

McDonald Vague Predicts Increase in Corporate and Personal Insolvencies in 2025

AUCKLAND, AUCKLAND, NEW ZEALAND, February 5, 2025 /EINPresswire.com/ -- [McDonald Vague](#), a leading New Zealand insolvency practice, is forecasting a significant increase in corporate and personal insolvencies throughout 2025. The forecast follows a rise in corporate insolvencies in 2024, driven by challenges such as shrinking margins, increased creditor action, and pressure from the Inland Revenue Department (IRD) seeking to recover overdue tax debts.

In 2024, the IRD's collection efforts have intensified, with the department currently pursuing \$8 billion in outstanding debts, including \$6 billion from businesses. This is expected to result in a higher number of winding-up applications in 2025, with around 70% of these applications typically lead to liquidation. McDonald Vague anticipates that businesses will continue to face pressure, particularly from tax arrears.

Despite some challenges in the property market and lower consumer spending, asset prices have largely held up. However, McDonald Vague warns that this stability could shift if a higher number of liquidations flood the market, compounded by lenders' decreasing willingness to finance these assets.

McDonald Vague also notes the rise in personal insolvencies, particularly through General Security Agreements, which have provided lenders with more robust collection options. Personal insolvency levels are expected to rise as individuals continue to grapple with the ongoing cost of living crisis, despite inflation rates stabilising and the impact of personal guarantees given for business financing.

McDonald Vague expects both corporate and personal insolvencies to increase in 2025, as the after-effects of the COVID-19 pandemic continue to influence the economy. While insolvency numbers in 2024 returned to pre-COVID levels, they remain significantly lower than the peak seen during the Global Financial Crisis.

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