MeadStark
CHARTERED ACCOUNTANTS

PO Box 31, 29 The Mall, Cromwell   03 445 0616   reception@meadstark.co.nz

2025 Newsletter

If you would like to discuss any of these matters and how they affect you, please do not hesitate to contact us.

This newsletter is intended for general information only and should not be used as an alternative for detailed professional advice.

Minimum Wage Increase

From 1 April 2025, the adult minimum wage increased from $23.15 to $23.50 per hour. Also increased at the same time, were the minimum wage rates for both starting-out and training employees. The increase was from $18.52 to $18.80 per hour.

Gift cards and products provided as trade rebates or promotions

If your business receives a gift card, rebate or supplier product from a supplier, this is considered income to the business, if the gift card or supplier product is given to an employee/shareholder then Fringe Benefit Tax maybe liable.

Home to Work and back

Travel by motor vehicle between home and work is generally considered a personal expense and is not deductible for tax purposes. This is because commuting is seen as a private journey rather than a business-related activity.

However, if you travel from your home to a temporary workplace or between different work sites, those journeys may be deductible. Always ensure to keep accurate records of such travel to substantiate any claims.

Interest on Rental Properties

Interest deductibility is being phased back in for residential rental properties, interest deductions are as follows:

Date interest incurred	*Percentage of Claimable Interest*
1 April 2024 to 31 March 2025	80%
1 April 2025 to 31 March 2026	100%

No interest could be claimed from 1 October 2021 for residential property purchased on or after 27 March 2021. From 1 April 2024 onwards it is phased back in as follows:

Date interest incurred	*Percentage of Claimable Interest*
1 April 2024 to 31 March 2025	80%
1 April 2025 to 31 March 2026	100%

Trust Tax Rate

From 1 April 2024 onwards, the tax rate for a trust is 39% for any income left in the trust. Income can still be allocated to the beneficiaries at their respective tax rates. Also trusts that earn below $10,000 are still taxed at 33%.

Small Business Cashflow Loan Scheme

The Small Business Cashflow (SBC) Loan Scheme will reach its 5-year anniversary shortly and the Loan will expire for those who have a 5-year loan.

Any unpaid loan balance (plus interest) at the end of the loan's term will automatically default. IRD will treat this as an overdue debt and may also charge default interest on overdue loans.

Those who have not paid the loan of in full might like to contact the IRD to discuss options.

Income Tax Rates

From 1 July 2024 these are the new personal tax rates

Tax Thresholds	*Tax rate*
$0-$15,600	10.5%
$15,601-$53,500	17.5%
$53,501-$78,100	30%
$78,101-$180,000	33%
$180,000 and above	39%

These also have flow on effects for Fringe Benefit Tax (FBT), Employer Superannuation Contribution tax (ESCT), Resident Withholding Tax (RWT) and Prescribed Investor Rate (PIR).

Share Trading

Please note that the Inland Revenue are starting to investigate online share platforms to determine if people are considered share traders and their profits on sales are taxable.

Titbits of Information

- Have you updated your will in the last 5-10 years, if not might be worth doing.
- Remember to take care to make sure you pay your taxes to the correct period and tax type, otherwise the IRD may refund your money and consider the payment late with the associated penalties and interest incurred.

Please remember to give us a call if you have any questions,
we are here to help you