

NEWSLETTER

April 2025

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Easter Break

Our office will
be closed
Friday 18th April
and re-open
Wednesday
23rd April

*"The man who
moves a
mountain begins
by carrying away
small stones."*

- Confucius

DB CHARTERED ACCOUNTANTS LTD

In this newsletter we cover 1st April 2025 changes, valuing trading stock, the importance of keeping a log book, Swot analysis and provide a list of information to assist in collating your year-end information.

1ST APRIL 2025 CHANGES

Minimum Wage

The adult minimum wage was increased to \$23.50 an hour on 1 April 2025. (Up from \$23.15).

The starting-out/training minimum wage will also increase to \$18.80 an hour (80% of the adult minimum wage).

Now would be a good time to review your employees to check if any are employed on the starting out or training wage that will need to be moved to the adult minimum wage.

The adult minimum wage applies to all workers aged 16 and over who are not starting-out workers or trainees, and all workers who are involved in supervising other employees.

Superannuation

On April 1 2025 as a result of the annual general adjustment the New Zealand superannuation and Veteran's Pension rates increased by a total of 3%. The new payment amounts before tax are as below:

Single, living alone: \$1,254.28 per fortnight (up from \$1,213.34)

Single, sharing accommodation: \$1,153.60 per fortnight (up from \$1,115.62).

Couples: \$952.94 per fortnight per person (up from \$922.82).

The adjustment aims to maintain the income support system by indexing benefits to inflation.



Student Loan

The annual repayment threshold remains unchanged.

The annual interest rate (for borrowers residing overseas) has increased from 3.3% to 4.9%.

CAR PARKING

For those attending Rugby and Cricket games after hours or in the weekends, you are more than welcome to make use of our carparks, either at the front of the building or at the back. Parking is at owner risk.

VALUING TRADING STOCK

It is a requirement of the Inland Revenue Department (IRD) that businesses who engage in trading goods value their trading stock at the end of each financial year.

Proper valuation is critical for determining taxable income, as it directly impacts profit calculations and therefore the tax liability. It is important that businesses ensure the accuracy of their stocktaking and valuation processes, as inaccurate or overly optimistic valuations can result in incorrect profit calculations.

Your business may use the same closing stock value as the opening stock value if your total sales for the financial year are less than \$1.3 million, and a reasonable estimate of your closing stock shows your stock as being less than \$10,000.

Other than the above, there are several acceptable methods for valuing trading stock, and businesses can choose the one that best suits their operations. Once a business adopts a specific valuation method, it must continue to use the same approach for all future years unless there is a valid reason for a change.

The four standard valuation methods include:

Cost Price: The most straightforward approach, where the stock is valued based on the cost incurred to acquire the goods, including purchase price and any related costs (e.g., freight in, shipping, handling, or custom duties).

Market Selling Value: This method values stock at its current market price, provided the price reflects the true selling value of the goods at the end of the financial year. The market selling value must be calculated on an item by item basis. This is a useful method for valuing obsolete stock.

Replacement Cost: For this method the replacement cost of the stock is the replacement market value of the stock on the final day of the financial year. Where there is no market value, the last price paid to purchase stock during the financial year is to be used.

Discounted Selling Price: If the taxpayer is not a retailer, the discounted selling price is the total market selling value of the goods less the normal gross profit margin on those goods.

If the taxpayer is a retailer with an annual turnover below 1 million dollars then the discounted price will be 'the total of the retail selling prices' of the stock discounted by its 'average gross profit margin.'

If the taxpayer is a retailer with an annual turnover above 1 million dollars then the stock may be valued at 'the total of the retail selling prices' of the stock less it's 'normal gross profit margin'

MOTOR VEHICLES - LOGBOOKS

Are you claiming the correct amount of motor vehicle expenses?

IRD requires that a logbook is kept to correctly calculate what proportion of the vehicles expenses can be claimed for business purposes.



To keep a logbook you must record all vehicle use (not just business use) for 90 consecutive days. The average proportion of business to private trips is then calculated.

You can then claim this proportion of motor vehicle expenses as taxable deductions against your business income. This includes costs such as purchasing petrol, registering the vehicle, getting the warrant of fitness, servicing, repairs and maintenance, insurance, and parking.

The calculation is valid for up to 3 years, provided any variance in the vehicles use is less than 20% of that represented in the log book. After 3 years an updated logbook is to be completed.

Where a logbook has not been kept, the default method applies. Here the taxpayer is limited to the lesser of the proportion of business use or 25 per cent.

IS IT TIME FOR A SWOT ANALYSIS?

As the new financial year rolls around, it provides an opportunity to take time out to plan ahead for the next financial year.

