

NEWSLETTER

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NAVIGATING CHANGE IN THE NEW FINANCIAL YEAR

As we step into a new financial year, we're mindful that not everyone has had a smooth start to 2026.

Extreme weather has created uncertainty for parts of the country and reminded many businesses just how quickly conditions can change. The global situation has intensified that.

While we can't control everything that happens around us, we can make

sure we're prepared for shifts when they come. That starts with a clear understanding of your finances, staying on top of compliance, and planning ahead rather than reacting under pressure.

In this issue, we cover three key employment and tax changes you need

to know (and two to keep an eye on), how to get more value from your accountant, and the signs that business confidence in New Zealand is steadily improving.

HC PARTNERS LP

39 George Street, Timaru 7910 | PO Box 125 Timaru 7940
Timaru Office - Ph 03 687 9222 | Waimate Office - Ph 03 689 8071
E hcmal@hcapartners.co.nz | www.hcapartners.co.nz

OUR PARTNERS

Paul Wolffenbutter - paul@hcapartners.co.nz | Nick Krivan - nick@hcapartners.co.nz
Kalpesh Hari - kalpesh@hcapartners.co.nz | Mark Evans - mark@hcapartners.co.nz
Jasveen Singh - jasveen@hcapartners.co.nz | Emma Gillkison - emma@hcapartners.co.nz

THREE KEY CHANGES FOR EMPLOYERS IN 2026

A few recent and upcoming changes may impact your payroll, pricing, and employer obligations. A quick check now sets you up for a smoother year ahead.

1. Minimum wage is increasing

From 1 April 2026, the adult minimum wage rises to \$23.95/hr (from \$23.50). Starting-out and training wages increase to \$19.16/hr (from \$18.80).

Make sure your payroll and employment agreements reflect the new rates. Higher wages can affect your margins, so now's a good time to reassess your pricing structure. Speak to your accountant if you need help understanding what these changes mean for your bottom line.

2. KiwiSaver contribution rates go up

Also starting 1 April 2026, the default KiwiSaver contribution rate increases from 3% to 3.5% for both employees and employers. Note employees are able to apply for temporary rate reductions to continue contributing at the 3% rate, in which case employers may also opt to match this employer contribution rate.

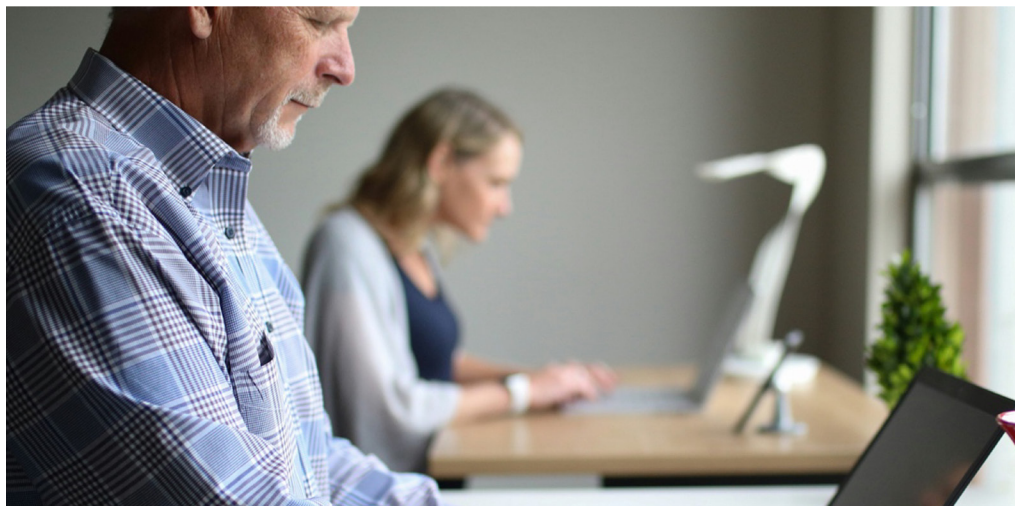
Employer contributions will also now apply to KiwiSaver members aged 16 and 17. This is part of a phased retirement-savings policy change, with a further rise to 4% planned for 2028.

