

September 2025 Issue 91

Business growth tips in a recession

STRATEGIC PLANNING & RESTRUCTURING

- **Evaluate your organisational structure:** Ask what your business would look like if you started from scratch—this helps identify inefficiencies.
- **Restructure proactively:** Don't delay tough decisions. Restructuring can help manage costs and align resources with demand.
- **Use technology and AI:** Assess how automation impacts roles and productivity, and reallocate resources accordingly.

FINANCIAL DISCIPLINE

- **Review staffing and overheads:** Identify areas for cost savings without compromising core operations.
- **Monitor cash flow and reserves:** Ensure you have enough liquidity to weather prolonged downturns.
- **Time your succession or exit strategy:** Align with economic forecasts to maximise business value and retirement outcomes.

MARKET ADAPTATION

- **Rationalise products/services:** Cut offerings that no longer align with market needs or profitability.
- **Adapt pricing strategies:** Watch for resistance to price increases and adjust to maintain margins.
- **Invest selectively:** If launching new products/

services, define clear investment limits and growth timelines

OPERATIONAL EFFICIENCY

- **Boost productivity:** Track and improve output per employee or unit of input.
- **Leverage funding programs:** Tap into support like Regional Business Partner Network (RBPIN) for expert help with restructuring and growth planning.

SUCCESSION & EXIT PLANNING

- **Follow the 3Ps:** Purpose, Preparation, and Process—define your goals, identify buyers, and choose the right exit path. Please see the articles on succession options and increasing the value of your business in our last newsletter.
- **Stay informed on economic indicators:** Use forecasts (e.g., cash rate, inflation) to guide timing and valuation.

STRATEGIC SALES ADJUSTMENTS

- **Reimagine your sales approach:** Shift from transactional selling to consultative, relationship-driven strategies. Please refer to our sales article in the last newsletter.
- **Optimise your sales funnel:** Identify bottlenecks, automate lead nurturing, and retarget lost prospects or past clients. Keep in contact with existing customers as they may have changes to the contacts you have within their businesses.
- **Focus on recession-proof offerings:** Highlight products/services that remain essential during downturns.

VALUE-DRIVEN MESSAGING

- **Emphasise Return on Investment (ROI) and cost-effectiveness:** Customers are more cautious—show how your solution saves or earns money – adds value
- **Incorporate sustainability and social impact:** Align your brand with values that resonate during tough times.

LEAD NURTURING & RETENTION

- **Double down on existing relationships:** Retaining customers is cheaper than acquiring new ones.
- **Personalise outreach:** Use Client Relationship Manager (CRM) tools to tailor messages and follow-ups.

BUDGET-CONSCIOUS EXECUTION

- **Get creative with budgeting:** Reallocate spend to high-performing campaigns and low-cost channels.
- **Automate communications:** Reduce manual effort with integrated platforms for email, texting, and social.



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NZ CA Limited (NZ CA): A pillar of excellence in New Zealand accounting



NZ CA is not just an association—it's a powerhouse of professional collaboration and client-focused innovation. Established in 2001, **NZ CA** is New Zealand's largest network of independent Chartered Accounting firms, comprising **29 member firms** that collectively employ over **450 professional accounting staff** and **250 support staff**.

A VISION ROOTED IN LEADERSHIP AND SERVICE

The group's vision is clear: to empower its members to become leaders and shapers of finance and business. **NZ CA** achieves this by fostering a culture of **knowledge sharing, operational efficiency, and client-centric service**. Member firms benefit from shared resources, online collaboration tools, and access to specialists across virtually every accounting discipline—from tax and audit to business advisory.

WHY NZ CA STANDS OUT

- **Independent yet united:** Each firm maintains its own brand identity while benefiting from the collective strength of the **NZ CA** network.
- **Training & development:** Regular conferences, training events and networking meetings offer upskilling opportunities and

exposure to thought leadership.

- **Marketing & procurement support:** Members enjoy marketing resources and group procurement initiatives that reduce costs on essentials like insurance, banking and office supplies.
- **Legal synergy:** **NZ CA** is closely aligned with **NZ LAW**, a similar network of 62 independent legal practices, enabling cross-disciplinary collaboration for clients.

A CULTURE OF ENGAGEMENT AND INNOVATION

NZ CA training initiatives:

Building Excellence from the Ground Up
NZ CA's commitment to professional development is evident in its structured, inclusive, and forward-thinking training programs. These initiatives span across junior staff, managers, and partners, ensuring that every level of the organisation is equipped to lead and adapt in a dynamic business environment.

LEARNING & DEVELOPMENT STRATEGY

The **NZ CA** board has prioritised Learning & Development (L&D) as one of its three strategic initiatives, alongside best practice templates and member engagement.

