



PKF
Bay of Islands

Chartered Accountants
and Business Advisors

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Kia Ora

PKF Bay of Islands is thrilled to kick off another year of supporting you on your journey. We're grateful to be your trusted partner, and excited about the opportunities and successes that 2025 will bring. Together, we'll continue to navigate the ever-changing business landscape, ensuring you remain on track for growth and success.

Thank you for choosing us. We look forward to another year of working hand-in-hand with you to help you achieve your goals.

Don't forget to follow our social media pages for regular updates.

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IR's Long-term Insights Briefing

Inland Revenue has commenced consultation on what topic should be covered in its next Long-Term Insights Briefing (LTIB). Inland Revenue, like other government departments, is required to produce a LTIB once every three years.

The purpose of an LTIB is to identify and explore long-term issues to help plan for the future. Initial work has noted that New Zealand's tax revenue is just below the OECD average – 33.3% of GDP compared to the OECD's 34.2%. The means by which New Zealand's tax is generated differs from other OECD countries as follows:

- No compulsory social security contributions,
- No tax on capital gains,
- Higher comparative tax revenue generated through GST,
- Higher company tax rate,
- High effective tax rates on inbound investments, and
- Higher than normal revenue from local government rates.

[Read the full article](#)



The Depreciable Asset

The depreciation rate for non-residential buildings has been reduced to 0%, effective from the 2024 / 25 income year. However, commercial fit-out remains depreciable. This makes the distinction between the two important because it is the difference between not being able to deduct any depreciation at all versus being able to claim a good proportion of a building's cost as 'fit-out'.

Inland Revenue has recently issued a draft interpretation statement that provides essential guidance on how to correctly identify what the asset is for depreciation purposes. The guidance can be used for the purpose of identifying components of fit-out and depreciable assets generally. At its core, depreciation is an allowance for the loss in value of a capital asset as it is

used to derive income. An asset's correct depreciation rate is a function of its estimated useful life and the industry in which it is used.

[Discover the full insights](#)



The LTC Option

If a company sells a capital asset (e.g. commercial land) and derives a non-taxable capital gain, it's reasonable to expect the shareholders to want access to the cash. However, the problem often arises that in order for a capital gain to be distributed tax-free, the company needs to be wound up. This is a result of the fact that if a capital gain is distributed in the absence of a wind-up, the distribution comprises a taxable dividend.

Winding-up a company is not always desirable or the most practical route because it may own other assets or otherwise serve a purpose that means it needs to stay in existence. This can mean the capital gain becomes 'trapped'.

Enter the look-through company (LTC) to save the day. An LTC is legally an ordinary company, that elects to be treated as a partnership for tax purposes. As such, the income, expenses, tax credits and losses of the company are attributed to the shareholders based on their ownership percentage.

[Learn more about LTC](#)



Protect Your Reputation

Over the last 18 months there have been a number of businesses fall over – which in and of itself has not been surprising given the recent economic climate. However, one element that serves as a warning for us all is the flow on effect of those failures. Not just in a tangible sense, where suppliers or 'subbies' are left out of pocket and can't survive, but where acquaintance businesses can be tarred with the same brush.

We tend to associate the word "brand" with large multi-national companies such as Apple, Microsoft and BMW, and less so with smaller local businesses. Maybe an equivalent description for a local business is "reputation". It is less tangible, a product of individual perspective, rather than a wider shared view, and can change rapidly. So, what can you do to make

sure you are not tarred with the same brush to ensure you protect your reputation?

[Find out more here](#)



Snippets

Trusts - The big picture

For some, the increase in the trust tax rate from 33% to 39% has prompted them to ask the question – should we wind up our trust?

Rather than looking at the purpose of having a trust with a narrow tax lens, it may be of benefit to consider your circumstances more broadly and ask whether it is time to actually alter and even increase the role of your trust.

A trust provides a number of benefits such as asset and relationship property protection, succession and a way to manage complex family relationships.

So instead, it may be worth asking:

- Do you have the right trustees, both now and on your passing.
- What happens on your death (is your will up to date), should the trustees change if you pass away.
- Who should benefit under the trust, in what proportions and is that recorded.
- If you make a distribution to your adult children and their relationship breaks down what happens – are risks mitigated.
- In what circumstances should the trust be wound up.

A will sets out how your assets should be dealt with in the event you pass away. A trust can survive beyond your death, hence it is important that they continue to function and operate as you intend - and it is better to sort this while you're here.