Review your payroll processes to make sure your contributions are applied correctly.

3. Fringe Benefit Tax updates continue

Updated FBT thresholds and rate structures came into effect on 1 April 2025, with further refinements expected to be rolled out in 2026. Concessions such as equalisation of FBT and PAYE on unclassified benefits give you more flexibility in how FBT is calculated and means the tax rate applied better reflects what your employees earn.

Inland Revenue has also clarified how certain employee gift cards are taxed. Open-loop cards (such as prepaid cards that can be used almost anywhere) are generally treated like cash and taxed under PAYE, while retailer-specific cards usually still fall under FBT. If you provide vouchers or gift cards as staff rewards, it's worth checking they're being taxed under the right rules.



THINGS TO WATCH

Keep an eye out for these two changes on the horizon.

Shareholder loans

If you regularly draw funds from your company through a shareholder loan, this is one to watch. While not yet law, Inland Revenue has recently consulted on proposals to treat new shareholder loans as taxable dividends if they are not repaid within a set timeframe.

Surcharge ban

The Retail Payment System Amendment Bill has passed its first reading and is expected to take effect by May 2026. If enacted, it will ban most in-store surcharges on EFTPOS, Visa, and Mastercard transactions.

We'll keep you updated as details are finalised.





IS IT TIME TO LOOK AT YOUR BUSINESS WITH FRESH EYES?

Tax returns and year-end accounts are essential, but the real value lies in treating your accountant as an advisor: someone who helps shape where your business is heading, not just where it's been.

A proactive conversation early in the year can help you:

Plan for tax rather than react to it
Provisional tax shouldn't come as a surprise. We can model expected profit, test different scenarios, and give you a clear estimate of what you're likely to owe well before payment dates hit.

Understand your break-even point and profit margins
Do you know exactly how much revenue you need each month to cover fixed costs? We can calculate your break-even point and identify which products or services are truly driving profit (and which may be quietly eroding it).

Forecast cashflow and stress-test growth plans
Mapping your cash inflows and outflows each month gives you clarity when you ask questions like: What happens if sales slow for a quarter? If a key client pays late? If costs creep up again? It's far easier to make small course corrections early than face a cash squeeze later.

Check whether pricing still reflects your cost base
Between minimum wage increases and supplier cost rises, margins can tighten without you noticing. A quick pricing review can protect profitability before pressure builds.

Think about how you pay yourself
Your business income and personal finances are closely connected. Being deliberate about how you take money out of the business can help prevent tax surprises and keep cashflow steady throughout the year.

Strengthen conversations with your bank or lenders
Clear forecasts and well-prepared financial summaries from your accountant demonstrate viability and repayment capacity. That preparation often changes the tone of lending conversations entirely.

If you'd like 2026 to feel more strategic than stressful, now is a good time to schedule a conversation.

THE PROMISING SIGNS THAT NEW ZEALAND'S BUSINESS CONFIDENCE IS COMING BACK

After several challenging years, there are promising signs that New Zealand's business sector is shifting out of survival mode and into a more confident, growth mindset, albeit tempered by the current global uncertainty.

The confidence trajectory

The disruption began with COVID-19. While stimulus measures and pent-up demand drove a short-term rebound, the years that followed brought a different kind of pressure. Inflation surged. Interest rates rose rapidly. Wages and supplier costs climbed. For many SMEs, revenue struggled to keep pace with expenses.

In 2023 and much of 2024, there was a fairly subdued mood among Kiwi businesses. But last year, that tone began to change.

