

Guide for Accountants

taxi

Powered by tax traders

Smarter business funding

What is Taxi?

Taxi uses the tax pooling framework to unlock a new source of working capital for businesses. Now, instead of your clients' provisional tax payments sitting idle in their myIR account (sometimes for up to 18 months!) these payments can provide access to affordable business funding. Taxi interest rates aim to be about half those of a big bank business overdraft.

New Zealand's largest corporates have had access to this type of funding for over ten years. Taxi now makes it available to all New Zealand provisional taxpayers.

Taxi is powered by Tax Traders, an IR-approved tax pooling intermediary who manage over $2 billion in tax payments every year. This partnership not only enriches your tax pooling options during discussions about provisional tax, it also serves as an excellent conversation starter for exploring broader working capital solutions with your clients.

How Taxi Works

1. Your client creates an account. No financial disclosures or credit checks are required, apart from a standard AML check.
2. Your client pays their provisional tax through Taxi. These payments are held on their behalf by Public Trust, at Inland Revenue.
3. Taxi's use of IR-approved tax pooling intermediary, Tax Traders allows these payments to be used as security to access affordable funding and meet your clients' provisional tax obligations at the same time.
4. When your client requires funding they can access an amount equal to 90% of the provisional tax paid through Taxi in the last 12 months. Access is straightforward and funds are in your clients' bank account within the next business day, without further application or documentation.
5. Repay funds using the suggested 9-month repayment plan or pay as you go in the 9-month term.
6. Provisional tax payments into Taxi retain their effective tax date, being the date of deposit into the tax pool.
7. Settle funds with IR before terminal tax date either when the tax return has been filed or funds fully repaid. Just as you would a deposit with Tax Traders.

Cheaper than the banks

About half the cost of a big bank business overdraft.

Easy to set up

Account setup is online and takes less than 10 minutes.

No additional security needed

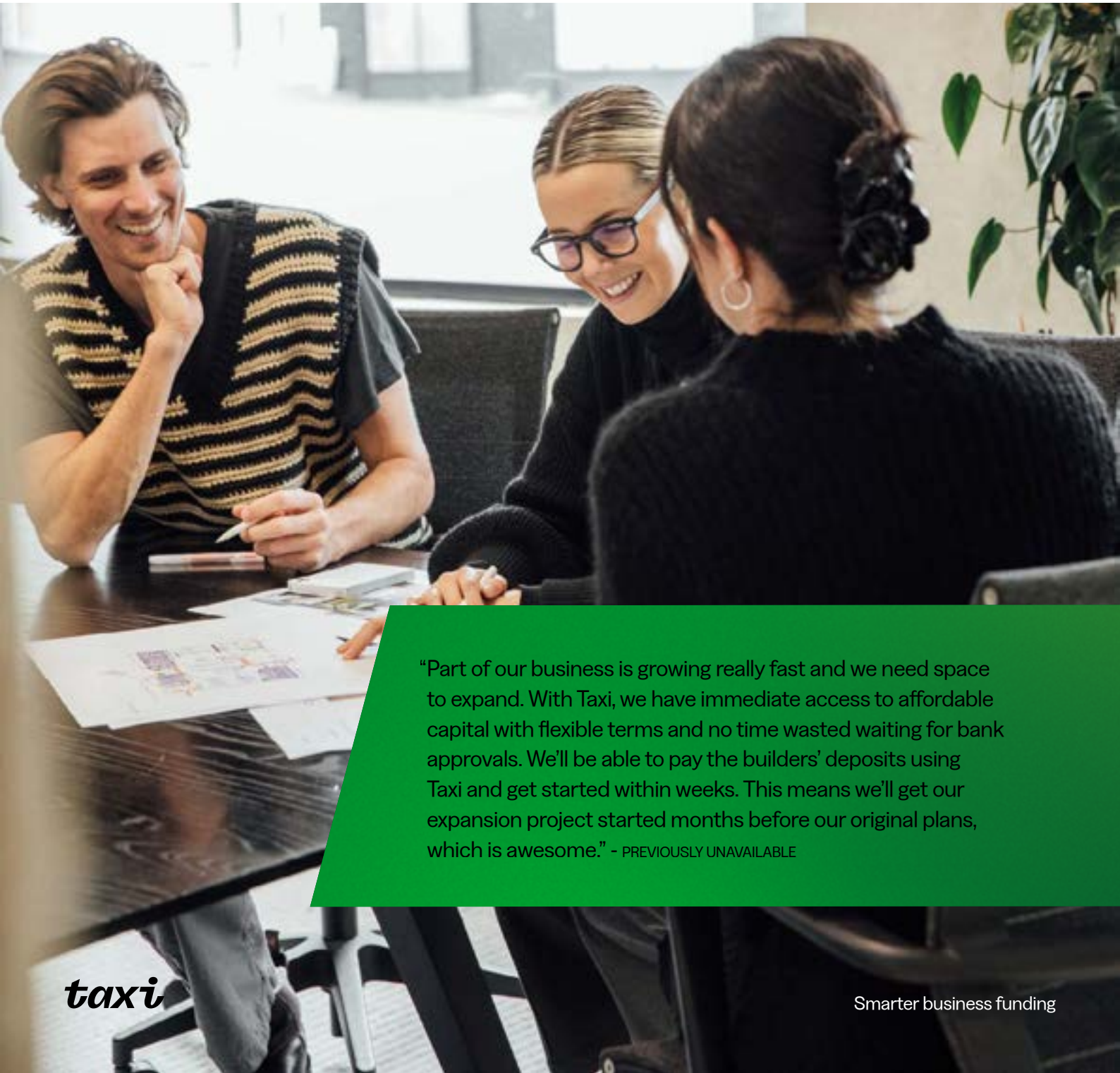
Provisional tax payments are the only security required – no need for personal guarantees.

