

Spring 2025

IRD considers shake-up for Fringe Benefit Tax

Inland Revenue is looking at shaking up how Fringe Benefit Tax (FBT) works, especially when it comes to company vehicles and a few other perks.

These changes aren't set in stone yet, but here's what's being talked about:

Company cars

Heavier vehicles included: The weight limit for vehicles attracting FBT might go up to 4500kg.

No more "book value" switch after five years: Currently, after five years you can base FBT on the vehicle's book value, which lowers the tax. That option could be scrapped.

Fuel-based valuation: A new way of calculating FBT could be introduced that considers what kind of fuel your car uses.

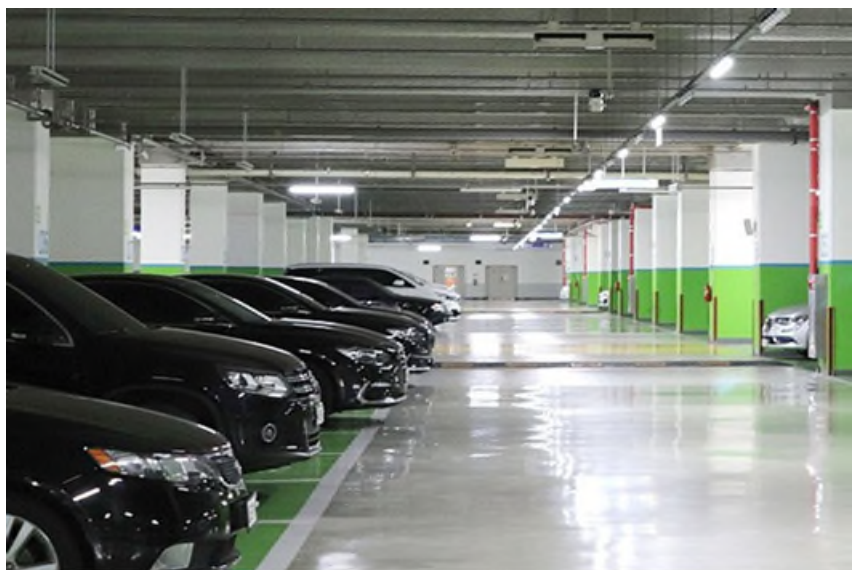
Regular revaluations: Instead of using the original purchase price forever, the car might need to be revalued every four years.

New tax rates based on vehicle type: Instead of 20% of the GST-inclusive cost, the FBT rate could change to:

- 26% for standard vehicles
- 22.4% for hybrids
- 19.4% for EVs.

More tailored tax rules depending on use:

- if the vehicle is mainly for private use, 100% FBT applies
- if it's mainly for business use but is



Several tax changes are being proposed relating to company cars.

Pixabay image

also used for commuting, only 35% FBT

- if it's used only for business, no FBT.

One big catch: If you're a shareholder-employee in a closely held company (owning 25%+ of the shares), and the company car costs \$80,000 or more, you'll automatically pay 100% FBT, no exceptions. They say it's too tricky to monitor actual usage in those cases.

Other perks (unclassified benefits)

One option being considered is if you give an unclassified benefit that's not part of someone's pay

and it costs less than \$200 for that benefit, it wouldn't be taxed under FBT regardless of the amounts of any other unclassified benefits to that employee or others. There will be anti-avoidance rules.

Entertainment expenses

Entertainment costs (like staff functions or client dinners) might end up being taxed as fringe benefits.

No decision yet

Nothing's final yet. These are just proposals, and the final rules could look different. But if you're doing any planning, it's good to know where things might be heading.

TAX

Businesses get new asset boost

The government is rolling out something called Investment Boost to encourage businesses to invest in new assets.

It kicked in on 22 May this year. Here's the gist of it:

- When you buy eligible assets, you can write off 20% of the cost straight away – just like an immediate expense.
- The other 80% gets depreciated as usual over time.
- The asset must be new, or second-hand if it's imported and hasn't been used in New Zealand before.
- If you sell the asset later, and the sale price exceeds the book value you will have to pay back depreciation including the investment boost claimed on that asset, to the extent that sale price exceeds book value. On sale the investment boost is treated the same as depreciation claimed.
- It doesn't apply to residential buildings – this is strictly for

business-related assets.

What assets qualify?

