NEWSLETTER

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chartered accountants

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WHAT RISING FUEL COSTS MEAN FOR FARMERS AND GROWERS

We're all feeling pain at the pump, but rising petrol and diesel prices are hitting the primary sector harder than most. From machinery and irrigation to transport, fuel sits at the heart of farming and growing operations. And it's not just fuel: urea prices have climbed too.

These pressures are pushing up operating costs, so it's worth taking a closer look at where things stand and what you can do next.

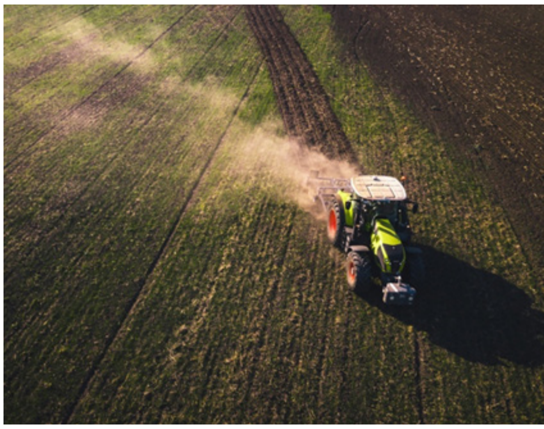
Starting from a position of strength
Much of New Zealand's rural sector has entered this period on a relatively solid footing. Dairy prices have strengthened, beef is trending upward, lamb has been steady, and horticultural exports such as apples and kiwifruit are tracking well overall.

Fuel supply itself remains stable. We are currently in Phase 1 of the Government's Fuel Response Plan, meaning fuel is arriving as expected and there are no restrictions in place.

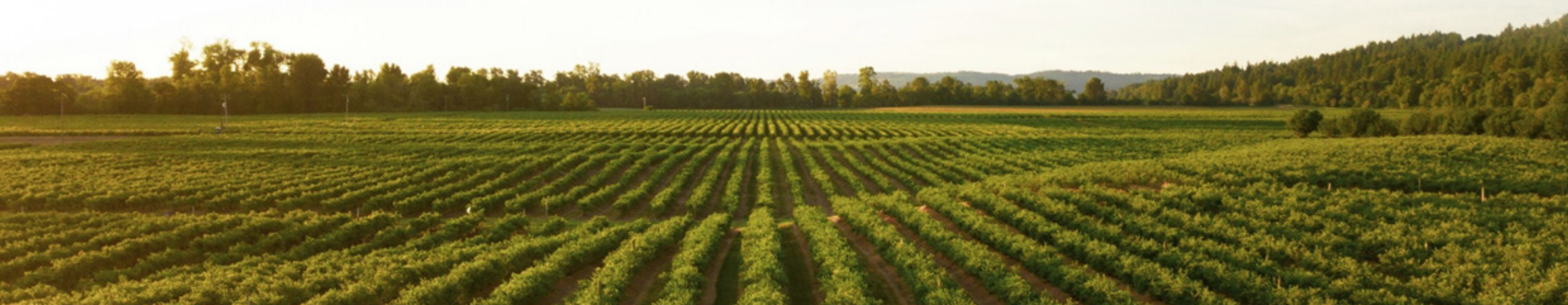
The Government has also taken steps to strengthen supply resilience, working with Z Energy to secure an additional 90 million litres of diesel, expected to arrive in June or July, as a buffer against potential supply disruptions.

Supply isn't currently an issue, but price volatility is
You can't control global fuel prices, but you can stay on top of how it's used on your farm or orchard:

- Maintain machinery. Check tyre pressure, wheel alignment, and keep up with regular servicing.
- Check trailer tyres too. They're easy to overlook, but worn tyres can seriously bump up your fuel use.
- Cut idling time. Idling uses more fuel than you'd expect, so switch off if you're stopped for more than a few minutes.
- Slow down. Even small reductions in speed can make a big difference over time.
- Choose tyres carefully. Low rolling resistance tyres can help you get more out of every litre.



If rising costs are starting to sting, it may be a good time to revisit budgets and cash flow forecasting with your accountant. And if you have any upcoming expansion plans, we can help you weigh the benefits against the need to protect your buffer.



