

STEP BY STEP WITH MONEY

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I recently presented a paper titled, 'Key Issues in Starting Your Network Marketing Business'. Here are some of the key income tax benefits of your network marketing business. It is timely, since we are close to the end of the financial year.

You may claim income tax deductions on the items listed below, **provided certain conditions can be satisfied**. Please check with your accountant who understands network marketing.

What is your network marketing business income?

Commissions you receive from YGY. Incentives you receive for reaching a goal, for example, if you reach SEMD your up-line pays for your conference ticket. The price of the conference ticket is also your income. It is tax deductible to your up-line.

What are your network marketing business expenses?

These are expenses incurred in running your Network Marketing Business, such as product purchases to qualify for different ranks to earn commissions, advertising expenses, telephone expenses for calling prospects and 3-way calls, travel expenses, business meeting expenses (e.g., venue hire), pens, note pads and banners, etc.

You can also claim 50% of entertainment expenses incurred in New Zealand. You can claim 100% of the entertainment expenses incurred overseas. Entertainment expenses are mostly incurred with coffee shop conversations. They also include breakfast, lunch and dinner at trainings and conferences.

You can claim home office expenses

If you use an area of your home for your business, you can claim a portion of the household expenses such as:

- rates;
- power;
- house and contents insurance;
- mortgage interest (not the mortgage) or rent.

You must keep invoices for these expenses.

If you are not using a separate area of your home for your business, you'll need to take into account the amount of time spent on your business activities and the area used. The business percentage of your home office expenses can be claimed as a deduction for income tax.

You can claim motor vehicles expenses

You may claim the following costs for your vehicle – petrol, repairs, tyres, car insurance and registration. The amount you claim depends on the method used to calculate the expense and your use of a log book and how the vehicle is owned.

You are required to keep various records of expenses for a period of seven (7) years.

Thank you.