D&D FINANCIAL CONSULTANTS

TAXATION & FINANCIAL SPECIALISTS

Where the client comes first...

Spring 2026

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 also be allowed to instruct Inland Revenue to send your tax credit to that charity.

The maximum donations claimable for a credit is going to be capped at $100,000 regardless of income.

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

Working for Families

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

- deposits into the income equalisation schemes
- 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

Overhaul of FBT rules

Starting 1 April 2027, the way Fringe Benefit Tax (FBT) is calculated for staff vehicles is getting a massive shake-up.

The best part is you won't have to meticulously track and measure exactly how much vehicles are for private use. Instead, your FBT obligation will be determined by how the vehicle is mainly used. At this stage we don't know what is meant by "mainly" or what evidence will be required to support that but there will undoubtedly be specific guidance soon and we will cover that when available

The new rules sort company vehicles into six usage categories, each with a specific "inclusion rate." Here is how they break down:

Vehicle category & use case	Branding required?	FBT Inclusion rate
Full Private Use (perk vehicles) Mainly for personal use.	No	100%
Partial Private Use Mainly for business, but personal use is allowed on rostered days off, public holidays, leave, and daily commuting.	Yes	35%
Limited Private Use (farm vehicles) Mainly for farm operations on farmland. Must be owned by a closely-held farming company and used by a shareholder-employee.	No	35%
Minor Private Use Business vehicles where personal use is strictly limited to commuting to and from a single, fixed worksite.	Yes	20%

Vehicle category & use case	Branding required?	FBT Inclusion rate
Minor Private Use (Multiple Worksites Business vehicles where personal use is strictly limited to commuting, but the nature of the work requires traveling across multiple worksites.	Yes	0%
No Private Use pool cars) Vehicles kept exclusively for business use and shared among staff. No personal use allowed.	No	0%

How to calculate the tax

Once you identify your vehicle's inclusion rate from the table above, you will apply it to a base percentage determined by the vehicle's engine type.

Petrol & diesel: 22.8% of Cost (per annum) or 47.25% of Tax Book Value (TBV)

Hybrids: 19.6% of Cost (per annum) or 40.5% of TBV

Electric vehicles (EVs): 17% of Cost (per annum) or 35.0% of TBV

(Note: The existing rules for switching between the Cost and Tax Book Value methods remain unchanged.)

Two crucial details

Exemption shake-up: The traditional "work-related vehicle" exemption is being eliminated. However, a total exemption is being introduced for specific emergency vehicles.

The "Incidental Use" safety net: Don't worry about one-off situations. Infrequent, ad-hoc personal tasks (like an employee borrowing a work ute to move a couch on the weekend) are carved out and will not change the vehicle's category or trigger extra tax.

What to do now

While these changes don't kick in until April 2027, they might influence your vehicle purchasing, sign-writing/branding, and employment contract decisions during the next year.

If you want to work out how these changes will affect your specific fleet or business structure, please contact us – we're here to help you plan ahead.

Tax-free commuting via salary sacrifice

New Zealand employers can offer staff a tax-efficient way to buy commuting bicycles, e-bikes, and e-scooters using pre-tax income.

While the law provides a blanket FBT exemption for commuting bikes, funding them through a salary reduction is a tax minefield. If a salary sacrifice scheme isn't structured perfectly, Inland Revenue can rule it invalid and treat the deductions as standard taxable income. To protect yourself, employers typically need to route these arrangements through an IR-approved framework, such as Product Ruling BR Prd 25/08 (issued to Northride).

The tax benefits

- Free of Fringe Benefit Tax if the approved platform and documentation are used.
- Employees pay via pre-tax (gross) salary, lowering their reportable income, PAYE, Student Loan repayments, and KiwiSaver base.
- GST-registered employers can claim back GST on the cost of the lease or equipment supply.

Strict guardrails

To resolve this compliance and avoid IR penalties, the scheme must enforce these conditions:

- Salary reductions cannot drop an employee's gross salary below the adult minimum wage
- the salary sacrifice can't outlast the lease term and must stay within the programme's price caps.

This ruling is temporary and expires on 31 December 2028.

Note: Working for Families entitlements might be affected by changes in gross salary and should be checked case-by-case.

Talk to us first

Changing remuneration packages involves a complex mix of employment law, payroll configuration, and tax compliance. If a salary sacrifice is not contractually sound before deductions start, IR can treat it as standard taxable income, exposing you to back-taxes.

If you want to offer this scheme, please contact us first.

Health and safety

Some fringe benefits supplied for health and safety reasons are not subject to Fringe Benefit Tax (FBT). To qualify for this exemption, the benefit must meet the following four requirements:

- It must be for an employee: If you operate through an ordinary Limited Liability Company, you are considered an employee if you work in the business (even if you are a shareholder-employee), so this can apply to you too.