Why Taxi?

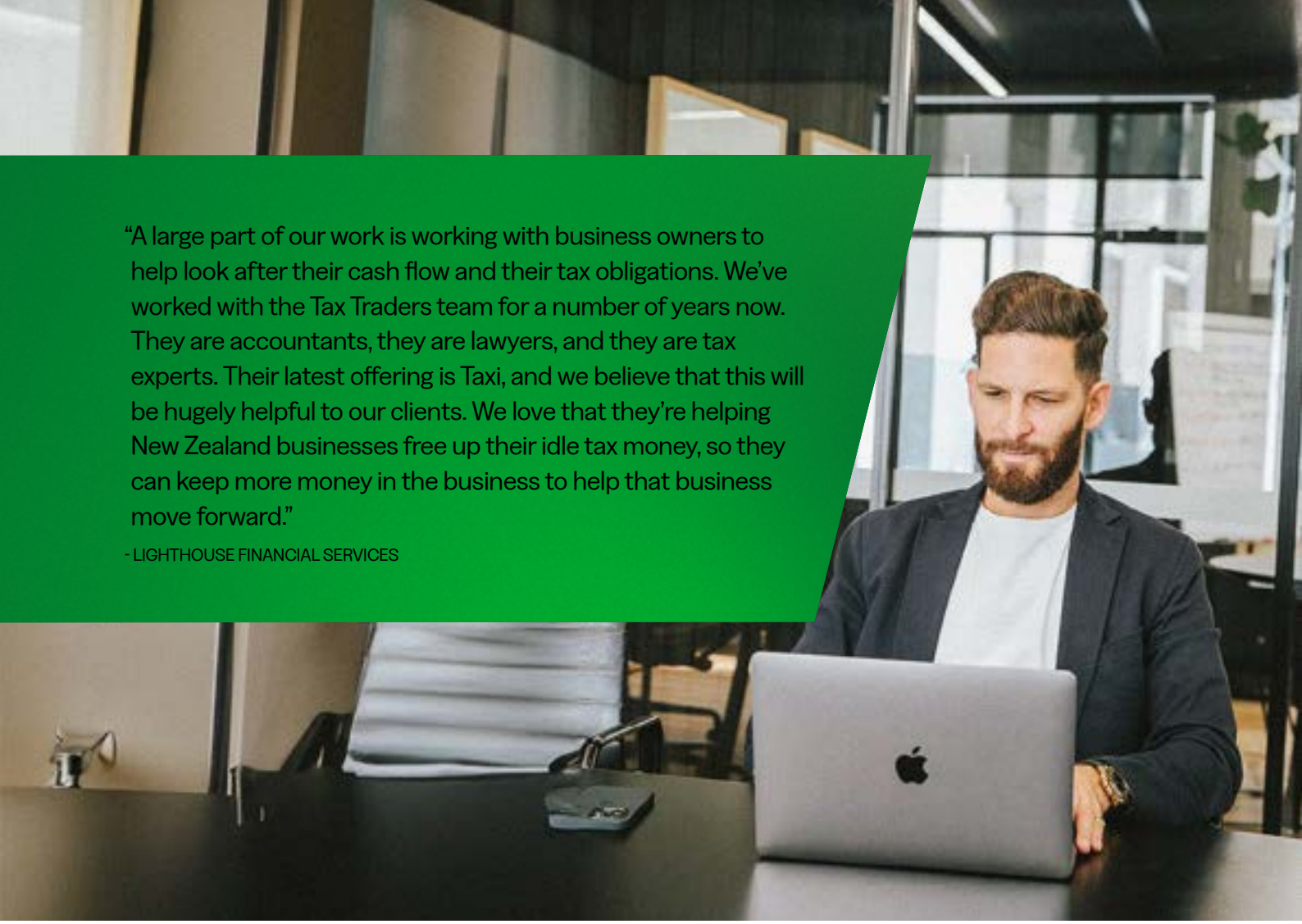
Without working capital, businesses can struggle to grow and thrive. Taxi allows businesses to access affordable business funding backed by their provisional tax payments.