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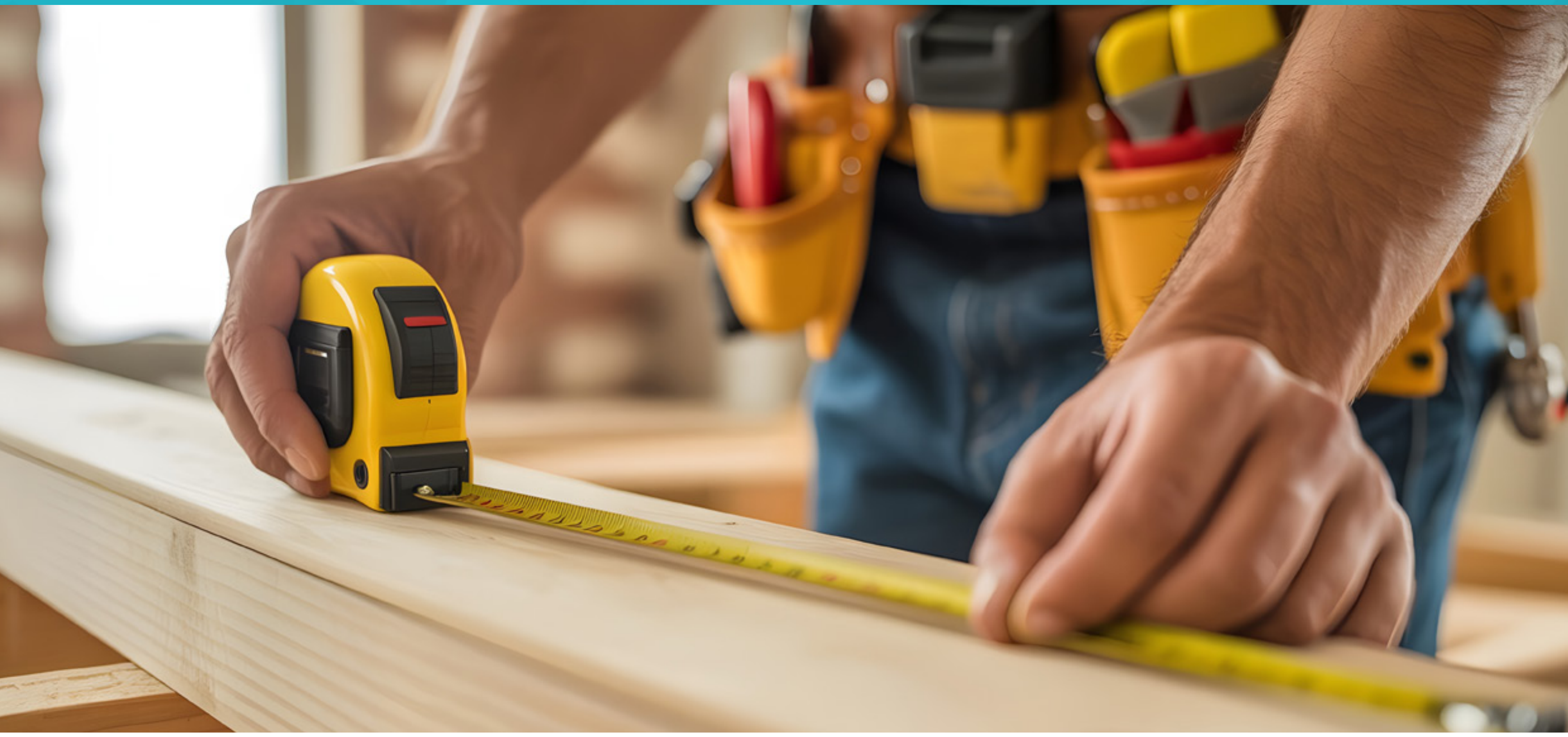


FOREIGN INVESTMENT TAX REFORMS

Changes applying from 1 April 2026 aim to attract skilled workers to New Zealand and lower compliance costs for existing taxpayers, especially smaller investors:

- The Revenue Account Method (RAM) introduced recently for migrants and returning residents, will extend to all New Zealand tax residents. RAM is a concessionary method taxing realised gains on unlisted foreign shares, applicable gains on disposals of qualifying FIF interests discounted by 30%. In addition, some tax residents subject to double tax in another country (due to citizenship or a right to live and work in that country) may be able to apply RAM for their listed shares.
- More taxpayers may apply the attributable FIF income (AFI) method for calculating FIF income, where taxpayers are only taxed ondividends received from their FIF interest.
- At present New Zealanders become subject to the Foreign Investment Fund (FIF) tax regime when their foreign investments total $50,000 or more. This threshold is doubling, easing compliance costs for some taxpayers.
- Eligibility rules for a 10-year FIF exemption for New Zealand companies migrating offshore and listing on an offshore exchange will be clarified

The exact shape of these changes depends on detail in the follow-up legislation.

