



NEWSLETTER JULY 2025

PROFESSIONAL TRUST. PERSONAL TOUCH.

## Venter & Hull Advisory Services

*Did you know that we offer a range of business support and advisory services in addition to our accounting services.*

Some of you may have noticed a subtle change to our stationery, incorporating a new design to highlight the Advisory services that we offer our clients.

We've realised that we haven't communicated to the market very well the fact that we have been offering business support and advisory services for some time now.

So we have taken the very advice we give our clients often! Let your clients and the market know what it is that you do and what makes you different in the market.

We'll be in touch by email soon to tell you more, but in the meantime, have a look at our new website. Let us know what you think, we would love your feedback.

## Upcoming Tax Dates

**28 July 2025**

GST return & payment due for Period ending 30 June 25

**20 August 2025**

July 25 PAYE payment due

**28 August 2025**

GST return & payment due for Period ending 31 July 25 and Provisional tax payment due

**22 September 2025**

August 25 PAYE payment due & GST return & payment due for Period ending 31 August 25

## Investment Boost – Budget 2025

Investment Boost is a new tax deduction for all businesses. From 22 May 2025, businesses can claim 20% of the cost of new assets as an expense, then claim depreciation as usual on the remaining 80%. There is no limit to the value of new Investments you can claim Investment Boost for.

To claim Investment Boost, the asset must be:

- new or new to New Zealand
- available for the business to use on or after 22 May 2025, and
- depreciable for tax purposes.

. You can also claim for:

- new commercial and industrial buildings (purchased or constructed)
- improvements to depreciable property (but not residential buildings)
- mixed-use assets

For example, for a \$10,000 excl GST asset purchased. \$2,000 can be claimed, resulting in a tax saving of \$560 (assuming 28% tax rate) or \$660 (assuming a 33% tax rate).

## Staff Introduction

### Schizanne Anderson - Reception

We warmly welcome Schizanne, who has taken over the reins at reception from Alana. Alana will be working for her husband and we wish her all the very best.



# Commercial leases: How do rights of renewal operate?

*A business owner entered into a commercial lease with an initial term of 3 years, with a right of renewal of a further 3 years. Although they never signed any renewal documentation, they continued renting the space after the initial term expired. They sought legal advice on whether the Lease term had been renewed.*

Most commercial leases offer tenants 'rights of renewal' in addition to the lease term. A right of renewal is an option granted to a tenant to enter a new lease with the landlord after the initial term of a lease has expired.

A right of renewal is not an extension of the existing lease but is treated as a new lease.

Generally, the Deed of Lease will include any provisions which a tenant will need to abide by to exercise this right. These include:

- Any pre-conditions which must be met for a tenant to maintain the right of renewal. This most commonly will be that a tenant cannot have breached any of the covenants of the lease;
- The minimum time frame for giving notice that a tenant will exercise their right of renewal. Most landlords will require at least three calendar months' notice of the intention to renew the lease; and
- The landlord may also require that the notice to exercise the right of renewal be in writing.

If the initial or renewed term expires and the landlord continues to accept rental payments, then the tenancy generally switches to a monthly tenancy, which either party can terminate with one months' notice. The parties need to be careful in this situation as the lease may be held to have been impliedly renewed by the parties' conduct.

It is always best practice for tenants to diarise the renewal and final expiry dates so that they can ensure they correctly exercise their right of renewal.

If the lease is renewed, the parties should sign a Deed of Renewal of Lease to document the renewal.

Rights of renewal are beneficial to tenants and landlords alike as it provides a tenant with additional security about the premises of their business without being tied into a longer lease from the outset that may not be economically viable for the business long term. Established businesses should seek multiple rights of renewal that are for longer periods of time.

If you are entering into, renewing, or attempting to exit a commercial lease, you should always seek professional advice regarding your obligations.

## When is a subdivision project a taxable activity for GST purposes?

*Inland Revenue has released question we've been asked (QWBA) QB 24/04: "When is a subdivision project a taxable activity for GST purposes?" The QWBA sets out when a subdivision project is an activity carried on continuously or regularly in the definition of "taxable activity" for GST purposes. It also sets out when the sale of subdivided land is a supply made in the course or furtherance of a taxable activity.*

Inland Revenue considers a subdivision project is a taxable activity when it is carried on continuously or regularly and involves, or is intended to involve, the making of supplies to another person for consideration. The QWBA states that whether a subdivision project is carried on continuously or regularly needs to be considered on a case-by-case basis.

There are 2 steps to determining whether a subdivision project is continuous or regular. These are to consider:

- the number of lots created and sold, and
- the level of activity involved in the subdivision project, such as the scale of the subdivision and level of development work involved.

Broadly, the more lots created and sold (and therefore the more supplies made), the less activity is needed for a taxable activity to be continuous or regular. Generally, a subdivision leading to only one supply will not be a taxable activity unless the scale of the activity and level of work involved is very high. This is because cases indicate an activity leading to one supply that is not repeated is a "one-off" activity and therefore not continuous or regular. On the other hand, a subdivision leading to 4 or more supplies is likely to be a taxable activity unless the level of activity is very low.

This does not mean a subdivision activity leading to only 1 sale can never be a taxable activity or a subdivision activity leading to 4 or more sales will always be a taxable activity. The facts of each case must be considered individually. An example of an activity leading to 1 supply that would be a taxable activity is the construction and sale of a large office building. However, the construction and sale of a regular residential dwelling as part of a subdivision will generally not be a taxable activity. © CCH