Signs of a shift

Through late 2025 and into early 2026, business surveys and sector data began to reveal a lift in both sentiment and activity:

- **Business optimism is up**
In the NZIER Quarterly Survey of Business Opinion, a net 39% of firms expected better general economic conditions, a sharp rise from earlier in 2025 and the highest reading in over a decade. And while the ANZ Business Outlook survey showed that business confidence has eased from its 30-year high in December 2025, it remains strong.
- **Investment is returning**
MYOB research reported that more than one in three New Zealand SMEs plan to invest in growth initiatives in 2026, including training, diversification, and new technology. Early-stage investment activity has also improved, signalling renewed appetite for longer-term growth opportunities.

- **More businesses are looking to hire**
The NZIER Quarterly Survey of Business Opinion reported a net five percent of firms had increased staff in the December quarter, and a net 22% are planning to hire in the coming quarter.

Taken together, these signals suggest many SMEs are beginning to move from defensive cost control toward cautious growth. But unlike the credit-fuelled expansion of the mid-2000s and the stimulus-driven rebound of the early 2020s, this recovery feels more disciplined with investment decisions grounded in margin awareness and realistic forecasting.

If growth is on your mind, your accountant is here to help you plan it wisely.

INLAND REVENUE TAKES A TOUGHER STANCE ON TAX DEBT IN 2026

Inland Revenue has stepped up its approach to overdue tax with faster follow-ups, closer monitoring, and earlier enforcement for businesses that fall behind.

Part of this shift comes from improved technology and automation, which have allowed them to detect overdue balances sooner and respond more consistently.

Carrying tax debt? Act early.
Inland Revenue is far more willing to work with businesses that make contact before debt snowballs. They encourage businesses to clear overdue balances or set up instalment plans straightaway.



Prevention is better than cure
Now is a great time to consider your cashflow for the year ahead, factoring in seasonal dips, late invoices, and potential expenses. But you don't have to go it alone. If you're dealing with debt – or trying to avoid it – our accountants and financial advisors are here to help

DATA SECURITY AND PRIVACY RISKS YOU CAN'T IGNORE

Cyber incidents are becoming more common and more sophisticated. Even a single breach can lead to financial loss and reputational damage, and it often starts with something as simple as a weak password or a convincing email.

This year, keep an eye out for:

Email-based scams

Phishing is still the top digital threat, with scammers now using AI to create more realistic messages, invoices, and impersonations, so train your staff to spot red flags and run scam-simulation tests.

Ransomware and malware

Outdated software, old devices, and unsecured WiFi networks are all easy entry points for attackers.

Turn on automatic updates, do a quick monthly check for anything that needs manual attention, and replace devices that can no longer protect you from malware.

Password protection

After thieves stole precious jewels from the Louvre last year, there was a rumour circulating that the museum's security password was 'Louvre'. Whether or not it's true, it's a good reminder to use multi-factor authentication and choose long, complex passwords. Hard to remember = hard to guess.

Third-party tools

Online apps for payroll, scheduling, marketing, or sales can be helpful, but if those tools aren't secure, neither is your data. Always choose reputable platforms with strong security measures.

AI and privacy

AI can help with productivity, but there are big question marks around what it can do with your data. Avoid sharing sensitive information (especially customer details, financial information, and intellectual property) on public AI tools.

Small steps make a big difference. If you'd like help reviewing the security of your financial systems, we can help point you in the right direction.

IT'S THE END OF THE FINANCIAL YEAR!

The season of spreadsheets, receipts, and “where did I save that?” is upon us! With the end of the financial year nearly here, now's the time to pull together key information, double-check expense claims, and give your record-keeping a quick health check.

We know tax prep isn't anyone's favourite job, but a little housekeeping now can keep costs down, reduce back-and-forth, and help us prepare your return more efficiently.

Below is a simple EOFY checklist, followed by a closer look at a few areas that commonly confuse (and frustrate!) when it's time to submit your return.

Get tax-ready: your year-end checklist

Use this list as a starter to flag anything relevant to your business, gather the right information, and avoid last-minute surprises.

Provisional tax

If you're paying provisional tax, please check that your instalments are up to date. And if your income this year was significantly higher

or lower than expected, let us know: this could affect your provisional tax eligibility. Depending on your situation, tax pooling may also be worth considering to manage provisional tax obligations.

