

UNDERSTANDING TAX DEDUCTIONS

davidsonfraser.co.nz



TAX DEDUCTIONS

Tax deductions are specific expenses that businesses can subtract from their total income to determine their taxable income. This means that the expenses you deduct from your income are not subject to income tax.



WHY TAX DEDUCTIONS MATTER?

Tax deductions reduce taxable income, lower tax liability, improve cash flow, incentivize investment, and support financial planning for businesses. It also enhance competitiveness, promote compliance, and benefit personal finances, contributing to economic growth and overall financial well-being.



Tax Deductions



OPERATING EXPENSES

THESE ARE THE DAY-TO-DAY COSTS OF RUNNING A BUSINESS, INCLUDING RENT, UTILITIES, OFFICE SUPPLIES, AND INSURANCE.



EMPLOYEE WAGES AND BENEFITS

DEDUCT SALARIES, WAGES, AND BENEFITS PAID TO EMPLOYEES, INCLUDING SUPERANNUATION CONTRIBUTIONS AND ACC (ACCIDENT COMPENSATION CORPORATION) LEVIES.



DEPRECIATION

YOU CAN CLAIM DEPRECIATION ON ASSETS LIKE VEHICLES, MACHINERY, AND EQUIPMENT USED IN YOUR BUSINESS. THIS ALLOWS YOU TO RECOVER THE COST OF THESE ASSETS OVER TIME.



INTEREST ON BUSINESS LOANS

DEDUCT THE INTEREST PAID ON LOANS USED FOR BUSINESS PURPOSES, SUCH AS FINANCING EQUIPMENT OR EXPANDING OPERATIONS.

Tax Deductions



VEHICLE EXPENSES

IF YOU USE A VEHICLE FOR BUSINESS PURPOSES, YOU CAN DEDUCT A PORTION OF THE VEHICLE'S RUNNING COSTS, INCLUDING FUEL, MAINTENANCE, AND INSURANCE. YOU CAN ALSO CLAIM DEPRECIATION ON THE VEHICLE. THERE ARE 3 DIFFERENT METHODS TO CHOOSE FROM TO BEST FIT YOU AND YOUR BUSINESS.



HOME OFFICE EXPENSES

IF YOU OPERATE YOUR BUSINESS FROM HOME, YOU MAY BE ELIGIBLE TO DEDUCT A PORTION OF YOUR HOME-RELATED EXPENSES, SUCH AS RENT OR MORTGAGE INTEREST, UTILITIES, AND MAINTENANCE, BASED ON THE PROPORTION OF YOUR HOME USED FOR BUSINESS.



PROFESSIONAL FEES

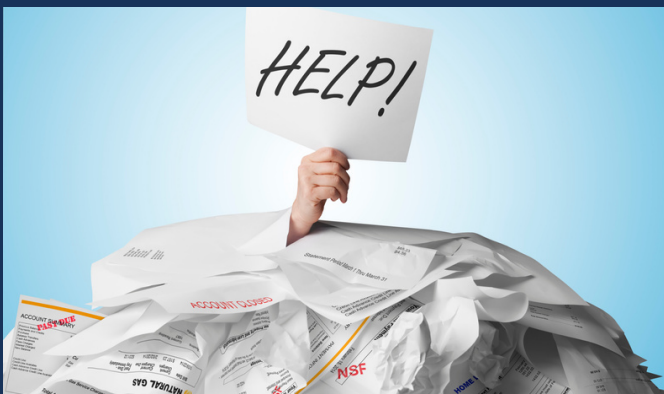
DEDUCT FEES PAID TO PROFESSIONALS SUCH AS ACCOUNTANTS, LAWYERS, COACHING, FURTHER EDUCATION, AND CONSULTANTS FOR SERVICES RELATED TO YOUR BUSINESS.



TRAVEL EXPENSES

BUSINESS-RELATED TRAVEL EXPENSES, INCLUDING ACCOMMODATION, MEALS, AND TRANSPORTATION, CAN BE DEDUCTED.

Tax Deductions



BAD DEBTS

IF YOU HAVE UNPAID INVOICES THAT ARE UNLIKELY TO BE COLLECTED, YOU CAN WRITE OFF THESE BAD DEBTS AS A DEDUCTION.



ADVERTISING AND MARKETING

EXPENSES RELATED TO ADVERTISING AND MARKETING YOUR BUSINESS, INCLUDING WEBSITE DEVELOPMENT AND ONLINE ADVERTISING COSTS, CAN BE DEDUCTED.



TRAINING AND EDUCATION

DEDUCT THE COSTS OF TRAINING AND EDUCATION FOR YOURSELF OR YOUR EMPLOYEES IF THEY ENHANCE SKILLS AND KNOWLEDGE RELEVANT TO THE BUSINESS.



CHARITABLE DONATIONS

IF YOUR BUSINESS MAKES DONATIONS TO REGISTERED CHARITIES, YOU MAY BE ELIGIBLE FOR DEDUCTIONS UNDER CERTAIN CONDITIONS.

Tax Deductions



RESEARCH AND DEVELOPMENT COSTS

EXPENSES INCURRED FOR RESEARCH AND DEVELOPMENT ACTIVITIES RELATED TO YOUR BUSINESS MAY BE ELIGIBLE FOR DEDUCTIONS.



RENT ON BUSINESS PREMISES

IF YOU RENT COMMERCIAL SPACE FOR YOUR BUSINESS, YOU CAN DEDUCT THE RENT PAID AS A BUSINESS EXPENSE.



BANK FEES AND CHARGES

DEDUCT FEES ASSOCIATED WITH BUSINESS BANK ACCOUNTS AND CREDIT CARD PROCESSING.



TAXES AND LEVIES

PAYROLL TAXES, ACC LEVIES, AND OTHER GOVERNMENT-MANDATED TAXES AND LEVIES CAN TYPICALLY BE DEDUCTED.

**READY TO OPTIMIZE YOUR
TAX STRATEGY FOR YOUR
UNIQUE BUSINESS
CIRCUMSTANCES?**



**DAVIDSON
FRASER**

ACCOUNTING+

MONEY MASTERY MADE EASY

**DON'T HESITATE TO REACH
OUT TO YOUR TRUSTED
ACCOUNTANT OR TAX
ADVISER.**