



Jail time for failing to comply with tax obligations

An Auckland company director faced imprisonment after he stopped paying tax deductions from his workers to Inland Revenue.

The director of AFS Total Fire Protection Ltd has been charged with aiding and abetting AFS in deducting PAYE, KiwiSaver Employer deductions, Student loan employer deductions and child support from employees' wages.

The company currently owes \$108,305.28 unpaid KiwiSaver Employer Contributions and \$40,869.21 unpaid Employer Superannuation Contribution Tax. AFS workers never got the benefit of that money or any interest on it.

Inland Revenue issued the director of AFS multiple warnings, and plans for repayment, but the offending continued.

AFS was placed into liquidation owing \$2,645,500.48 of PAYE debt and \$1,373,310.25 of GST debt.

Small Business Cashflow (Loan) Scheme

The Small Business Cashflow (Loan) Scheme will reach its 5-year anniversary shortly, and will expire for customers who have a 5-year loan.

Any unpaid loan balance (plus interest) at the end of the loan's term will automatically default. Inland Revenue will treat this as overdue debt and may also charge default interest on overdue loans.

Inland Revenue have started contacting customers who have fallen behind in their payments, to discuss their loan balance and making payments. IRD will also be contacting customers who have defaulted under the terms and conditions of the loan contract, to negotiate payment of debt.

If a customer is linked to a tax agent, IRD will contact the tax agent first.

SOSA Staff News

Welcome Back Shanna

Shanna is back working part-time after being on maternity leave with little Cooper. Shanna will be in the office on Mondays and Thursdays.



NZCA Conference

Imogen attended the NZCA conference held in Wellington on April 11th & 12th.

The presenters at this course included Phil Walker from nsaTax Limited, Xero, TMNZ, Sue Kohn-Taylor and Natalie Milne from YRW Ltd Chartered Accountants.

SOSA Farewells

Donna

After 17 years as part of the SOSA team, we said farewell to Donna on the 28th of February. We wish her all the best for her new adventures.



Fiona

We said farewell to Fiona at the end of January. We wish her all the best for the future.



SOSA Easter Hours

Our Office will be closing at 5pm on Thursday 17th of April.

We re-open at 8.30am on Monday 28th of April.



There will be a small number of staff working in the office on

Wednesday 23rd & Thursday 24th of April.

If you require urgent assistance at this time, please phone (06) 370 0911

Please leave a message if the phone not answered.

Have a Safe and Happy Easter — Leanne, Becks and the Team

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Dairy Farming Update

New Price Risk Management Services Coming in June.

The Co-op's Fixed Milk Price offering has got off to a good start this year, with almost 300 farmers submitting an application in the first event in March. Fonterra allocated almost 15 million kgMS of the 20 million kgMS that was made available.

Co-op is introducing some new Price Risk Management services from the June 2025 event.

The ability to lock in a fixed Milk Price for an additional season. This will enable farmers to secure a fixed price for a portion of their milk for two seasons, instead of just one, providing greater price certainty over a longer period.

The ability to lock in a minimum Milk Price for the current season. This will enable farmers to secure a minimum price (also known as a floor) for a portion of their milk. It's designed to protect them from any decrease below the set minimum while ensuring they benefit from any increases to the forecast Farmgate Milk Price.

The ability to lock in a minimum and maximum Milk Price for the current season. This will enable farmers to secure both a minimum price and a maximum price (also known as a cap) for a portion of their milk, helping to stabilise their income within a range they are comfortable.



Gift card rules are changing from March 2026

From March 2026, new gift card rules will come into effect in New Zealand.

The changes are designed to protect consumer rights and ensure consistency in the gift card market.

What is changing?

Cards must last at least three years - All gift cards you sell to consumers must have a minimum expiry period of three years from the date of sale. This change brings New Zealand into line with international standards such as Australia's three-year minimum expiry.

The expiry date must be prominent - The expiry date, or a statement indicating no expiry date, must be clearly printed or shown on the gift card itself.

You could be fined if you don't follow the rules - If you fail to follow these new regulations you could face a range of fines. Individuals may be fined up to NZ\$10,000, while organisations may be fined up to NZ\$30,000.

When do the changes happen?

The new rules start from 16 March 2026.

They don't apply to any gift cards you have already sold, or that you do sell between now and 16 March 2026.



Bitcoin profits taxable

Just a reminder – if you make a profit out of investing in a crypto currency, that profit is taxable income.

Inland Revenue's rationale is that the only reason you could possibly have for investing in a crypto currency is to make a profit. There's generally no other form of income. Unlike a rental property, you don't get a combination of income and capital gain.

However, some crypto currencies are paying a return on crypto held in the form of more crypto. In those cases there is an argument that it is purchased for that purpose not sale.

Beware of the May 7 Tax Trap

Inland Revenue imposes a 10.88% interest rate on underpaid taxes when the year-end tax amount exceeds \$60,000. This often catches clients off guard, especially when they experience a sudden increase in income.

For instance, consider a medical practitioner who had a tax liability of \$80,000 for the year ending March 31, 2024. They pay provisional tax based on this amount, increased by 5%, totaling \$84,000. However, if they become a partner during the year, they will also receive partnership income in addition to their regular income.

Suppose their total tax for the year ending March 31, 2025, amounts to \$124,000. This results in a \$40,000 shortfall (\$124,000 - \$84,000), which is subject to Use of Money Interest at 10.88%. If the shortfall is paid six months after May 7, 2025, the interest charge would be \$2,176 (10.88% on \$40,000 for six months).

Remember, this additional \$2,176 is tax-deductible as it is considered interest, so be sure to claim it on your tax return.

If your accounts are not ready by May 7, 2025, you can estimate your income for the year and top up the third instalment of provisional tax. In the example above, instead of paying the usual \$28,000 on May 7, 2025, you could avoid the interest charge by increasing this payment to \$68,000.

While it may be challenging to estimate the exact amount, making an educated guess is likely more cost-effective than doing nothing at all.

Tax Calendar 2025

7 May 2025

Third instalment of 2025 Provisional Tax (March balance date).

28 May 2025

First instalment 2026 Provisional Tax (December balance date).

31 May 2025

Deadline for Fringe Benefits Tax returns.



Expect 2025 to bring more technology changes

After the emergence of AI as a viable business tool in 2024, companies in 2025 can expect even more groundbreaking advancements in technology.

These advancements are reshaping industries and redefining how work is done. Small businesses can't afford to be left behind.

Leading authorities in artificial intelligence (AI) and machine learning (ML) say these innovations will allow customer experiences to be more personalised, automation to be enhanced, and analytics to become more predictive. Generative AI will expand its applications, from creating content to designing products, giving businesses new tools to boost efficiency and creativity.

Will it mean the loss of jobs?

Yes and no. All technology does someone out of work somewhere, but it also provides work in new areas. Adaptability in the workforce is key, and employers should encourage it. The Internet of Things (IoT) devices will likely become more prominent, offering deeper insights into operational efficiencies, supply chain management and customer behaviour.

Enhanced Cybersecurity.

As we become more reliant on technology, cybersecurity will become a top priority, especially for businesses. Zero-trust architectures and AI-driven threat detection systems will be crucial for safeguarding data and infrastructure.

How can small businesses keep up?

The trick is to be informed. Think about what happens in your business, especially the time-consuming tasks. See if there's a new tool to do the job better, whether it's customer relations software for a restaurant or technology that will detect water leaks better for a plumber.

Whatever your business, there are almost always better ways of doing what you do now. Find out what they are, and make sure your business is operating as efficiently as it can.