HC PARTNERS LP
chartered accountants

July 2025 Newsletter

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Cost of living, families and social support

Cost of living support is targeted in specific areas, expanding some, shrinking others. Families receiving Working for Families support will see a bit extra for their fortnightly groceries. Budget 2025 lifts the Working for Families abatement threshold from $42,700 to $44,900 and the abatement rate from 27% to 27.5%. This is offset against savings from BestStart, currently means tested for the second and third income years, now means tested for the first year as well, from 1 April 2026. Inland Revenue have also signalled some proposed changes to the calculation of family tax credits and simplifying the definition of 'family scheme income' for Working for Families purposes. We'll keep you informed.

Medical costs may decrease, with the maximum prescription length increasing from three months to twelve months possibly from early 2026. The lift in income threshold from $31,510 to $32,210 on 1 July 2025 enables up to 66,000 additional lower-income households with a SuperGold cardholder to get a rates rebate. The Government will cover registration and practising certificate fees for around 115,000 teachers through to 2028.

Parental means testing for single 18 and 19-year-olds receiving Jobseeker Support or the Emergency Benefit will be introduced from July 2027.

Ministry of Social Development (MSD), the New Zealand Food Network and partner agencies will manage $15m in support for food banks. $275m establishes a Social Investment Fund to improve social services delivery to families.

New funding of $128m has been allocated for more social homes over the next four years and $150m to help the Community Housing Funding Agency lower the cost of borrowing for community housing providers. A new Flexible Fund is established with $41m over four years, set to deliver social homes and affordable rentals, replacing existing housing funds such as the Affordable Housing Fund and the Progressive Home Ownership Fund.

Introducing our New Partner – Emma Gilkison

Emma joined our firm in June 2024 having spent many years in commercial roles, mainly in the agricultural industry and transport. Originally training in a UK Accounting Firm, Emma emigrated to New Zealand in 2005, settling in rural South Canterbury with her husband Shane, and their son Jacob came along a couple of years later.

Since joining HC Partners LP as an Associate Director, Emma has been working in Paul Wolffenbuttel's team and also with the HC Rural arm of the practice. Subsequently, Emma was promoted to Partner within our practice with effect from 1st April 2025. Her areas of expertise are in accounting and taxation, with a particular passion for the rural sector, and talking to and meeting with our clients is always a highlight.

Emma chose a career in accountancy as it is one of those professions that can get you a job all over the world. Of course, there are differences in law and tax rules wherever you are situated, but if you are willing to put the work in to learn and ask questions, the country doesn't matter. Emma had to do additional papers (mainly law and tax) to convert to a New Zealand qualification, all while working and having a family, which was challenging. And just when she thought that the formal studying was at an end, Emma studied for and was approved for a Certificate of Public Practice in June 2025.

When not working within our practice, being a classically trained singer, a lot of Emma's spare time is taken up with singing in concerts or shows, most recently performing the part of Miss Andrew (aka The Nasty Nanny!) in Variety Theatre Ashburton's "Mary Poppins". Currently Emma is rehearsing for "Serenade to Music" with Toi Toi Opera, a Christchurch Opera Company, for their 6th Birthday celebration on 1st August. If not doing music things, Emma can usually be found watching her son play cricket or rugby or other sports – there has been a LOT of time spent doing this over the years!

If you would like to talk to Emma about any accounting or taxation services, please call our office on 03 687 9222, or send an email to emma@hcpartners.co.nz. Our office is located at 39 George Street in Timaru if you would prefer to call in.

Payroll, taxes and trading rules: What you need to know right now

1. New income tax brackets are now in full effect, last year's income tax adjustments are now fully in place for the 2024–25 tax year.
That means employees may see slight changes to their take-home pay, impacting payroll calculations. The consequential changes on fringe benefit tax brackets for attributed benefits such as company cars apply from the 2025-2026 year so now's the time to double-check your payroll settings to ensure compliance and plan for any FBT adjustments.

2. Have you adjusted pay for the minimum wage increase? From 1 April 2025, the adult minimum wage increases to $23.50 per hour. Make sure you review payroll settings and budget plans in line with this change.

Attracting Investment

For Kiwi businesses, Investment Boost is a new tax incentive to encourage investment in assets to increase productivity. It allows a one-off deduction of 20% of the asset's cost in the year of purchase, along with depreciation deductions going forward, calculated as if the cost of the asset were reduced by 20%. The deduction is eligible expenditure for the purposes of research and development tax credits.

Investment Boost also applies to investing in new commercial and industrial buildings (even though they have a depreciation rate of 0%). Construction projects started before Budget 2025 may be eligible for Investment Boost, if they are used or available for use for the first time on or after 22 May 2025 and meet the other qualifying conditions. Improvements to farm and forestry land, planting of listed horticultural plants, aquacultural improvements and some petroleum and mineral mining development expenditure may also be eligible. The Investment Boost deduction is clawed-back if the asset is later sold for greater than its tax value or original cost.

Costing a projected $6.6b over the next four years, Investment Boost is forecast to increase New Zealand's capital stock by 1.6%, GDP by 1% and wages by 1.5%.

Along with boosting domestic investment, Budget 2025 allocates $85m to establish Invest New Zealand to attract talent and capital to New Zealand, lifting growth across technology, science, innovation, and other high-value sectors, $65m is set aside to ease thin capitalisation rules for foreign direct investment (FDI) into qualifying private infrastructure projects.

Changes to KiwiSaver

KiwiSaver employee and employer default contribution rates rise from 3% to 3.5% starting 1 April 2026, with a further increase to 4% from 1 April 2028.

From 1 February 2026, KiwiSaver members can apply for a rate reduction to 3% (which will then also apply to the employer contribution). The period of the rate reduction is limited, and KiwiSaver members need to keep reapplying as needed. The Government is halving its annual maximum contribution from $521.43 to $260.72 a year and cutting it completely from 1 July 2025 for those earning above $180,000 a year. 16 and 17-year-olds will now be entitled to employer contributions from 1 April 2026 and the government contribution from 1 July 2025.

Tax Calendar - August 2025

DATE	CATEGORY	DESCRIPTION
5 August	PAYE	Large employers' payment due. File employment information within two working days after payday.
20 August	RWT	RWT return and payment due for deductions from dividends and deductions of $500 or more from interest paid during July.
20 August	NRWT/ Approved Issuer Levy	Payment and return due.
20 August	PAYE	Small and large employers' payment due. File employment information within two working days after payday.
28 August	GST	Payment and return due for July.
28 August	Provisional Tax	First instalment due for 2026 income year provisional tax.

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