Taxi opens up the benefits of the tax pooling framework to provisional tax paying clients who have working capital requirements.

Taxi is a smart way to help manage cash flow and improve access to working capital.



"Part of our business is growing really fast and we need space to expand. With Taxi, we have immediate access to affordable capital with flexible terms and no time wasted waiting for bank approvals. We'll be able to pay the builders' deposits using Taxi and get started within weeks. This means we'll get our expansion project started months before our original plans, which is awesome." - PREVIOUSLY UNAVAILABLE



"A large part of our work is working with business owners to help look after their cash flow and their tax obligations. We've worked with the Tax Traders team for a number of years now. They are accountants, they are lawyers, and they are tax experts. Their latest offering is Taxi, and we believe that this will be hugely helpful to our clients. We love that they're helping New Zealand businesses free up their idle tax money, so they can keep more money in the business to help that business move forward."

- LIGHTHOUSE FINANCIAL SERVICES

Your advice counts

Taxi is built to work alongside the advice you give to your clients. Taxi complements your provisional tax advice and supports your clients' cash flow management and strategy.

As your client's advisor, you are given full visibility of their Taxi position through our Tax Traders portal.

Your client does not need to be using tax pooling or Tax Traders to sign up to Taxi, although if they are, they can transfer their deposits to their Taxi account and access funds immediately.

Taxi can help your clients to:

- Access funds for business growth or working capital requirements.
- Save interest on expensive bank overdraft facilities or third-party borrowing.
- Manage seasonal trading and timing of creditor payments.
- Taxi can provide peace of mind when used as a standby facility ("just in case").
- No time-consuming loan application to banks. No disclosures, financial forecasts or credit checks needed (just AML).

Already have clients depositing into the tax pool?

If your clients are already using Tax Traders to deposit their provisional tax, you're in an excellent position to recommend Taxi to them. Your clients can start accessing funds through Taxi as soon as they have completed their Taxi account set up.

If the funds are deposited with another tax pooling provider, it is easy for Tax Traders to transfer them (retaining the same effective tax date) and make the funds available through Taxi.

Funds in the tax pool can be transferred to Taxi in the future or otherwise reallocated, providing your clients with more options and financial agility.

Tax Traders or Taxi?

If you are deciding to use Taxi and not sure if it is the best option for your client's current cash flow needs, then using Tax Traders to finance a gap or to purchase a shortfall might be a better fit in your client's current circumstances. Some of our clients have used Tax Traders to finance provisional tax and then used the financed tax to access Taxi funding.