  Note on LTCs: If your company is a Look-Through Company (LTC) and you own shares, you are treated as a "working owner". Working owners are completely outside the FBT regime, so FBT does not apply to you. However, if you work in the LTC but do not own shares personally (for example, if a family trust owns them), you are treated as a standard employee, meaning FBT rules and this health and safety exemption do apply to you.

- It relates directly to health and safety: The benefit cannot just be a general perk.
- It must manage a specific workplace risk: The benefit must be provided to help the employer meet their obligations under the Health and Safety at Work Act 2015. General health and well-being initiatives typically do not qualify. For example, providing free annual flu injections manages the risk of a workplace outbreak and is exempt. Providing a gym membership is a general benefit, so it remains subject to FBT.
- It is not an explicitly restricted benefit: The exemption generally does not apply to subsidised travel, accommodation, or standard clothing, unless they are specifically required to manage a distinct workplace health and safety hazard (such as specialized protective gear).

Some examples to help you work out if the health and safety exemption applies:

Applies

- ergonomic desk and chair for employee who works from home to manage the risk of injury
- counselling services – high-stress workplace affecting mental health
- Covid vaccinations
- eye and hearing tests – risks relating to workplace
- first aid training to manage workplace injury risks
- sunscreen for employees who work outside.

Does not apply

- corporate running or biking event to promote general health and well-being
- prescription glasses and hearing aids – because of personal benefit.
- Health insurance premium to manage general risks to an employee's health.

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 one 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.

When you click the wrong link

It happens in a flash. You look up a trusted brand online, say, searching for "Air New Zealand" to book a flight.

You click the top result, go through the booking process, and realise only later that you didn't buy from the airline at all. Instead, you booked through a third-party reseller.

Secondary booking sites pay heavily to appear at the top of Google or Bing. They aren't scams, but they can come with hidden booking fees, rigid cancellation policies, and often with a much higher price.

Fortunately, protecting yourself from this digital detour takes only a few simple habits.

- Search engines always put advertisements at the top of the page. Look closely at the small text just above or beside the headline. If it says “Sponsored” or “Ad”, it means a company has paid to be there. Skip past these paid ads until you find the official site you’re looking for.
- Before you enter any credit card detail, look at the address bar at the very top of your browser screen. Make sure the domain name matches the company exactly – for example, www.airnewzealand.co.nz and not a reseller like www.edreams.com. Look for the small padlock icon or the https:// prefix, which guarantees a secure connection. But remember, scammers can secure their sites too, so looking closely at the text itself is your best safeguard.
- If you have a handful of websites you use frequently for banking, travel, or insurance, don’t rely on a search engine to get you there every time. Navigate to the official site once, then bookmark it in your browser. Next time, a single click will take you safely to the genuine webpage, bypassing the search engine minefield.

The golden rule

Slow down at the final checkout. If the branding looks slightly off, or if unexpected booking fees suddenly appear, pause and check that address bar. A five-second double-check can save you hours of customer-service headaches trying to unravel unexpected fees.

There’s always a cost to waiting

Every business owner has a list of jobs they'll "get around to one day." Updating prices. Chasing old 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 that hadn't been negotiated in years.

Their review found more than $4000 a year in savings – without selling one extra coffee.

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. Review 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.

Your best customer is worth protecting

Most businesses spend a lot of time trying to find new customers. But the easiest sales often come from people who already know and trust you.

Research consistently shows that retaining an existing customer is generally far less expensive than acquiring a new one. Existing customers are more likely to buy again, spend more over time, and recommend your business to others.

One local tradesperson recently introduced a simple follow-up system. Every completed job received a thank-you email, followed three months later by a friendly check-in asking whether everything was still working well.

The result wasn't just positive feedback. Previous customers began booking additional work and referring neighbours and family members.

Customer loyalty doesn't require expensive marketing campaigns. Often it's built through small, consistent actions: responding promptly, communicating clearly, delivering on promises, and staying in touch after the sale.

Think about your own customer database. When was the last time you contacted your existing clients without trying to sell something?

Sharing helpful tips, industry updates or seasonal reminders keeps your business front of mind.

Your competitors are always looking for your customers, so a little attention today can prevent them looking elsewhere tomorrow.

The business that runs without you

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

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

However, this dependence creates risk. Illness, family emergencies, much-needed holidays 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. Store important passwords securely and ensure key staff understand the essential work.

Cross-training employees also reduces reliance on any one individual.

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

To be clear, building systems isn't about making yourself unnecessary. It's about giving yourself better options.

TAX CALENDAR

Due Date	Obligation Details
28 AUGUST 2026	1st instalment 2027 provisional tax (March balance date), for those who pays provisional tax three times per year.
28 September 2026	Second instalment of 2027 provisional tax (December balance dates).
28 October 2026	First installment of 2027 provisional tax for those with March balance dates who pay GST twice a year
28 November 2026	First instalment of 2027 provisional tax [June balance dates]

CONTACT

D & D Financial Consultants Limited

Level 8 Southern Cross Building, Cnr High & Victoria Streets, Auckland
(09) 369 5144
martin@dandd.co.nz
www.dandd.co.nz