NEWSLETTER

October 2025

CONTENTS

"Setting goals is the first step in turning the invisible into the visible."

- *Tony Robbins*

DB CHARTERED ACCOUNTANTS LTD

In this edition, we provide insights into KiwiSaver for self-employed, recent changes to the Non-Profit & Charity sector, include a table on document requirements for GST returns, highlight the expansion of Family Boost along with an update to the Prescribed Interest Rates for Fringe Benefit Tax.

KIWISAVER – SELF-EMPLOYED OR SHAREHOLDER-EMPLOYEES

In recent commentary from the Retirement Commission, it was identified that:

- Only 44% of self-employed Kiwis actively contribute to KiwiSaver, compared to 78% of employees (Apr 2024 – Mar 2025).
- There are 420,000 self-employed in New Zealand, made up of a diverse group including business owners, healthcare workers, tradies, creative freelancers, contractors, consultants, gig workers and more.
- 41% of self-employed KiwiSaver members do not receive government contributions, often due to irregular income or low earnings.

KiwiSaver is often on the "get around to it" list for many people. While employees can opt-in automatically to contribute to KiwiSaver, a self-employed person, or shareholder employee, needs to actively decide and follow through with a process to contribute.

As a reminder the Government (i.e. NZ taxpayers), will contribute 25c to KiwiSaver for each $1 that a person pays into their KiwiSaver account (up to $261 per year).

To get involved in KiwiSaver, a person would initially need to find a provider (the sorted.org.nz website has useful information on retirement planning and KiwiSaver providers). Once established, self-employed/shareholder-employees can set up a regular contribution (either monthly, quarterly or annually), to save for retirement.

A contribution of $5,000 per year ($420 per month) could provide a retirement fund of $120,000 over a 15-year period (or $70,000 over a 10-year period).

JOKE

I asked my accountant to explain depreciation to me. He said, "It's like my sense of humour; it gets worse with age, but I can still *write it off*."

"I tried to start a band called 1023MB, but we haven't got a gig yet. I guess we're just *one byte short* of making it big!"

CHARITIES/NON-PROFIT SECTOR – RECENT CHANGES

For those who work in the non-profit sector, below are a few reminders of recent changes to the rules impacting the sector:

3 Yearly Governance Procedures Review

The Charities Amendment Act 2023 brought in a new requirement for registered charities to review their governance procedures at least once every three years.

This review must cover the charity's core "rules" (for example, its constitution, trust deed, or rules document) and any policies or guidelines relevant to governance (e.g. financial management, conflicts of interest, officer selection and oversight).

The review should assess whether the procedures remain fit for purposes, whether they help the charity achieve its purposes, and whether they assist in compliance with the Charities Act.

This change took effect on 5 October 2023, meaning charities must consider planning for this three-year cycle.

Charities Services has a downloadable "Governance Checklist" to assist with completing a review of an organisation's governance procedures.

Incorporated Societies: Reregistration required by 5 April 2026

The Incorporated Societies Act 2022 was passed to strengthen governance in the societies sector and align certain obligations with director/officer duties in the Companies Act.

Additionally, there are certain provisions that a Society's constitution/rules must include which cover membership, dispute resolution, officer duties and a specific provision that the society must not primarily operate for financial gain to their own members.

A society is required to hold its AGM within 6 months of its financial year end.

Any society that was registered before 5 October 2023 must re-register by 5 April 2026 to maintain its status as an incorporated society.

If a society fails to re-register, it ceases to be incorporated and cannot hold property, enforce contracts, or shield members from liability.

There is no cost to re-register a Society but will require a time commitment to collate a constitution compliant with the new Act (and be approved by members), updated officer and contact information, and other required documents.

Societies are also required to implement relevant reporting standards as noted below.

Not-For-Profit Entities - Changes to Annual Reporting

All charities and non-profits are required to prepare an annual "Performance Report".

This report includes Entity Information, Statement of Service Performance, Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies and relevant notes.

Not-For-Profit with total expenses less than or equal to $5,000,000 (and the entity does not have public accountability), are required to meet reporting standards based on Tier 3 requirements.

Tier 4 reporting (mainly based on cashflow), is available if total operating payments are less than $140,000 per year.