A frequently asked question is, "Why should we use Taxi instead of traditional tax financing?" The answer depends on what best supports your client's cash flow needs. With Taxi, if your clients have the cash to make a deposit, they pay interest only for the term they access the funds, and only if they need to. This contrasts with traditional tax financing, where they would be locked into a longer fixed term and pay interest over the entire period.

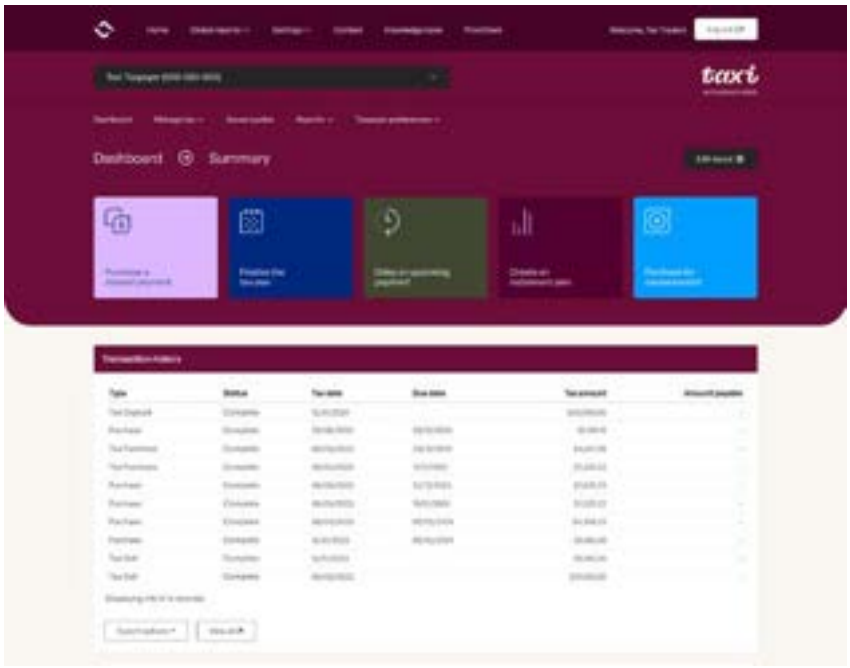
We often encounter scenarios where clients have historically waited to purchase tax on the last possible day, 75 days after the terminal tax date, and wonder if Taxi would be a suitable alternative. In most cases, it isn't. Advancing their cash flow up to 20 months ahead would not be practical or beneficial from a cash flow management perspective.

> **"Taxi makes paying into the tax pool a fantastic option for a lot more taxpayers. Being able to access funding secured by your tax payments is an enormous benefit."**
>
> **Darren Dettling**
> Partner, Bendall and Cant.

Accessing your client's Taxi account

For accountants, you will view your Taxi client's transactions through your Tax Traders portal. Here you will be able to view your consolidated transaction reports and monitor and settle your clients tax position, just as you would any other Tax Traders transactions. If you have your IR tax agency feed activated, you will also be able to monitor your client's combined tax position.

View your clients' Taxi payments, Tax Traders transactions and IR data via the Tax Traders system. We ensure you have a complete picture of your clients' tax compliance in one place, ready to easily settle your client's tax position once the tax return is finalised.



