NEWSLETTER

July 2026

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"The only approval you need is your own"
- Amanda Gorman

DB CHARTERED ACCOUNTANTS LTD

In this edition, we cover the Budget 2026, How to safeguard your IT, Business Cashflow sheets and the new milage rates.

BUDGET 2026 – TAX CHANGES

Below we note some of the tax updates from Budget 2026:

Foreign Investment Fund (FIF) Rules

For individual taxpayers (or deceased Estate trusts), with overseas investments in non-Australian shares/equities, where the cost of these shares is over $50,000, an un-intended tax cost can occur. This is because the IRD requires, in these circumstances, that the annual taxable income is based on the lower of a 5% return (FDR method) or changes in the annual market value (CV method).
The threshold is to be increased to $100,000 before these rules will apply, with the aim of reducing compliance costs for smaller investors.
These changes will take place from 1 April 2026 and apply for the 2027 income year.
Investors with offshore (non-Australian listed) shares less than the threshold continue to return income based on actual dividends.
For more information on the Foreign Investment Fund (FIF) rules, see our December 2024 and December 2021 newsletters – see the News tab on our website.

Fringe Benefit Tax (FBT)

There is a proposal in place to try to "simplify" the current FBT regime. Particularly around vehicles where many tax-payers do not understand or follow the existing rules. The approach will be to categorise vehicles based on the intended use of the vehicle.
When the details of the legislation is finalised we will follow up in a later newsletter. Once finalised we can expect the IRD to be more diligent in their enforcement of these rules.

Charity Donation Rebates

The donation tax credit available to individuals making charitable donations is reducing from 1 April 2027. Donations eligible for the tax credit will be capped at the lower of $100,000 or the donor's taxable income, while retaining the existing credit rate of 33⅓%.
This means the maximum annual donation rebate will be $33,333.
Other changes will mean that taxpayers can claim donation rebates throughout the year, as well as gift their tax credit to the charity.

Not-for-Profit Organisations

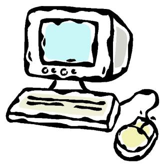
For not-for-profit organisations the effective tax-free income threshold will increase from $1,000 to $10,000 from the 2027–28 income year.

There is also clarification that membership subscriptions and levies received by taxable not-for-profit organisations will remain non-taxable from 1 April 2027 – this maintains the current treatment.

Research and Development Tax Incentive (RDTI)
Changes to the RDTI will allow eligible businesses to receive tax credits during the year instead of waiting until the end of the tax year. The Budget also narrows some software-related claims and expands eligibility for certain mining-related R&D expenditure. These changes are proposed to start from 1 April 2027

Shareholder Loans
Under these rules, where a company has been liquidated or removed from the Companies Register, any shareholder loans remaining unpaid six months after deregistration will be treated as taxable income to the shareholder.
This is intended to capture shareholders who have taken funds out of the company without paying outstanding tax. This can also occur where a shareholder draws funds out of the company but has not paid significant creditors prior to the company being liquidated.
This change will apply from 1 April 2027.

SAFEGUARDING YOUR IT



In a world where technology is ever-changing, safeguarding your business' financial information has never been more important.

Below we outline steps to start the process of safeguarding your business from the inside out.

To start, have a reputable, fit for purpose and up to date anti-virus software installed that includes detecting and removing viruses, spam emails and trojan horses, a strong firewall, malware detection and the ability to scan any plug in drives.

Ensure access to the business' financial information is restricted within the organisation by enforcing and implementing:

- Passwords restricted access on any computer that accesses the server/database (password should be minimum of 8 digits, alphanumeric, upper and lower case with special characters)
- All users are required to have unique passwords to access any cloud-based systems (e.g Xero/MYOB) and that 2 Factor Authentication (2FA) is used when possible.
- Granting the lowest level of access needed to employees to perform their tasks on cloud-based systems.
- Strict policies in place to ensure employees only access reputable work-related websites from workstations
- Strict policies against clicking on/accessing any links or attachments from unknown and/or unverified email addresses
- Strict policies against password sharing within the business/organisation or using someone else's account to access any business information
- Ensure the business undertakes a regular back-up of data and that the back-up system is regularly checked.

With an increasing number of business owners and employees working from home/ off site, comes some additional risks for the organisation. Business' need to ensure that any individual working off site understands that they need to have a secure environment from which they access business information. This will include enabling the latest encryption on their home wi-fi router and ensuring that access to the wi-fi router is password restricted (minimum 10 digits, alphanumeric, upper and lower case with special characters) with additional security measures that can be enabled depending on the type of wi-fi router. Employees will also have to have the same level and up to date anti-virus software installed on their personal computers that are used by the business/organisation.