The group recognises that firms investing in technology and upskilling are outperforming others, reinforcing

the importance of continuous training.

COMMUNITY AND SUSTAINABILITY

NZ CA also demonstrates a commitment to **environmental sustainability**, encouraging members to minimise printing and embrace digital collaboration.

This ethos extends to its conferences, newsletters, and member communications, which are designed to be both impactful and eco-conscious.

FINAL THOUGHTS

NZ CA is more than a network—it's a **community of excellence**, where independent firms thrive through collaboration, extensive training initiatives, innovation, and shared values. Whether you're a client seeking top-tier accounting services or a professional looking to join a forward-thinking group, **NZ CA** represents the best of what New Zealand's accounting sector has to offer.

Our amazing sponsor and support family includes: ANZ, AON, Office Max, Smartly, TMNZ, Xero, FYI, FuseWorks and we want to extend a huge thanks.

And of course we must acknowledge our amazing management team who do all of the hard work Darrin Rogers and Heather Menzies and our Board of volunteers from the respective member firms who lead us for success and are passionate about our vision — Natalie Milne (Chair), Carl Cachopa, Paul Dickey and Joe Morgan.



Health tips in tough times

Recognise and manage psychosocial hazards

Psychosocial hazards—like stress, burnout, bullying, and trauma—are increasingly recognised in New Zealand workplaces. These stem from how work is designed and managed, and they can cause serious psychological harm if left unaddressed.

What you can do:

- Develop a clear strategy to prevent and manage mental ill-health.
- Consult with stakeholders to create a mentally healthy workplace.
- Use your Health and Safety framework to identify and control risks and ensure open communication with employees.

Make stress your friend

Stress is reframed as a manageable and even helpful response when understood properly. The key is to:

- Recognise early warning signs (e.g., irritability, sleep issues, memory problems).
- Use online tools and contacts, Healthcare professionals / consultants.

Set boundaries and prioritise self-care

- Establish clear work-life boundaries,
- Engage in hobbies and exercise regularly.
- Practice mindfulness and breathing techniques.
- Seek professional help when needed.

Support your team's mental health

As a leader, your influence shapes workplace culture. Encourage open conversations, consider flexible work

arrangements, and watch for signs of struggle among your team.

Physical health considerations

While mental health often takes the spotlight, physical health is equally vital.

Examples of some legal obligations under New Zealand's Health and Safety laws:

- Employers must provide a safe workplace and engage workers in health-related decisions.
- Directors and officers have personal duties to ensure compliance, with serious consequences for breaches

Practical steps:

- Promote regular movement and ergonomic workspaces.
- Encourage breaks and hydration.
- Provide access to health resources and wellness programs.

Stay afloat on choppy waters

The economy is slowly picking up, but let's be honest, it's still tough out there for a lot of businesses.

If you're feeling the pinch, you're not alone. The good news? Staying afloat (and even growing) is possible with a few smart moves.

First, know what sinks a business.

Common culprits include:

- poor cash flow
- no clear idea about why customers should choose you
- weak marketing and sales
- ignoring what customers actually want
- trying to grow too fast.

Money matters. Keep a close eye on your finances. Track what's coming in and going out, watch your cash flow weekly. Cut unnecessary costs fast, and as your accountant will tell you – never borrow from the tax department. Pay all taxes on time.

Stick to your strengths. Trying to do everything can stretch you too thin. Focus on what you do best.

Know your customers. Ask for feedback, and keep your request very short. Customers don't have time for a long string of your questions. Watch what's working, and be ready to adjust. Happy customers are loyal ones.

Keep marketing. Even when you're busy, don't go quiet. Visibility brings leads, so stay top of mind with your potential and existing customers.

Stay flexible. Markets change, tech evolves. Be willing to adapt.

And finally, ask for help. Talk to mentors, join a business group, or hire a pro for tricky areas.

Bottom line: Stay sharp, stay steady, and don't go it alone.

IRD CONSIDERS SHAKE-UP FOR FRINGE BENEFIT TAX

Inland Revenue is looking at shaking up how Fringe Benefit Tax (FBT) works, especially when it comes to company vehicles and a few other perks. These changes aren't set in stone yet, but here's what's being talked about:

COMPANY CARS

Heavier vehicles included: The weight limit for vehicles attracting FBT might go up to 4500kg.

No more "book value" switch after five years: Currently, after five years you can base FBT on the vehicle's book value, which lowers the tax. That option could be scrapped.

Fuel-based valuation: A new way of calculating FBT could be introduced that considers what kind of fuel your car uses.

Regular revaluations: Instead of using the original purchase price forever, the car might need to be revalued every four years.

New tax rates based on vehicle type:

Instead of 20% of the GST-inclusive cost, the FBT rate could change to:

- 26% for standard vehicles
- 22.4% for hybrids
- 19.4% for EVs.