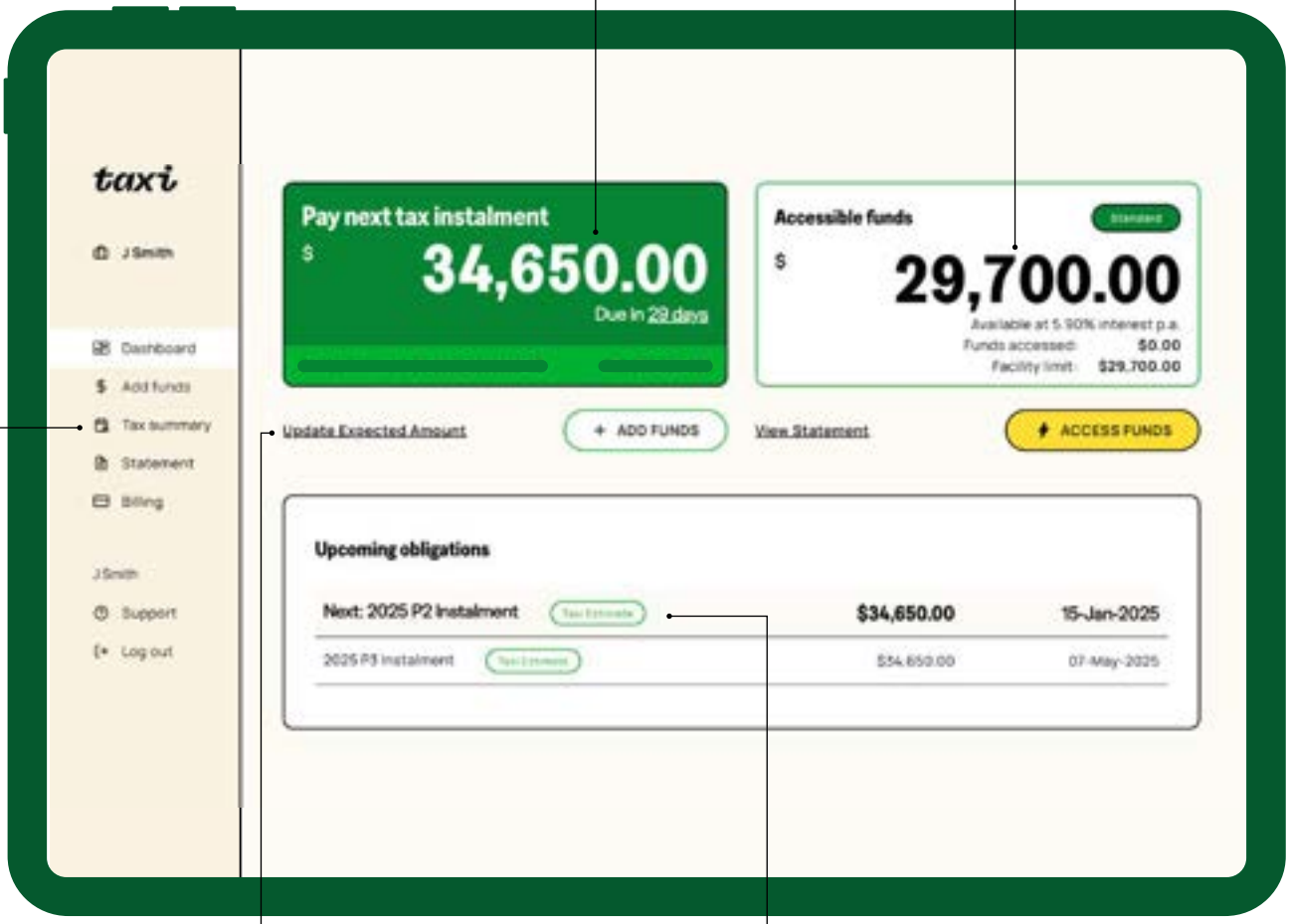
Your client's Taxi dashboard

The Taxi dashboard is simple to use and integrates with your client's myIR account. The dashboard provides your clients with everything needed to track their provisional tax payments and repayment schedule for any funds accessed from their Taxi account.

Tax Summary provides your client's myIR position

Reminders of upcoming repayments and tax instalments are displayed on the dashboard

How much funding your client can access



If the Expected Amount differs, clients can update their provisional tax amounts due, according to their accountants advice.

myIR account linked so users are informed of tax obligations

Taxi's built-in guardrails

Sensible limits

- Taxpayers can access an amount up to 90% of the provisional tax payments they have made through Taxi in the prior 12-month period.
- This available limit will increase or decrease depending on the value of payments they have made through Taxi.
- Your client can adjust their available limit downwards to a minimum of $5,000 if they wish to reduce their applicable facility fees. They will have the option to increase or decrease this limit at each provisional tax date.