After implementing all the above, it would still be best practice to regularly assess the potential risks associated with the use of information technology.
This will include identifying vulnerabilities in the business systems, evaluating the possibility and likelihood of a cyber threat and determining the potential impact that such a threat could have on the business/organisation and its' financial information.
While these steps alone will not safeguard your business from outside/malicious attacks, they are the first steps towards a safer online business environment.
For more information on keeping your business secure online visit: "ownyouronline.govt.nz"

BUSINESS CASHFLOW – DO RESULTS TELL THE WHOLE STORY?

Previously we have covered the importance of understanding the cashflow of a business. This includes understanding monthly profits, business costs, loan payments, owner drawings and the timing of GST and tax payments (see our June 2023 newsletter).
In times of good sales, the monthly accounts receivable balance can be higher. Some businesses will receive funds from customers within 14 days, 20th of the month following or, if a business has let things slide, after 2 months.
In a poor sales month closing accounts receivable will reduce – which reduces the amount of funds the business will receive on the 20th of the following month (or as per payment terms).
Below we show the impact of this. Let's say a company has consistently had sales of $80,000 per month with customers paying 60 days after invoice – i.e. 2 months later.
What is the cashflow impact if sales reduce to $50,000 per month in month 3?

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Sales	80,000	80,000	50,000	50,000	50,000	50,000
Cashflow						
Sales - Funds In	80,000	80,000	80,000	80,000	50,000	50,000
Expenses	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)
Net Cash In (Out)	20,000	20,000	20,000	20,000	(10,000)	(10,000)
Bank Balance	20,000	40,000	60,000	80,000	70,000	60,000

While the above is a simplified version of what can happen, it shows that when sales reduce to $50,000 per month in month 3, the impact of this is not felt until the end of month 5 when the bank account reduces by $10,000.
The lesson from this is that if you are experiencing a change in the company profitability, it is also important to consider what the cashflow impact of this will be – as there may be a delay until bank funds start to reduce. If steps have not been taken in advance to consider cashflow, the bank funds can come under pressure quite quickly.
For several of our clients, as well as completing a profit and loss forecast, we also complete a cash flow forecast so businesses can plan ahead.
If you want to discuss and clarify your profit or cashflow position, get in touch.

JOKE

Cristiano Ronaldo went to the barbershop for a new haircut.
He went home to his girlfriend and asked, "Well what do you think?". She took a couple of minutes looking his new hair cut over and replied "Well... at least it's not Messi"

TAX ARRANGEMENTS – WHAT ARE MY OPTIONS?

If a business is struggling to make its tax commitments it is possible to contact IRD to arrange an instalment plan to pay off outstanding tax. This can include GST and Income Tax (and occasionally PAYE).
IRD will generally allow a 3–12-month window for making repayments, however will expect that ongoing taxes are kept up to date.
To avoid late payment penalties, an instalment arrangement must be put in place **prior** to the tax due date.
IRD interest will continue to apply even when an arrangement is put in place.
If your business is struggling to make that next tax payment, contact IRD, or contact us, and we can arrange to put an instalment arrangement in place on your behalf.

INLAND REVENUE – LATEST VEHICLE REIMBURSEMENT RATES

IRD has released its 2025–2026 kilometre rates. These rates can be used by employers when reimbursing employees for business use of their private vehicles and by business owners calculating deductible motor vehicle expenses.

Vehicle Type	Tier 1 Rate	Tier 2 Rate
Petrol	$1.20/km	$0.37/km
Diesel	$1.30/km	$0.38/km
Petrol Hybrid	$0.90/km	$0.24/km
Electric	$1.22/km	$0.23/km

Tier 1 rates apply to the first 14,000 kilometres travelled by a vehicle during an income year (including both business and private travel) and covers a combination of fixed ownership costs (such as registration, insurance and depreciation) and running costs (such as fuel, tyres and maintenance).
The Tier 2 rate is used once the vehicle's total travel exceeds 14,000 kilometres for the year. Tier 2 rates are lower because they only cover running costs.

IMPORTANT TAX DATES

20 July 2026 - June 2026 PAYE Return and Payment due.
20 July 2026 - Your June FBT quarterly Return and Payment are due (March Balance date.)
28 July 2026 - 30th June GST Return and Payment due. (Two Monthly GST)
20 August 2026 - July 2026 PAYE Return and Payment due.
28 August 2026 - 31st July GST Return and Payment due. (Two Monthly GST – Ending in Odd months)
28 August 2026 - 2027 Provisional Tax Due – 1st Instalment. (Standard 3 Instalments)
21 September 2026 - August 2026 PAYE Return and Payment due.
28 September 2026 - 30th August GST Return and Payment due. (Two Monthly GST)

Staff Update:

We welcome Deepika, who has joined recently.

Past Newsletters:

To access our past Newsletters for further information, please refer to our website and select the “News” tab.

If you would like to discuss anything mentioned in our newsletter, please contact us at:

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