The boost applies to a wide range of business investments, including:

- machinery, equipment, and work vehicles
- new commercial and industrial buildings
- buildings under construction as of 23 May 2025, as long as they haven't been used or made available for use yet
- farm improvements (like irrigation systems), horticultural plantings, aquaculture upgrades, and forestry improvements
- technology and tech-related gear.

Basically, this is a way to get a bit of an upfront tax break when investing in your business, helping with cash flow while still letting you depreciate the rest normally.

New kilometre rates for car claims

If you use your own car for business purposes, one way to claim the cost is by using kilometre rates.

This can apply whether you're self-employed or reimbursing an employee.

There are two tiers:

- Tier One: Covers the first 14,000km – includes both fixed and running costs (like rego, insurance, fuel, etc).
- Tier Two: Applies after 14,000km – covers just running costs.

Let's say your car does 21,000km in a year and it's a petrol vehicle. Here's how it works:

- The first 14,000km are claimed at \$1.17 per km.
- The next 7000km are claimed at \$0.37 per km.

Now, if 25% of your car use is for

business, you can claim:

- 25% of 14,000km = 3500km at \$1.17
- 25% of 7000km = 1750km at \$0.37

This gives you a fair way to charge or be reimbursed for business-related driving without needing to track every single car expense.

Vehicle type	Tier 1 rate per km	Tier 2 rate per km
Petrol	\$1.17	\$0.37
Diesel	\$1.26	\$0.35
Petrol hybrid	\$0.86	\$0.21
Electric	\$1.08	\$0.19



Thinking on club tax being reviewed

It's long been assumed that if you're part of a club, any money paid by members to the club (like for meals or events) wouldn't be taxed because it's just members pooling their funds.

But that thinking is starting to change. Thanks to some recent tax cases over in Australia, Inland Revenue is rethinking how it views transactions between clubs and their members.

The key issue

If your club's constitution doesn't allow assets to be given back to members if the club is wound up, then IRD says any payments from members (like for meals or events) aren't considered "mutual" any more.

What does that mean?

It means any profit the club makes on those transactions could now be taxable.

So, say your club makes a \$1500 surplus on member meals – \$1000 of that would be tax-free, but the rest would be taxed. The good news is IRD won't go digging into past years' returns. This is about what happens in the future.

Tips for writing a stand-out CV

Job hunting can be tough – especially for young people looking for their first role.

If you know someone starting out, here are some practical CV tips to help them get noticed:

1. Show up (if you can)

One of the best ways to make an impression is to deliver your CV in person. Walk into the company's office and hand it over directly. That said, many businesses no longer have a physical reception area, so you might still have to post or courier your CV.

2. Tailor your CV

Avoid sending out a one-size-fits-all CV. Instead, tailor it to the specific company. Highlight why you're a good fit and how your skills meet their needs. Even if it's just a few pages, give it a professional feel with a front and back cover.

3. Keep it short and sharp

People are busy, and often skim CVs. Keep the main CV to one page. You can include extra details such as a job history or project summaries as supplementary pages.

4. Lead with your strengths

Put the most important points

at the top. Hiring managers often don't read beyond the first few lines, so make those lines count.

5. Make it easy to read

Use bullet points and short, direct sentences. Start each point with a strong action word like "managed," "led," or "created."

6. Make contact easy

Make your contact details clear – phone, email, and any relevant online profiles. Make it easy for them to invite you in for an interview.

7. Supplementary pages

Work experience: Start with the most relevant or impressive roles.

Skills: Highlight both technical and soft skills.

Education: List most important or recent qualifications first.

Voluntary work: Include if it adds value or shows transferable skills.

8. Final step – proofread

Have someone else review your CV before you send it. Spelling and grammar mistakes create a bad first impression.

Encourage young jobseekers to take their time with their CV.

It's often the first step toward the opportunity they're aiming for!

Avoid negotiating face-off

When you're negotiating, the goal is usually to find a solution that works for everyone.

So, try not to set up the meeting in a way that makes it feel like you're on opposing sides. Sitting directly across from each other can make it feel more like a face-off than a collaboration.

Instead, arrange the seating so you're next to or at an angle with the other person. That way, it feels more like you're working together to figure things out.