Manageable repayments

- Taxi suggests monthly repayments based on a 9-month equal instalment repayment plan. However, they may choose to pay as they go over the 9-month repayment term.
- Interest is charged on outstanding facility amounts. Interest is initially calculated based on the full 9-month term. Interest is then re-calculated at the end of the 9-month term based on your clients' actual repayments and any excess interest initially debited from the Taxi account will be credited.
- The initial 9-month loan term can usually be extended, provided the taxpayer continues to make their provisional tax payments through Taxi and meets IR tax pooling legislation criteria.

Additional safeguards

- Taxi holds security over a taxpayer's three most recent provisional tax payments only. This means that provisional tax payments that relate to the prior year's income tax return are not held as security and can be transferred to IR within the legislative tax pooling deadlines.
- Taxi will automatically reduce the available limit if a taxpayer fails to make repayments and/or fails to make their next provisional tax payment through Taxi.
- By repaying Taxi funds within the agreed term and continuing to make their provisional tax payments on time, your clients remain compliant with IR.



Apply to join the Taxi Partner Programme

We love to partner with innovative accounting and advisory firms up and down the country. There are many benefits both for you and your clients. Apply to be part of the Taxi Partner Programme today and see your practice grow.

APPLY TO BE A TAXI PARTNER

Meaningful advisory

If you are already a Tax Traders Advantage (TTA) client of Tax Traders, you will automatically become a part of the Taxi Partner Programme (TPP).

Use Taxi as part of your advisory toolbox, to assist in adding value to your clients. By becoming a Taxi partner, your clients will receive a 10% discount off their monthly fee.

If you wish to find out more about the advantages of becoming a Taxi Partner or a TTA client with Tax Traders, contact your local Client Director or email our customer service team at **team@taxtraders.co.nz.**

Comprehensive marketing toolkit

We've done the hard work for you with our range of marketing materials. We'll provide you with everything from explainer PDFs demonstrating how Taxi works, to ready-to-use EDM inserts that you can directly incorporate into your communications.

Training and support

Our team of accountants and tax specialists are ready to provide training and support where needed. We can also meet with you and your client to run through how a Taxi account could be right for them, ensuring your client is set up well for success in using their Taxi funds.

We're accountants too and we know that sometimes time really is money.

Understanding our pricing plans

Our plans are designed to suit your clients cash flow needs, ensuring that there are no barriers to depositing funds with Taxi.

Standard

Great if your client plans to access funds immediately or in the near future.

Monthly fee
0.15%

Interest rate
See pricing →

The monthly fee is calculated daily based on the Taxi facility limit and is invoiced monthly. The charging period begins as soon as your client pays their provisional tax through Taxi. Minimum monthly fee of $29.90 applies.

Standby

Your client pays nothing until they access funds for the first time.

Monthly fee
0.20%

Interest rate
See pricing →

The monthly fee is calculated daily based on the Taxi facility limit and is invoiced monthly. The charging period begins as soon as your client accesses funds through Taxi for the first time. Minimum monthly fee of $29.90 applies.

Corporate

Available if your client has an annual tax obligation of over $1 million.

Rates tailored to your client's business. Please contact Taxi for more information.

The monthly fee and interest rates are tailored to your clients specific working capital needs.

SEE OUR PRICING PAGE FOR UP-TO-DATE RATES →

Taxi limit

Your clients can choose any facility limit from $5,000 up to 90% of the value of provisional tax payments paid to Taxi within the last 12 months. Clients can adjust their Taxi limit at each provisional tax date, typically 3 times per year. Facility fees are charged on the selected Taxi limit.

Interest

Interest is only charged on the amount of funds accessed. Interest is initially calculated based on the full 9-month term and is debited against the retained Taxi facility balance. Interest is then recalculated at the end of the 9-month term (or when full repayment of funds has taken place within the 9-month period) and any excess interest balance is then credited against the Taxi facility balance. The interest rate is fixed at the advertised rate on the day the funds are accessed and will remain in place for the entire 9-month term the funds are accessed.

Changing plans

Clients can change plans once every 12 months, at the anniversary of the date the plan was first activated.



