

Harrison Gillespie

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OUR NEWSLETTER FOR GROWING BUSINESSES



Happy New Year!

Yes, you read that right. While most people celebrate on 1 January, accountants ring in the New Year on 1 April — less fireworks, more spreadsheets!

After a few tough years, you may be wondering: Are the lean years behind us? With stabilising interest rates and business confidence hopefully improving in the future, this tax year could bring a welcome shift. With continuing uncertainty on the global front, smart financial planning is still key.

In this issue, we cover the latest OCR updates, look at current business confidence trends, and outline key steps to strengthen your tax and cash flow strategy for 2025-2026.

Let's make this tax year a profitable one. As always, we're here to help—get in touch if you have any questions.

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CONTACT OUR TEAM

Sandy Gillespie BBS CA **PRINCIPAL**

Maple Court, 5 Puckey Ave,
PO Box 254, Kaitaia 0441

PHONE: 09 408 1000 | **FAX:** 09 408 1004
EMAIL: info@harrisingillespie.co.nz



What the latest OCR cut means for SMEs in 2025

On 19 February, **the Reserve Bank cut the Official Cash Rate (OCR) to 3.75%**, lowering it by 0.5 percentage points, a move that will help stimulate economic growth as inflation eases. While further cuts may follow, nothing is certain.



What does this mean for your business?

- **Lower borrowing costs** – Interest rates on loans and overdrafts may fall, making refinancing or new investments more affordable.
- **Stronger consumer spending** – With financial pressure easing, customers may be more willing to spend: good news for retail and service-based businesses.
- **More financial flexibility** – Now is a good time to review loan structures, prepare for potential rate changes, and explore investment opportunities that could support business growth.

Simply put, the OCR cut is a positive shift for many SMEs — but smart financial planning is important. Need personalised advice? Get in touch — we're here to help.

Payroll, taxes and trading rules: What you need to know right now

1. New income tax brackets are now in full effect

Last year's income tax adjustments are now fully in place for the **2024-25 tax year**.

That means employees may see slight changes to their take-home pay, impacting payroll calculations.

The consequential changes on fringe benefit tax brackets for attributed benefits such as company cars apply from the 2025-2026 year so now's the time to double-check your payroll settings to ensure compliance and plan for any FBT adjustments.

2. Have you adjusted pay for the minimum wage increase?

From 1 April 2025, the adult minimum wage increases to **\$23.50 per hour**. Make sure you review payroll settings and budget plans in line with this change.

3. Get your head around Easter trading rules

Easter Sunday falls on **20 April 2025**. Trading laws vary by region, and employees have the right to refuse to work—make sure you're across your local rules.



Confidence check: Where do you sit on the business barometer?

How are you feeling about your business right now? Are you on solid financial footing, or taking a more cautious approach? Is demand steady, growing, or unpredictable?

Business confidence is a key economic indicator, and right now in New Zealand, the latest data paint a mixed picture:



Signs of recovery – After a slow period, economic activity has started to pick up with early signs of renewed business momentum.



Cautious optimism – Business confidence is improving, but caution lingers as companies navigate costs, demand, and future economic uncertainty.



Global uncertainty – While domestic trends are improving, global trade tensions and price volatility could still impact supply chains, costs, and long-term stability.

USE THE CURRENT BUSINESS CONFIDENCE TO YOUR ADVANTAGE

Consider your business's growth strategy. If confidence continues to rise, now could be a good time to expand your operations, invest in new equipment, or explore new revenue streams.

Hiring and workforce planning. Business optimism often fuels recruitment and team expansion. Confidence is on firmer ground, but uncertainty remains. If hiring, focus on roles that support long-term growth. If caution is needed, consider upskilling existing staff instead.

Market positioning. Shifting confidence levels can change customer spending habits. Are there opportunities to refine your pricing, enhance your marketing efforts, or introduce premium services that align with shifting demands?

Financing decisions. If borrowing costs continue to ease, consider refinancing loans at a lower rate or securing funds for expansion—just make sure you weigh affordability before taking on new debt.

Understanding the current business climate is key to making informed financial decisions. Want tailored insights for your industry? Give us a call.

Tax and cash flow planning: Your blueprint for a strong 2025

A new tax year isn't just about compliance — it's a chance to strengthen your financial foundation, optimise cash flow, and reduce stress. Smart planning now can set your business up for long-term success.

STEP 1: GET TAX-READY

A fresh financial year isn't just about keeping up with tax rules—it's a chance to set stronger financial foundations for the future.

- **Assess your tax situation.** Check for upcoming tax liabilities and savings—review deductible expenses, tax bills, and opportunities to defer or prepay costs.
- **Keep your records in order.** Well-organised invoices, expenses, and payroll records prevent last-minute headaches. If your records need work, start building better habits now to streamline future tax seasons.
- **Address any tax debt early.** Inland Revenue is tightening compliance on undeclared income, GST, and payroll reporting. Stay ahead by reviewing your tax obligations now. If you're struggling, we can help liaise with Inland Revenue and arrange a payment plan to get you back on track.

STEP 2: STRENGTHEN CASH FLOW

A tight cash flow strategy helps you stay resilient through economic shifts and unexpected expenses.

- **Forecast upcoming expenses.** Identify any major costs this year and plan your budget accordingly.
- **Analyse last year's financials.** Look for trends, unexpected costs, and areas for improvement. Use this data to refine your financial plans for the year ahead.
- **Review pricing and margins.** Are your prices still competitive and profitable? Make sure your pricing reflects rising costs, supplier pricing, and shifting customer demand.
- **Optimise invoicing.** Consider eInvoicing to speed up payments and reduce admin delays. Encourage prompt payment by setting clear terms and automating reminders.
- **Build a buffer.** A cash reserve can protect against slow months or surprise costs. Even setting aside a small percentage of revenue regularly can make a big difference.

A new tax year brings new opportunities—with the right financial strategy, you can make the most of them. If you need tailored advice, we're here to help.

Tax Calendar - April 2025

DATE	CATEGORY	DESCRIPTION
7 April	FBT	FBT return and payment due for taxpayers who file an income year FBT return *
7 April	Terminal tax	Terminal tax due *
7 April	PAYE	Large employers returns for the second half of March. File employment information within two working days after payday.
22 April	RWT	Payment and return for November.
22 April	PAYE	Small employers return for March and large employers returns for the first half of April. File employment information within two working days after payday.
22 April	NRWT / Approved Issuer Levy	Payment and return due.

* This applies to taxpayers who are on their accountant's agency list.

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