

# ACCELERATE

March • 2025

END OF YEAR - SPECIAL TAX ALERT

With the financial year-end fast approaching, now's the time to get your finances in order. Acting early will save time, reduce stress, and ensure your business is set up for success in 2025.

In this issue, we cover five common end of financial year (EOFY) mistakes to avoid, recent tax changes that could impact your business, and our top tip for staying organised this tax season.

## Five mistakes to avoid this End of Tax Year

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The lead-up to the end of the financial year can feel like a whirlwind, but by avoiding these common hurdles, you can keep your tax season on track and make it your smoothest yet.

### **Mistake #1 – Neglecting your home office details**

If you're claiming home office expenses, accuracy is key. You might have started the year tracking everything diligently, but it's easy to let those habits slide. Now's the time to catch up — don't leave it until the last minute. Gather your utility bills, rates, phone plans, and other relevant expenses, and plug them into your home office expense chart.

### **Mistake #2 – Forgetting asset invoices**

Have you bought a new vehicle, tractor, or other equipment this year? Save those invoices! We need them to update your asset register and calculate accurate depreciation claims.

### **Mistake #3 – Skipping your odometer reading**

Do you use a vehicle for work? Record your odometer reading on **31 March** to track your total business and personal kilometres for the year. This is especially crucial if you've driven more than 14,000km, where the IRD's Tier 2 rates apply.

### **Mistake #4 – Not flagging Xero/MYOB uploads with your accountant**

If you upload invoices into Xero or MYOB, let us know. This simple step can streamline the process and potentially reduce your accounting fees.

### **Mistake #5 – Confusing deductible expenses**

Food, drinks, travel — what's deductible and what's not? The rules vary depending on whether you're self-employed, a shareholder, or trading as a company. Check [Inland Revenue's guide on entertainment expenses](#) to avoid surprises.

## **Don't forget provisional tax!**

If you're a provisional taxpayer — typically anyone who earns income where no tax is deducted at source, like sole traders or contractors — your final payment for the 2024 tax year is due on 7 May 2025, where we prepare your tax returns. For those who don't have their tax returns prepared by their accountant, final payment was due on 7 February 2025. Unsure if this applies to you? Get in touch. We'll clarify your obligations and help you stay on track.

Get your head around New Zealand's recent and upcoming tax changes, and make sure you're up-to-date with tax obligations and payroll processes before filing your EOFY returns.

## Change #1: Income tax thresholds

Effective from 31 July 2024, personal income tax thresholds changed. New composite rates to account for this change applied for the income year to 31 March 2025.

<b>10.5%</b>	Applies up to \$15,600 (previously \$14,000)
<b>17.5%</b>	Applies from \$15,601 to \$53,500 (previously up to \$48,000)
<b>30%</b>	Applies from \$53,501 to \$78,100 (previously up to \$70,000)

It's a good idea to double check that your payroll systems have reflected this to ensure there are no surprises for your employees in terms of incorrect PAYE deducted. Note the new marginal tax rates from 1 April 2025 are:

<b>10.5%</b>	Applies up to \$15,600 (previously \$14,000)
<b>17.5%</b>	Applies from \$15,601 to \$53,500 (previously up to \$48,000)
<b>30%</b>	Applies from \$53,501 to \$78,100 (previously up to \$70,000)
<b>33%</b>	Applies from \$78,801 to \$180,000 (previously up to \$180,000)
<b>39%</b>	Applies to \$180,001 and over (previously \$180,001 and over)

Make sure your payroll systems reflect the new thresholds.

## Change #2: Fringe Benefit Tax (FBT)

With the changes to income tax thresholds, FBT rates are also being updated, with adjustments taking effect from 1 April 2025. If you provide benefits like vehicles or loans to employees, review your FBT reporting processes and ensure you're set up to account for the changes.

## Change #3: Resident Withholding Tax (RWT)

RWT rates were also adjusted in line with the new personal tax thresholds as of 31 July 2024. If your business handles interest payments or other transactions requiring withholding tax, check that you are using the correct rates.

## Change #4: Independent Earner Tax Credit (IETC)

If you're a sole trader earning between \$24,000 and \$70,000, you may qualify for the IETC, which could lower your overall tax liability. Check your eligibility before filing your tax return.

Have questions about how these changes impact your business? Get in touch—we'll guide you through it.

## Our top tip for the 2024-2025 tax year: Be prepared!

A stress-free tax return starts with having your documents ready. To help us prepare your financial statements efficiently, gather these essentials:

- Records of shares, investments, or dividends
- Mixed-use holiday home income and expense details
- Updated vehicle logbooks or mileage records
- Cryptocurrency trading activity
- Insurance policies and premiums
- Current mortgage interest statements
- Rates, power, phone, and internet bills
- Receipts for repairs, maintenance, or other business expenses

Need guidance? We're here to help make your tax season straightforward. Contact us today.

## TAX CALENDAR - MARCH 2025

Date	Category	Description
5 March	PAYE	Large employers returns for the second half of February. File employment information within two working days after payday.
20 March	PAYE	Small employers return for February and large employers returns for the first half of March. File employment information within two working days after payday.
20 March	NRWT / Approved Issuer Levy	Payment and return due.
20 March	RWT	RWT return and payment due for deductions from dividends and deductions of \$500 or more from interest paid during February.
28 March	GST	Payment and return for February.
31 March	Income Tax Return	Income tax return due for the year ended 31 March 2024*.

\* For individuals and March balance date taxpayers where we prepare your income tax returns.

*Disclaimer: This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.*