Customer stories

There are many different ways that businesses can benefit from Taxi, from investing in new plant and equipment to smoothing seasonable cash flow. To access our latest customer success stories refer to our website link below.

READ OUR CUSTOMER STORIES →

GROWTH OPPORTUNITY

ABC Electricians

Jamie is an electrician and operates a successful business with a growing team of electricians. Jamie's business has won a very profitable contract that requires him to add two new commercial vans and equipment at a cost of $96,000. He knows when he has completed the contract, he will have more than enough profit in the contract to cover the investment.

Jamie does not have $96,000 available and does not want to go through the process of applying for a business overdraft or incur the cost of expensive third tier lending.

Jamie's business has recently paid $110,000 in provisional tax. Prior to Taxi, these funds would have been paid directly to Inland Revenue and not be available to Jamie to utilise. However, because Jamie has paid his provisional tax via Taxi, Jamie can access up to $99,000 to make the required purchases.

Jamie will pay 5.40% p.a.* in interest which is about half what the business would pay if they could access these funds through a major bank or third tier lender.

*Interest rate at the time of publishing, please refer to **gotaxi.co.nz** for current advertised rates.





UNPLANNED EXPENSES

Beachside Bakery

Sharon runs a successful bakery in a well-known tourist location. She generally makes a profit of $210,000 p.a. In December, before their peak trading time, Sharon's dough prover cabinet stops working. This will cost approximately $14,000 to replace and without this, Sharon will not be able to meet peak demand. Sharon has a business overdraft that she could use for replacing the dough prover, but this will cost 19% p.a.

Luckily, Sharon has also recently paid her provisional tax payment of $19,600 via Taxi and selected the "Standby Plan". Sharon can access up to $17,640 as working capital to cover the cost of the new dough prover and continue to trade profitably.

Sharon will only pay 5.40% p.a.* in interest on the Taxi funds accessed which is under half what she would pay if she had accessed these funds through her standing overdraft facility.

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WORKING CAPITAL

Commercial Build Co.

Alex operates a typical construction business in New Zealand. Alex owns the business and employs three others. Alex's construction business earned $600,000 last year and will pay $176,400 in provisional tax this year.

Alex is waiting for the sale of a property to go through, but it has been delayed due to a hold-up with the final inspection. Alex now faces a cash flow challenge and does not have the cash to attend to usual business demands. Alex might have the option of using a business overdraft but this could be subject to 19% interest p.a. Alex anticipated issues in selling this property and paid his latest provisional tax payment of $58,800 via Taxi. Alex can now access up to $52,920 at 5.40% p.a.* for short term funding and trade through the cash flow bump, receive the proceeds for the sale of the property, and then repay the Taxi funds in a way that suits the business within a 9-month period.

*Interest rate at the time of publishing, please refer to **gotaxi.co.nz** for current advertised rates.



Who uses Taxi

Since launching Taxi in March 2024, we have seen a big uptake across many different industries.

Your client must be eligible to pay provisional tax into a tax pool to use Taxi. Your client cannot be using AIM to calculate their provisional tax payments and must not be on a tax repayment plan with IRD.

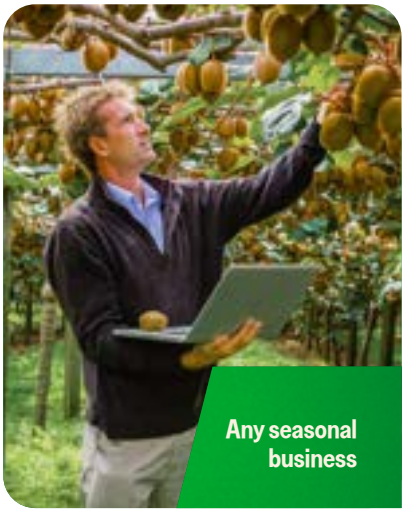














Find out more

Visit **GoTaxi.co.nz**

Learn more about Taxi's benefits for your clients and our Partner Programme **here.**

Email us at **hello@gotaxi.co.nz**

Call us on **0800 829 769** (0800 TAXPOWER)

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