This update takes effect for accounting periods that begin on or after 1 April 2024, meaning it applies for the 2025 income year.

Changes include:

Statement of Service Performance – this requires information on what the entity is seeking to achieve (Objectives) and what it did (Activities) during the period to achieve its objectives.

Revenue categories have been expanded to include - Donations/General fundraising activities, General grants, Capital grants and donations, Government service delivery grants/contracts, Non-government service delivery grants/contracts, Membership fees and subscriptions, Revenue from commercial activities, Interest/investment revenue

Expense categories now include - Expenses related to fundraising, Employee remuneration and related expenses, Volunteer related expenses, Expenses related to commercial activities, Other expenses related to service delivery, Grants and donations made, Other expenses

Related Party Transactions - Specific guidelines are provided on what related party transactions are and what is to be disclosed in the annual Performance Report.

PRESCRIBED INTEREST RATE FOR FBT - UPDATE

Effective from 1 July 2025 - The interest rate used to determine the fringe benefit value of low-interest loans provided to employees has reduced to 6.67%. This rate is to be used when calculating interest on funds advanced to employees or funds advanced to company shareholders or related parties.

FAMILYBOOST HAS BEEN EXPANDED

FamilyBoost is a childcare payment that is made to eligible households, to help with the costs of early childhood education (ECE).

From 1 July this year, if your household income in the quarter is less than $35,000, you will be entitled to a refund of 40 per cent of early childhood costs up to a maximum payment of $120 a week. The maximum payment a family can now receive is $1,560 a quarter, or $6,240 a year.

The table below shows the maximum amount that can be paid for household income over $35,000.

Quarterly household income	Maximum quarterly refund
$35,000	$1,560.00
$40,000	$1,210.00
$45,000	$860.00
$50,000	$510.00
$55,000	$160.00
$57,286 or more	$0.00

You can register for FamilyBoost through the myIR website and submit your claim.

JOKE

"I asked my wife if she wanted to hear a joke about construction. She said, "Sure!" So I said, "I'm still building it.""

BOOK REVIEW

Cracking Open the Nest Egg – Martin Hawes 2022

This book focuses on planning ahead for retirement and the various factors to consider. This includes considering how to make retirement funds last the required number of years, if, and for how long you will work part-time, planning to be debt-free by the time you retire and expected expenditure in retirement. While it is often expected that you may spend less in retirement, the initial years of retirement can see an increase in expenses as there is more time for travel and other leisure activities.

When building up an investment portfolio (whether shares or property) the focus is on growth investments. However, once retirement nears, a portfolio investor may look to shift investment to a balanced or conservative fund, so you are less exposed to market ups and downs.

The book confirms the importance of having a "lake of cash" so that you always have a buffer of funds if the markets go against you in your time of need.

Asset rich and cash poor – this can often occur when investors have good investments, perhaps property, but the property does not provide the required cashflow each year. Heading into retirement, the book suggests that you plan for this and determine how long to hold on to property and when it should be sold or downsized to free up available funds.

While holding property can be part of a retirement plan, the book concentrates on an investor holding a portfolio of investments once retired. It also suggests that if placing a lump-sum into a portfolio, that this is done over a period, so that the entire portfolio is not immediately exposed to a sudden drop in the markets.

Various drawdown methods from a portfolio are discussed including whether to plan to withdraw 4% per year, 6% per year or a set amount over a period of years.
Generally, it is expected that retirement funds will come from both income and capital investment each year. Finally, the book looks at the types of investment portfolios you can have and whether these are self-managed or managed through a managed fund or investment advisory firm.

IMPORTANT TAX DATES

20 October 2025 - PAYE Payment Due – Payday returns to be filed 2 days after pay day.
20 October 2025 - Fringe Benefit Tax Payment date
28 October 2025 - Provisional Tax Due – May balance date and 6 monthly Provisional Taxpayers.
28 October 2025 - 2 monthly GST returns due.
20 November 2025 - PAYE Payment Due – Payday returns to be filed 2 days after pay day.

STAFF UPDATE:

We have recently had 2 new staff members join us. We give Waiaroha and Ryan a warm welcome to our team.

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

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