trialbalance
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NZ CA
AN ASSOCIATION OF INDEPENDENT CHARTERED ACCOUNTANTS
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IN THIS ISSUE

How the POWER OF PRICING can influence consumer purchases

When it comes to setting prices, numbers aren't just numbers – they're signals

How you price your products or services can subtly influence how customers feel about what you're offering. That's where pricing psychology comes in, using behavioural science to guide smarter pricing strategies.

The big box stores and supermarkets are experts at this strategy.

You can apply four of the most powerful techniques – charm pricing, anchoring, bundling, and urgency – to position your goods or services more effectively.

You will certainly have seen charm pricing. It's the $19.99 price instead of $20.00. This works because consumers tend to focus on the left-most digit. In this case the '1', not the '2', so $19.99 feels significantly cheaper than $20, even though it's only a cent less.

This trick can make your pricing feel more attractive without really cutting into your margin.

The idea of anchoring is using a high "reference price" to influence how your actual price is perceived. For example, if you list a premium package for $499 and your standard one for $299, suddenly $299 feels like a great deal.

That high anchor helps frame the value of your other options. If someone takes the premium package, you'll probably do well, but you're expecting most to go for what's seen as the better deal.

Bundling is all about combining products or services into a package. It reduces the need for customers to make multiple decisions and can increase perceived value.

For example, instead of choosing between separate services, customers see a single, value-packed offer, which can help you upsell without the hard sell.

And you will have seen the concept of urgency plenty of times on the internet.

Creating a sense of urgency through limited-time offers or low stock messages taps into the fear of missing out. This encourages quick decision- making and discourages hesitation, especially in online or service-based sales.

Used thoughtfully, these strategies can not just help to convert browsing sales, but also help to position your brand more effectively.

Unlock AI potential with specific questions

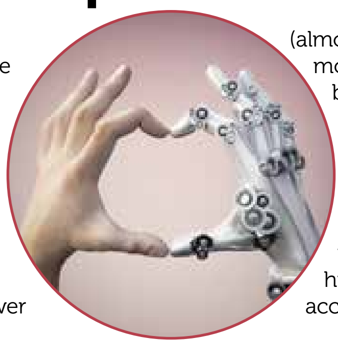
AI is useful for answering business-related questions, but it can be more powerful if you use it the right way. If you're new to AI, there are multiple applications readily available – ChatGPT, Google Gemini, Microsoft Copilot and Meta AI among them.

Ask and you will get an answer, but if you're specific with your questions, the answer will be more specific. For example, don't just ask: "How do I market my business?" It's better to ask: "What are some low-cost digital marketing strategies for a local service business with less than $1000/month to spend?"

Don't ask: "How do I do X?" Try: "Give me a step-by- step plan for launching a subscription-based online news service."

When you have an answer (almost instantly), follow up with more questions. Treat AI like a business consultant – it can keep going to clarify points, and refine answers through conversation.

But always remember, AI is not perfect. Use it to help you prepare and speed up your thinking, but verify important or high-stakes decisions with your accountant or lawyer.



Common tax mistakes New Zealand businesses make – and how to avoid them

New Zealand's tax system is often described as one of the simplest in the world - but "simple" doesn't mean "easy."

Every year, the Inland Revenue imposes thousands of dollars in penalties and interest because businesses make avoidable tax mistakes. Some errors are small, others are costly enough to impact cash flow, financing, or even business survival.

We see certain traps catch business owners and managers time and again — and most of them can be avoided with good systems, forward planning, and professional advice.

1 CONFUSING CASH FLOW WITH PROFIT

Many businesses spend based on what's in the bank, forgetting that tax is owed on **profit**, not cash. A healthy bank balance can hide an impending tax bill — especially if GST and provisional tax obligations haven't been factored in.

How to avoid it:

- Maintain a separate tax savings account.

One effective way to avoid nasty surprises is to automatically set aside a fixed percentage of every payment received into a separate tax savings account. This ensures you're not inadvertently spending money earmarked for tax, and it helps turn looming liabilities into manageable, planned-for expenses.

- Use rolling forecasts to model cash flow including tax payments. This approach allows you to anticipate upcoming liabilities and adjust your spending before tax deadlines creep up unexpectedly.