More tailored tax rules depending on use:

- if the vehicle is mainly for private use, 100% FBT applies
- if it's mainly for business use but is also used for commuting, only 35% FBT
- if it's used only for business, no FBT.

One big catch: If you're a shareholder-employee in a closely held company (owning 25%+ of the shares), and the company car costs \$80,000 or more, you'll automatically pay 100% FBT, no exceptions. They say it's too tricky to monitor actual usage in those cases.

OTHER PERKS (UNCLASSIFIED BENEFITS)

One option being considered is if you give an unclassified benefit that's not part of someone's pay and it costs less than \$200 for that benefit, it wouldn't be taxed under FBT regardless of the amounts of any other unclassified benefits to that employee or others. There will be anti avoidance rules.

ENTERTAINMENT EXPENSES

Entertainment costs (like staff functions or client dinners) might end up being taxed as fringe benefits.

NO DECISION YET

Nothing's final yet. These are just proposals, and the final rules could look different. But if you're doing any planning, it's good to know where things might be heading.

NEW KILOMETRE RATES FOR CAR CLAIMS

If you use your own car for business purposes, one way to claim the cost is by using kilometre rates.

This can apply whether you're self-employed or reimbursing an employee.

There are two tiers:

Tier One: Covers the first 14,000km – includes both fixed and running costs (like rego, insurance, fuel, etc).

Tier Two: Applies after 14,000km – covers just running costs.

Let's say your car does 21,000km in a year and it's a petrol vehicle. Here's how it works:

The first 14,000km are claimed at \$1.17 per km.

The next 7000km are claimed at \$0.37 per km.

Now, if 25% of your car use is for business, you can claim:

- 25% of 14,000km = 3500km at \$1.17
- 25% of 7000km = 1750km at \$0.37

This gives you a fair way to charge or be reimbursed for business-related driving without needing to track every single car expense.

Vehicle type	Tier 1 rate per km	Tier 2 rate per km
Petrol	\$1.17	\$0.37
Diesel	\$1.26	\$0.35
Petrol hybrid	\$0.86	\$0.21
Electric	\$1.08	\$0.19



DECLARING WORLDWIDE INCOME

Tax authorities around the world have worked together in the fight against tax evasion and protecting the integrity of tax systems. A key aspect of the co-operation is the exchange of information. The automatic exchange of information has now been in place for several years where "bulk" taxpayer information concerning various categories of income are shared by the source country to the residence country. Furthermore, Inland Revenue's recent compliance focus launch had indicated ongoing monitoring in this area. New Zealand tax residents have to declare all income they receive from anywhere in the world. But what is included in the meaning of "income"? Income now has a very strange meaning. For example, if you hold shares in a United States company which does not generate any dividends, you may have income under the foreign investment funds ("FIF") rules, because FIF rules calculates income based on the value of those shares instead of the actual receipt of income. FIF rules also include interests in foreign superannuation schemes and foreign life insurance policies. Although you might not have received any money from them. Be sure to tell us if you have one of these. If a policy is taken out in New Zealand with an overseas insurance company, there's no tax problem as it's excluded from the FIF rules. Some people think they only need to declare income if they bring the money back into New Zealand. This is incorrect, even if they had paid tax overseas. New Zealand tax residents are taxed on their worldwide income. Generally, there is a credit for some, or all of the foreign tax paid to be used to offset against the New Zealand tax liability as a result of

the overseas income. There can also be special tax rules, in regard to declaring overseas income, for people coming to live here from overseas. If eligible, the special one-off exemption can last for four years. If you think you may qualify, contact us to discuss further.

Examples of overseas income include:

- Salaries from overseas companies,
- interest from overseas bank accounts,
- shareholding in foreign companies/ unit trusts,
- rentals from overseas properties,
- share trading income from overseas,
- distributions (capital or beneficiary income) from overseas trusts,
- superannuation funds interest held and whether they are employment related or not,
- life insurance policies owned,
- business income from outside New Zealand,
- royalty/ know how income.
- crypto currencies
- gold bullion
- foreign currency loans
- foreign currency bank account

This list is summarised and is not exhaustive, and the calculation of taxable overseas income can be complicated. With the increasing co-operation between tax authorities and digitalisation of transactions, taxpayers' income or assets held overseas have now become more transparent to tax authorities. As

everyone has a unique background, we recommend that you discuss with your accountant to ensure that you have accounted for all income. There is also a good checklist that you can access on www.ird.govt.nz/overseas-income.



Tax calendar

September 28, 2025

Second instalment of 2026 Provisional Tax (December balance dates).

October 28, 2025

First instalment of 2026 Provisional

Tax for those with March balance dates, who paid GST twice a year

November 28, 2025

First instalment of 2026



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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.

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