

AccountingOnline NEWSLETTER



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FROM THE OFFICE

Friendly Reminder:

1. Your end of year paperwork should be with us now.

If we don't receive all required information by **11 January 2027**, we cannot guarantee your financials, and tax return will be completed and lodged by the **31 March 2027**.

We know this is a busy time of year, so please take a moment to get this to us as soon as possible.

As always, thank you for your cooperation – we really appreciate it.

2. We also have a new casual on board – Trisha Mullinger. She will send emails to you from admin@accountingonline.net.nz. Please check your spam/junk folders for any emails from her.

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CHANGES COME IN 2026 BUDGET

There was a lot of new material in the 2026 Budget. Probably the most important include the following:

Charities and Not-for-Profit Organisations:

Charities

From 1 April 2028 you will be able to claim refunds throughout the year for your donations to charity. You will be allowed to instruct Inland Revenue to send your tax credit to that charity.

Not-for-Profit organisations

There was some discussion last year about members' subscriptions being taxable. That's not going to happen – the law is to be changed to confirm subscriptions will not be treated as taxable income.

From 1 April 2027 the tax-exempt threshold is to be lifted from the current first \$1000 of income, to \$10,000.

Volunteer honoraria have been taxed as Schedule Payments. From 1 April 2028 organisations will be able to process honoraria as though they were salaries or wages, if they so choose.

Working Families:

From 1 April 2027 some of the Working for Families rules will be simplified. What will not need to be counted in family income includes:

- deposits into the income equalisation scheme
- passive income of children
- highly specific tax-exempt allowances and salaries
- specific superannuation and annuity adjustments.

Additionally, the de minimis threshold for "other payments" supporting a family (such as a grandparent contributing regularly to school fees or groceries) is being lifted from \$5,000 to \$8,000.

TAX

Second Hand Goods

Inland Revenue has more clearly defined the words “second hand” and “paid”.

- “Second-hand” is fairly obvious, but you should note that for tax purposes the goods must have been bought in New Zealand.
- Payment is of particular significance because it doesn't matter if a person making the claim is on a payments or invoice basis for GST, they have to have actually paid for the goods to claim the whole amount of GST.
- If you buy an asset and put down a deposit, the deposit is payment, but the balance has not yet been paid so you can't claim second-hand goods GST input tax on this amount.
- But if you pay for the goods with arranged finance, you have then made payment and can claim the GST. Your loan repayments don't contain GST.
- Sometimes, the deposit will be made in on GST period, but the finance won't be completed until the next GST period. If this happens, you have to delay your claim for GST on the amount financed until the second GST period.
- Special rules apply where second-hand goods are bought from an associated person – such as your company buying a car owned by you.
- There are also special rules about leasing



TAX CALENDAR

28 AUGUST 2026

1st instalment 2027 provisional tax (March balance date) for those who pay provisional tax three times a year

28 SEPTEMBER 2026

2nd instalment 2027 provisional tax (December balance dates)

28 OCTOBER 2026

1st instalment 2026 provisional tax (March balance dates) for those who pay GST twice a year

28 NOVEMBER 2026

1st instalment 2027 provisional tax (June balance dates)

Maintain the integrity of a Family Trust

Managing a family trust requires a clear distinction between your role as trustee and your status as beneficiary.

To maintain the trust's integrity, follow these essential practices:

- **Governance and independence:** Trustees must manage the trust as a separate legal entity. Decisions should generally be unanimous and must be formally recorded in signed minutes.
- **Separation of funds:** It is critical to keep trust assets strictly separate from personal finances. Even if you're a beneficiary, you can't access funds at will.
- **Documenting distributions:** When withdrawing funds, the minutes must specify the nature of the payment. Common classifications include:-
 - a distribution of income trust
 - a distribution of trust capital
 - a reduction of debt owed to the beneficiary of the creation of an interest-free loan.
- **Fiduciary duty:** Before making any distribution, trustees must demonstrate they have considered the interests of all beneficiaries. While you must record that this consideration has occurred, you're not required to document your specific reasoning.

Company Loans to Shareholders

What's changing?

Where a company is removed from the Companies Register on or after 4 December 2025 and, six months after deregistration, there remains an outstanding loan owing by a shareholder, director, or the close relative of a shareholder or director, the unpaid balance would be treated as taxable income of the borrower. The intention is to ensure that amounts effectively extracted from a company do

What does this mean for you?

The change mainly affects shareholders and directors of closely held companies where shareholder current accounts or director or close relative loans exist.

In most cases, there will be little impact if loans are properly repaid or addressed before deregistration.

However, unpaid balances at the time of deregistration could result in unexpected tax liabilities.

The key practical point is to review and clear shareholder, director and close relative loan accounts as part of any wind-up or deregistration process

There's always a cost to waiting

Every business owner has a list of jobs “they’ll get around to one day”.

Chasing debtors. Reviewing subscriptions. Looking at insurance. Checking whether staff are using the latest software properly.



The problem is - small costs rarely stay small.

One café owner recently reviewed their monthly expenses after noticing profits weren't matching sales. Within an hour they found three software subscriptions they no longer used, an internet plan that was far more expensive than market rates, and merchant service fees which hadn't been negotiated for year.

Many business owners focus on increasing revenue while overlooking expenses that quietly grow over time. Inflation, automatic renewals and changing supplier pricing can all erode profits.

A simple annual “business health check” can uncover surprising opportunities. Reviewing recurring expenses, compare suppliers, check margins on your best-selling products, and make sure your pricing still reflects today's costs – which seem to rise daily.

Even small improvements compound over time.

Growing a business isn't always about working harder. Sometimes, it's about stopping money from quietly leaking away.

The business that runs without you

Could your business operate for two weeks without you? For many owners the answer is no.

That's understandable. Most small businesses are built around the owner's knowledge, relationships and decision-making.

However, the dependence create risk. Illness, family emergencies, much-needed holiday time, or unexpected opportunities can quickly expose weaknesses.

Businesses become more valuable – and less stressful to own – when systems replace memory.

If you want to step back from the daily tasks that your business depends on, start by documenting those tasks.

Create simple checklists for opening and closing processes, invoicing, customer enquiries and ordering stock.

Cross-training also reduces reliance on any one individual.

These improvements don't just prepare for emergencies. They save time, improve consistency and make hiring staff much easier.

If you ever plan to sell your business, documented systems can also increase its value. Buyers are purchasing a business that works, not just a job that depends on the owner.

Building systems isn't making yourself unnecessary ... it's about giving yourself better options