Capital expenses

Have you bought anything for the business that will be used for more than one year (think: vehicles, equipment, machinery)? If so, let us know, and we'll determine whether it should be depreciated (including considering new the 20% investment boost deduction) or treated as an expense.

Business loans

If you have any business lending, including remaining Small Business Cashflow (SBC) loans, please let us know about any

repayments or recent changes so we can record interest and balances accurately.

FBT (Fringe Benefit Tax)

Do you offer non-cash perks to your staff, like a company car, a fuel card, or entertainment vouchers? These benefits fall under FBT and are reported separately from income tax.

Rental properties

Own a rental property? Make sure your interest and expense records are complete up to 31 March 2026, particularly now that residential interest deductibility has been fully restored for the 2026 income year. Let us know about any sales of properties during the year, as well as any rental properties owned that are offshore.

Food and fun

Entertainment and meals are two of the most common sources of confusion at EOFY. Check that your records are clear, correctly categorised, and supported by receipts. Unsure what's deductible? Just ask: that's what we're here for.

Trust income

With trust income subject to tax at 39%, talk to us about distributions and other considerations around trust ownership of assets.

HOW TO CLAIM HOME OFFICE EXPENSES

Home office claims aren't one-size-fits-all. Before submitting your info, it's a great idea to review your setup and run through the following:

What percentage of your home is used for business purposes?

Don't have a dedicated workspace? Your calculations should reflect the area you do use, and the time you spend working from home.

Has anything related to your home office changed during the past year?

Did you move house, change your phone or internet plans, or shift where or how you work at home?

Which household costs are you claiming a portion of?

Such as rates, insurance, power, and rent or mortgage interest.

If you'd like a hand, let us know, and we'll send you a simple home office expense form to help you calculate your costs.

USING A MOTOR VEHICLE FOR BUSINESS

To help us apply the correct claim and IRD rates to your motor vehicle, we'll want to know:

- Your business kilometres travelled during the year
- Whether you've exceeded 14,000 business kilometres (this affects whether Tier 2 IRD rates apply)
- Whether any vehicles were purchased or sold during the year.

BOUGHT OR SOLD ASSETS THIS YEAR?

If you've had any changes to your business assets, we'll need to update your asset register and apply the correct depreciation.

To help us do this, please have the following information available:

- Details of any asset purchases or disposals (e.g. vehicles, equipment, machinery)
- Purchase invoices
- Purchase date, cost, and whether the asset is used partly or wholly for business.

If you're claiming the Investment Boost (which allows faster tax deductions on eligible new assets), complete and accurate records are particularly important.

TAX CALENDAR - APRIL 2026

DATE	CATEGORY	DESCRIPTION
7 April	PAYE	Large employers' payment due for deductions made 16 to 31 March. File employment information within two working days after payday.
7 April	FBT	Income year FBT filers' return and payment due
7 April	Terminal tax	Terminal tax due for the 2025 income year.
20 April	RWT	RWT return and payment due for deductions from dividends and deductions of \$500 or more from interest paid during March.
20 April	NRWT / Approved Issuer Levy	Payment and return due.
20 April	PAYE	Large employers payments due for deductions made 1st - 15th April. Small employers payments for deductions made in March. File employment information within two working days after payday.

Note: the provisional tax due dates apply to those clients who have a March balance date. Different dates will apply for those clients who have different balance dates.



A NEW CHAPTER FOR PAUL WOLFFENBUTTEL

Paul Woffenbuttel has been part of the HC Partners LP team for close to 30 years, and is now retiring as an equity partner, effective 1 April 2026.

While this marks a change in Paul's role within the firm, it does not change the firm's commitment to supporting you and your business. Paul is still going to be around and will be working closely with

the other partners to continue with a smooth and well-planned transition. We recognise Paul's wealth of experience and detailed knowledge of his clients gained over many years, and we are

fortunate that he is happy to continue to assist us. We are very much looking forward to continue to work with Paul in the coming months while we transition through to a new era at HC Partners LP.