2 MISSING GST DEADLINES OR FILING INCORRECTLY

GST rules seem simple, but errors in coding transactions, claiming GST on ineligible expenses, or forgetting to register once turnover exceeds $60,000 are common. Incorrect GST claims can trigger a review or audit by Inland Revenue.

How to avoid it:

- Reconcile GST returns to your accounts every filing period and review GL coding.
- Review GST treatment on mixed-use assets, overseas purchases, and exempt supplies.

3 TREATING ALL EXPENSES AS FULLY DEDUCTIBLE

Not all business expenses are created equal. Some, like entertainment, are only 50% deductible. Others — such as fines or personal expenses — are non-deductible altogether. Misclassifying them can overstate deductions and understate tax payable.

How to avoid it:

- Have a clear expense policy for your team with regard to transactions such as entertainment, capital expenditure and staff benefits (which may fall into FBT or PAYE regimes).
- Regularly review expense coding with your accountant and discuss any irregular payments if deductibility of the expenditure is in question.

4 IGNORING FRINGE BENEFIT TAX (FBT)

Providing perks like company vehicles, medical insurance, or low-interest loans without accounting for FBT is a red flag for Inland Revenue. Many businesses under-report FBT or don't realise they need to pay it at all.

How to avoid it:

- Keep accurate records of benefits provided to staff and ensure accounting policies and processes clearly identify when a benefit is provided.
- Review FBT exemptions and calculation options quarterly or annually.

5 POOR RECORD-KEEPING

Lost invoices, incomplete mileage logs, or inadequate payroll records can lead to denied deductions and penalties. With IRD increasingly using data-matching, poor record-keeping can quickly become a costly mistake.

How to avoid it:

- Use cloud accounting software with proper document storage.
- Implement a monthly reconciliation process for all accounts.

6 NOT PLANNING FOR PROVISIONAL TAX

Provisional tax often catches growing businesses off guard. Underestimating can lead to interest and late payment penalties; overestimating ties up cash unnecessarily.

How to avoid it:

- Use the "ratio" or "standard uplift" methods strategically.
- Recalculate regularly if your income fluctuates during the year.

7 WAITING UNTIL YEAR-END TO THINK ABOUT TAX

Leaving tax planning until after the year closes means you've missed the chance to take advantage of deductions, write-offs, or income timing strategies.

How to avoid it:

- Schedule a pre-year-end tax review with your adviser.
- Consider asset purchases, bad debt write-offs, and shareholder drawings before 31 March.

THE BOTTOM LINE

Most tax mistakes aren't the result of intentional wrongdoing — they're caused by assumptions, outdated processes, or "we've always done it this way" thinking.

Working with an experienced tax adviser means you're not just ticking compliance boxes — you're actively protecting your business from unnecessary costs and stress.

Avoid the traps before they cost you

Two tips to make deals seem irresistible

Some prices just seem like a better deal, so you end up buying even when you weren't planning to.

How you were influenced is probably not by accident, and you probably fall for the pricing psychology behind it more often than you think.

Two clever strategies behind this psychology are what are known as the decoy effect and zero pricing.

Many businesses use the decoy effect to steer your choices. The idea is simple: offer three options, but promote one as a no-brainer. For example, the price at a café shows a small coffee for $6, a medium at $7.20 and a large for $7.50. What coffee are you steered towards?

The medium coffee is not really there to sell. It's a decoy. Its job is to make the large look like a bargain: "Only 30c more for the big one? Why not!" Suddenly, you're upsizing, and the café is making more profit, all without pushing you. It's your decision after all.

Zero pricing is a little different, because everyone likes something for nothing – "free" is the irresistible word. Offer something at no added cost, or highlight something free, and people pay attention.

Think of streaming services with free tiers, or cafés offering a free coffee with a scone. The offer might not be their main product, but it gets people in the door. And once you're in? Maybe you grab a muffin, upgrade and upsize, or just keep coming back.

Both the decoy effect and zero pricing work because they play on how we feel about value, not just what we see on the price tag.

WHEN RENOVATING A NEW RENTAL COULD COST YOU

Often, when a property is bought for rental, the owner will do it up shortly after purchase after it is tenanted.

IRD's view is this cost should generally be added to the amount paid for the property.

Why? Because if it is work which the previous owner might have done, it is assumed, if that had happened, you would have paid more for the property.