The SWOT framework stands for Strengths, Weaknesses, Opportunities and Threats and provides a way to help you assess both the internal and external factors that can affect your business.

A SWOT analysis typically looks at:

Strengths:

This lists the internal areas of the business that it does well in. This may include good systems, products, client base, staffing, teamwork, profitability, location, relationships, and management.

Weaknesses:

This lists the internal areas of the business that could be improved on, similar to the categories as noted under strengths (systems, products, client base, staffing, teamwork, profitability, location, relationships and management)

Opportunities:

This lists opportunities outside of the firm that could be pursued. This may include industry, market, client or product, opportunities as well as technological advances or changes to Government policy or the economic environment.

Threats:

This includes external threats to the business, whether it is the current state of the economy, legislation, competitors, competing products, changes in client base, changes in demand for products or services or other items as listed under opportunities.

Once a list is compiled under each of these headings you can use the information to assist with Strategic Decision making, Goal setting (short-term and long-term), Risk management, Identifying new opportunities and deciding where and how to allocate resources (or consider what additional resources are required).

This model can be used for any type of organisation or even at an individual level. If you need assistance with your planning we are only a phone call or e-mail away and are able to co-ordinate a planning meeting with you to develop your future plans.

USE OF MONEY INTEREST RATE CHANGES

Effective from 16 January 2025 IRD has decreased the Use of Money Interest (UOMI) Rate on underpaid tax to 10.88%.

The rate for overpaid tax has also been decreased, going down to 4.30%

JOKE

A big-game hunter went on safari with his wife and mother-in-law. One evening, while still deep in the jungle, the wife awoke to find her mother gone. Rushing to her husband, she insisted on them both trying to find her mother.

The hunter picked up his rifle and started to look for her. In a clearing not far from the camp, they came upon a chilling sight: the mother-in-law was backed up against a thick, impenetrable bush, and a large male lion stood facing her.

The wife said, "What are we going to do?"

"Nothing," said the hunter husband, "The lion got himself into this mess, let him get himself out of it."



YEAR END INFORMATION

What should be attended to and collated at the end of the financial year?

Important
Information

1. **Bank Account** – When using online or other accounting software (and/or spreadsheets), ensure it reconciles to the bank statement for each bank account as at 31 March 2025. Provide us with a copy of the year end bank statements.
2. **Accounts Receivable** – Is your accounts receivable list accurate as at 31 March 2025? If you have any bad debts, ensure these are written off prior to 31 March (this is an IRD requirement).
3. **Accounts Payable** – All unpaid invoices dated 31 March and prior. We are able to claim these as expenses in the 2025 income year, even though they are not paid until April or later.
4. **Stock on Hand & Work in Progress** – Complete a stock-take and record stock and/or WIP as at 31 March 2025. If your stock as at 31 March 2025 is \$10,000 or less you do not need to calculate a stock value – we can use the prior year figure (if your total turnover is less than \$1.3 million).
5. **Computer Reports** – If you are using an accounting package, save to PDF copies of the general ledger transaction report, trial balance, accounts receivable & accounts payable and bank reconciliation as at 31 March 2025 (and complete any required backups - especially if rolling into a new year).
6. **Asset List** – This is the time to go through your asset list from the previous year and advise us of any assets that have been sold, stolen, scrapped, destroyed or traded.
7. **Checklist** – Complete and sign the checklist. This is available on our website and should be included with your records www.dbchartered.co.nz/pdfs
8. **Other Information to Compile**
 - Bank interest/RWT certificates
 - Dividend statements
 - Income Protection Insurance details
 - Donation Receipts for your rebate claim
 - Details of business loan balances and annual interest paid.
 - Details of any other income received that has not been banked to your business account – including any gains from Crypto currency sales.

SCHEDULING 2025 FINANCIAL STATEMENTS

We will be in touch to confirm with you your preferred timeframe to have your financial statements and/or tax returns completed and when we will require your records by. Scheduling this work helps us to ensure that we will meet your expected timeframes.

IMPORTANT TAX DATES

7 May 2025	- Final installment 2025 Provisional Tax due (March Balance Date) - GST Payment due (2 and 6 Monthly for March 2025).
20 May 2025	- PAYE Payment Due – Payday returns to be filed 2 days after pay day.
20 June 2025	- PAYE Payment Due – Payday returns to be filed 2 days after pay day.
28 June 2025	- Third installment 2025 Provisional Tax due (May balance date).
30 June 2025	- 2 monthly GST Return due.



I think they picked me for my motivational skills

Everyone always says they have to work twice as hard when I'm around!



If you would like to discuss anything mentioned in our newsletter please contact us at:

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