FBT and home to work travel

A common complaint made by employers is that the amount of time it takes to meet their FBT obligations is disproportionate to the amount of tax it actually generates. This frustration is arguably borne out in the number of mistakes that are often made when calculating the amount of FBT payable. A good example is employers taking the view that an employee's home is a place of work and therefore FBT does not apply to the use of a company car to drive to and from work.

Inland Revenue has been working on a new interpretation statement that provides guidance on the treatment of home to work travel. It covers topics such as whether taking a vehicle home for charging or security reasons is sufficient to conclude that FBT does not apply. For the purpose of these two examples, the conclusion is that FBT would still apply, which hopefully does not come as a surprise.

The guidance is expected to be finalised shortly. Current treatment should be confirmed based on the guidance once released. However, in line with the original complaint, the draft statement is over 50 pages long and is likely to only reinforce the conclusion that maybe Inland Revenue's resources should have been put into how to simplify the regime instead.



PKF New Zealand Conference

In November, our team attended the PKF New Zealand Conference in Dunedin, bringing together our PKF network and industry professionals under the theme *Leading Through Turbulent Times*. The event offered valuable opportunities to connect, learn, and grow through a series of insightful sessions and discussions.

- **AI in the workplace:** Exploring the future of work with AI
- **Xero Day & Audit Day:** Practical insights into industry best practises
- **Expert Insights from Sponsors:** Valuable perspectives shared by our sponsors, including Xero, TMNZ and Chartered Accountants Australia and New Zealand.
- **Emerging Leaders Session:** One of PKF Hamilton's Business Advisors, Chelsea Fleetwood, led a session on better conversations and building stronger connections
- **Resilience with Shaun Kirkham:** Inspirational lessons from Olympic Gold Medallist, Shaun Kirkham.
- **Networking & Exploration:** Explored Dunedin, and attended a black-tie event at Larnach Castle.



It was a week filled with knowledge sharing, networking and collaboration. We look forward to applying these insights and continuing to support your business growth.



Dare to Aspire

At PKF, our people are at the heart of everything we do, and we are committed to supporting their professional growth. Investing in our team is central to helping them reach the next stage in their careers.

Last year, we launched two exciting 12-month programmes as part of our Rise and Lead professional development pathway.

On the 21st October, we kicked off Dare to Aspire in Auckland, bringing together leaders from across New Zealand to shift their focus from doing the work to leading the people. Over two days, participants engaged in learning through inspiring speakers, group activities, and one-on-one sessions – all designed to build essential management skills. This programme equips them with the support, tools, and accountability to lead with confidence, take ownership of their futures, and empower their clients and teams. Participants have shared amazing feedback, including [Islay Cowles](#), our Practice Manager: “This programme will help me improve my decision-making and approach tough conversations with more confidence. It will also support me in navigating complex challenges and, ultimately, allow me to better guide my team as I grow into new responsibilities throughout my career with PKF.”

Our second initiative, Leadership Excellence provides our senior team members with coaching skills to enhance every interaction and support future Rise and Lead pathways.



Team Updates



We want to take a moment to shine a spotlight on our incredible receptionist, **Taleah Kapua**, who has been an integral part of our team for the past year. Taleah has been the first point of contact for many of our clients, always greeting everyone with a warm smile and delivering exceptional service. Her positive energy and dedication truly reflect our firm's values, and we've been fortunate to have her as part of our PKF Bay of Islands team.

While Taleah has excelled in her role with us, her true passion lies in rugby league. She is now preparing to leave our PKF Bay of Islands nest as she embarks on the next chapter of her journey, continuing to pursue her rugby league career. We've been privileged to support her from the start, and her ambition and commitment to the sport are truly inspiring. As she follows her dreams, we're excited to see what the future holds for Taleah and wish her all the best in her career.

We are incredibly proud of **Jack Poutsma**, one of our own, whose unwavering determination and strength have inspired so many. After a serious motorcycle accident last year, Jack faced unimaginable challenges, including a traumatic brain injury and months of intensive rehabilitation. Thanks to his grit, the support of his amazing wife Di, and the incredible care he received, Jack has made a remarkable recovery.



Jack is already setting new goals—like completing the 2025 Kerikeri Half Marathon! Jack's journey is a testament to the power of perseverance and community support. We're honoured to share his story with our network as a reminder to never give up, no matter the odds.

[Read more about Jack's story and recovery](#)



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