process](#))

- Find the best candidate and make negotiating easier.

Negotiation tips when hiring

([/news/negotiation-tips-when-hiring](#))

Pay as you earn (PAYE)

If you have employees, you must deduct PAYE (pay as you earn) tax from their wages.

- Know what deductions to make from employees' wages or salary.

PAYE deductions

([/tax-and-accounting/tax-when-you-have-employees/payroll-deductions](#))

- For some tips about any deductions that are not the standard rate see advice on special tax codes and deduction rates tips.

Special tax codes and deduction rates tips

([/news/special-tax-codes-and-deduction-rates-what-to-do](#))

- For a guide to help you get the tax right on any lump sum bonuses you make to staff see our resource on paying lump sum bonuses.

Paying lump sum bonuses

([/news/bonuses-and-tax-how-to-get-it-right](#))

- To work out PAYE salary and wage deductions for your employees you can use IR's PAYE calculator.

[PAYE calculator](#) — Inland Revenue

Fringe Benefit Tax (FBT)

FBT is a tax on non-cash benefits you provide to your employees.

- Find out about FBT and test your knowledge of employee allowances and FBT with our quiz.

What is FBT?

(</tax-and-accounting/tax-when-you-have-employees/fringe-benefit-tax-fbt>)

- Find out about paying different types of FBT. There are five main types of FBT. Inland Revenue has more information.

Types of fringe benefits [↗](#) — Inland Revenue

- You make FBT payments via myIR.

File a fringe benefit tax return [↗](#) — Inland Revenue

Employment mediation

- For steps to take if you encounter employment relation issues, see our page on resolving issues with mediation services.

Resolving employment issues with mediation services

(</news/resolving-employment-issues>)

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
- business mentors
- investment advisors
- [Regional Business Partner Network](#)
(</how-to-grow/regional-business-partner-network>)

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

Tell us what you think about this checklist

We want to continue to improve our content for sole traders in New Zealand. Let us know if this checklist was helpful, or if there is anything else you would like to see in the feedback box below. Or you can email us with your comments or questions.

Email: info@business.govt.nz

Tips for tradies

Learn how to improve your construction business with short videos and resource.

See tips and resources

[\(/risks-and-operations/tradies\)](/risks-and-operations/tradies)

Tax 101 for sole traders

To help you plan ahead, we've created a guide explaining different taxes and levies, and how they're calculated.

Find taxes relevant to you

[\(/getting-started/sole-trader-guide/tax-101-for-sole-traders\)](/getting-started/sole-trader-guide/tax-101-for-sole-traders)

Becoming a sole trader

If you're starting a business as a sole trader, check out tips and guidance to get you started.

Tips on becoming a sole trader

[\(/getting-started/sole-trader-guide/becoming-a-sole-trader\)](/getting-started/sole-trader-guide/becoming-a-sole-trader)

Sole trader toolkit

Find tools and resources to get you set up and guide you as a sole trader.

Go to sole trader toolkit

[\(/sole-trader-toolkit\)](/sole-trader-toolkit)

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