It is better to plan your maintenance and delay to a point where some wear and tear has occurred while you own it. Don't rush in at the beginning.

The following are the factors which should be taken into account when determining whether a maintenance cost should be added to the cost of the property or treated as repairs:

- the time which has elapsed before the repair is undertaken
- the state of repair of the asset at the time it was bought
- whether the asset was in a fit state to use at the time of acquisition
- whether this state of repair of the asset affected its value when you purchased
- intended use of asset compared with previous use
- nature and extent of repair work done
- whether the owner made any use of the asset before or during the repair work.

BRIEFS

FAMILY BOOST

Proposed changes:

- maximum eligibility annual household income $229,100
- percentage claim to go from 25% to 40% – maximum $1560 per quarter.
- abatement rate drops from 9.75% to 7% for household incomes over $35,000 per quarter.
- effective date 1 July 2025.

PAID PARENTAL LEAVE RATE

- Weekly payment to become $788.66.
- Minimum rate for self-employed to become $235 per week.
- Duration – continuous period of up to 26 weeks.
- Effective date 1 July 2025.

A SHAREHOLDERS' AGREEMENT could save your business

Going into business with a partner is exciting, but without a shareholders' agreement, you could be leaving yourself exposed. Just like a pre-nup, it's about protecting your interests, avoiding costly disputes, and ensuring the business runs smoothly even if things change.

Clients often come to us when they are buying a shareholding in a company or taking on a new shareholder.

They are excited about the direction the company is taking and want to make sure that all the paperwork documenting the transaction is correct. They can't wait to make their new business a success and they are 100% sure that their business partner is on the same page – so sure that they don't want to 'waste money' on a shareholders' agreement. Much like a marriage, they don't want to have the awkward conversation as to whether they should have a pre-nup.

However, in most cases, we suggest that they should. We have experienced a number of cases where once loved-up business partners are now very much at odds and things become tense and very expensive as those shareholders unwind their arrangements and prepare to go their separate ways.

Before You Sign Up To Go Into Business With A Partner, We Recommend That You Consider:

What percentage you will take in the company and what that actually means – e.g. can you block a 'major transaction' such as the sale of that business?

Whether there are some activities that, irrespective of your percentage shareholding, you want a say in. For example, should unanimous shareholder consent be required in some cases (e.g. hiring/firing staff or the company guaranteeing another entity's debt);

What happens when you want to leave the company? Can you sell your shares to anyone or does the remaining shareholder have veto rights? How will your shares be valued?

What if the other shareholder wishes to leave or dies? Can their shares be transferred to family members – would you want to be in business with their family? Could you afford to buy their shareholding (or should you have life insurance covering this risk)?

What happens in the case of a dispute? Is there a process whereby one shareholder can force the other to sell their shares or to buy that shareholder's shares? Do you have to go to mediation?

While these can be difficult conversations to have during the 'honeymoon period', it is best to ensure that everyone agrees on and documents these fundamental points from the outset. Failure to do so can (and often does) result in legal (and accounting) fees many multiples of the cost of a shareholders' agreement – not to mention the associated stress and time costs.

We all hope for a 'happily ever after' but you'll sleep better knowing that you and your partners have an agreement in place that deals with these potentially tricky issues.

Self-Leadership and resilience in business during difficult times

Economic downturns, global crises, technological disruptions, and internal upheavals test every leader. During these times, self-leadership and resilience become survival tools.

WHAT IS SELF LEADERSHIP

Self-leadership is the practice of influencing your own thinking, behavior, and emotions to achieve your goals. It's about being proactive, accountable, and purpose-driven—especially when external circumstances are chaotic.

Key components include:

- Self-awareness: Understanding your strengths, weaknesses, and triggers.
- Self-regulation: Managing stress, emotions, and impulses constructively.
- Self-motivation: Staying focused on long-term goals despite short-term setbacks.
- Adaptability: Changing strategies when needed without losing sight of your vision (Flexibility).

DEVELOPING RESILIENCE IN BUSINESS

Resilience is the capacity to recover quickly from difficulties. In business, it means bouncing back from failure, learning from mistakes, and maintaining momentum even when there is uncertainty.

STRATEGIES TO DEVELOP RESILIENCE:

- Embrace a growth mindset: View challenges as opportunities to learn.
- Strengthen your support network: Lean on mentors, peers, and teams.
- Practice strategic optimism: Balance reality with hope and possibility.
- Focus on what you can control: Let go of what you can't, and act on what you can.