And if you're invited into someone's office and they sit behind a desk facing you, feel free to move your chair to the side of the desk to sit a bit closer – unless your plan is to confront them. In that case, the face-off position might actually work!

DCS a safety net for your money

If your bank or credit union suddenly goes out of business, what happens to your money?

That's where the Depositor Compensation Scheme (DCS) comes in. It's a government safety net designed to protect your savings. It became effective from 1 July 2025, and is administered by the Reserve Bank.

If a deposit taker such as a bank, building society, credit union, or finance company fails, the DCS ensures you're covered up to \$100,000 per deposit taker, as long as your money is in a DCS-protected account. To get the protection, you should make sure the firm you are lending to is registered as being DCS covered.

The Reserve Bank provides a list of all deposit takers that offer DCS-covered deposits. Go to dcs.govt.nz.

What's covered?

The DCS automatically applies to a wide range of everyday deposit accounts, including:

- transaction accounts
- savings accounts
- notice accounts
- term deposits.

What's not covered?

Some types of funds fall outside the DCS, such as:

- bonds and other tradable products
- KiwiSaver and other managed superannuation schemes
- foreign currency accounts
- losses from scams or fraud.

Certain depositors, such as government agencies, might not be eligible.

The Reserve Bank's website offers helpful examples of how DCS coverage works in real-life situations. While most common deposit types are protected, there are exceptions. To be sure your money is covered, check with your bank or deposit taker. Financial peace of mind is important. The DCS helps to ensure your savings are safe.

For more information, visit dcs.govt.nz

A smart way to organise your emails

Ever feel like your inbox is a never-ending mess? Smart mailboxes might just be the trick you didn't know you needed.

In email clients like Apple Mail, smart mailboxes are like virtual folders that automatically gather emails based on rules you set – like who it's from, what it says, or when it arrived. They don't move the emails physically, but they give you a clean, organised view without touching your original folders.

Other email platforms have their own versions, too.

Outlook has "Search Folders" (same idea: dynamic views based on filters), and Gmail uses "Filters" and labels to group emails automatically.

Smart mailboxes make life easier.

Here's what they do:

- show emails based on your chosen rules (sender, subject, keywords, etc)
- leave your emails where they are – no dragging and dropping needed
- update automatically when new



Image by Gerd Altmann, Pixabay

matching emails come in

- keep things tidy by grouping messages by topic or project
- save you time by cutting down on searching.

A quick example might be that you're working on a new publication. Set up a smart mailbox that grabs every email with the project name in the subject or body. Boom – instant project hub, even if the emails are scattered across lots of inboxes. Smart mailboxes are one of the most underused (and most powerful) email tools out there. If you're not using them, you're missing out!



TAX CALENDAR

August 28 2025

First instalment of 2026 Provisional Tax for taxpayers with 31 March balance date, who pay provisional tax three times per year.

September 28, 2025

Second instalment of 2026 Provisional Tax (December balance dates).

October 28, 2025

First instalment of 2026 Provisional Tax for those with March balance dates, who paid GST twice a year

November 28, 2025

First instalment of 2026 Provisional Tax for those with June balance dates

Stay afloat on choppy waters

The economy is slowly picking up, but let's be honest, it's still tough out there for a lot of small businesses.

If you're feeling the pinch, you're not alone. The good news? Staying afloat (and even growing) is possible with a few smart moves.

First, know what sinks a business. Common culprits include:

- poor cash flow
- no clear idea about why customers should choose you
- weak marketing and sales
- ignoring what customers actually want
- trying to grow too fast.

Money matters. Keep a close eye on your finances. Track what's coming in and going out, watch your cash flow weekly.

Cut unnecessary costs fast, and as your accountant will

tell you – never borrow from the tax department. Pay all taxes on time.

Stick to your strengths. Trying to do everything can stretch you too thin. Focus on what you do best.

Know your customers. Ask for feedback, and keep your request very short. Customers don't have time for a long string of your questions. Watch what's working, and be ready to adjust. Happy customers are loyal ones.

Keep marketing. Even when you're busy, don't go quiet. Visibility brings leads, so stay top of mind with your potential and existing customers.

Stay flexible. Markets change, tech evolves. Be willing to adapt.

And finally, ask for help. Talk to mentors, join a business group, or hire a pro for tricky areas.

Bottom line: Stay sharp, stay steady, and don't go it alone.