RELATIONSHIP BETWEEN SELF-LEADERSHIP AND RESILIENCE

Self-leadership fuels resilience. When leaders take ownership of their mindset and actions, they become more agile and emotionally grounded. This stability allows them to lead others with clarity and confidence—even when the external world is turbulent.

"Effective leaders don't just react—they respond with intention"

PRACTICAL TIPS FOR BUSINESS LEADERS

- Set micro-goals: Break down big challenges into manageable actions.
- Reflect regularly
- Celebrate small wins: Reinforce progress and boost morale.
- Communicate transparently: Build trust through honesty and empathy.
- Invest in learning: Use downtime to upskill and innovate.

OVERVIEW

Businesses don't just need strong strategies—they need strong people. Self-leadership and resilience are disciplines that can be learned, practiced, and will improve with time.

Tax calendar

15 January 2026
Second instalment of 2026 provisional tax (March balance date except for those who pay provisional tax twice a year).
Pay GST for the period ended 30 November 2025.

31 March 2026
RDTI 31 December balance dates
RDTI general approval applications are due by 31 March 2026.
Supplementary returns need to be filed within 30 days after your income tax return due date.

7 April 2026
Terminal tax for 2025 (March, April, May and June balance dates).
For all clients except those who have lost their extension of time privilege.

RSM New Zealand Group Limited
Auckland, Auckland Central, Auckland North

Carl Cachopa	Lyle Irwin	Amanda Pegado
Wei Chen	Lloyd Kirby	Bhavika Topiwala
Ben Cooper	Diana Li	Wayne Tukiri
Craig Cooper	Brendan Lyon	Nicola Turner
Nigel de Frere	Lisa Murphy	Colin Wilson
Hensen Goh	Tony Oliver	Charles Worth
	Geetesh Raniga	

Contact
0800 774 623
www.rsmnz.co.nz
office@rsmnz.co.nz

Members of NZ CA Limited

Accountants Hawkes Bay	- Napier	(06) 843-4868
BM Accounting Limited	- Havelock North	(06) 876-7159
	- Waipukurau	(06) 857-8901
Brophy Knight Limited	- Ashburton	(03) 308-5104
Brown Glassford and Co Ltd	- Christchurch	(03) 365-0881
Candy Gillespie	- Matamata	(07) 888-7089
Chrisp & Davidson	- Gisborne	(06) 869-0449
Focus Chartered Accountants	- Whakatane	(07) 307-1141
GCOL Ltd	- Lower Hutt	(04) 939-1975
gfa Chartered Accountants	- Te Awamutu	(07) 872-6444
G.S. McLauchlan & Co	- Dunedin	(03) 477-8192
Harris Taylor	- Hawera	(06) 278-5058
ICL Chartered Accountants	- Alexandra	(03) 440-0100
Martin Wakefield	- Timaru	(03) 687-7122
	- Christchurch	(03) 343-4012
Matheson Rae	- Christchurch	(03) 343-3692
McDonald Vague	- Auckland	(09) 303-0506
McIntyre Dick & Partners	- Invercargill	(03) 211-0801
Naylor Lawrence	- Palmerston North	(06) 357-0640
nsaTax Limited	- Auckland	(09) 309-6505
O'Connor Richmond	- Gore	(03) 208-9240
Robertson Bixley	- Auckland South	(09) 299-6596
RSM New Zealand	- Auckland	(09) 271-4527
	- Auckland North	(09) 414-6262
	- Auckland Central	(09) 367-1656
Southey Sayer	- Masterton	(06) 370-0811
Strettons	- Taupo	(07) 376-1700
Sudburys Limited	- Whangarei	(09) 430-4888
Vazey Child Limited	- Hamilton	(07) 838-2169
Whitelaw Weber Limited	- Kerikeri	(09) 407-7117
	- Kaikohe	(09) 401-0991
	- Kaitaia	(09) 408-1220
YRW Limited	- Tauranga	(07) 578-0069

Changes in Particulars
Please remember to let us know of any changes in:
• Physical address • E-mail address • Phone and/or fax numbers
• Shareholdings • Directorships • Trustees
Or anything else that may be relevant.