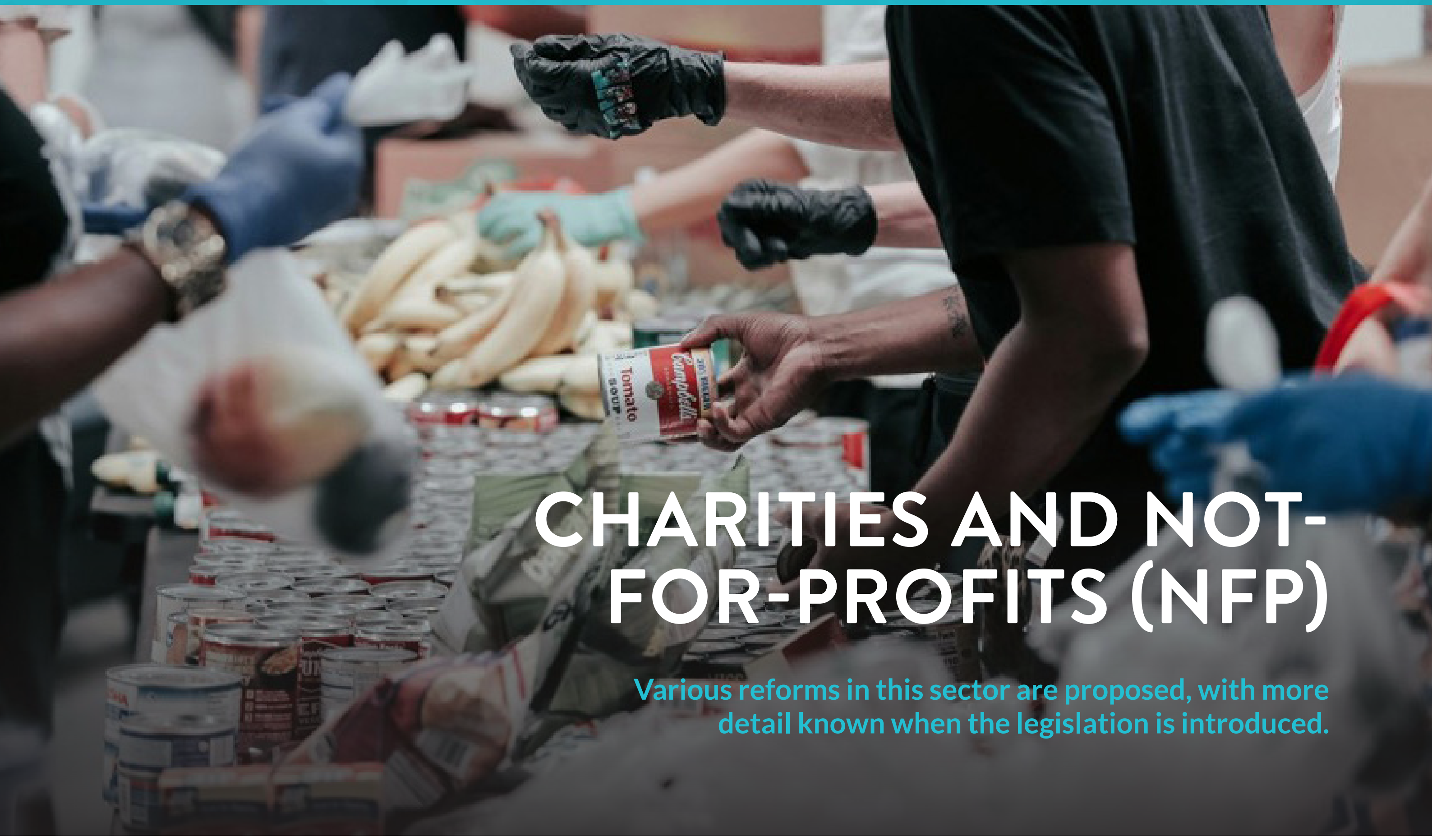
Non-resident contractors' tax (NRCT)

From 1 April 2027, businesses' compliance costs for working with non-resident contractors decrease as the exemption threshold for applying NRCT to contract payments increases from $15,000 to $75,000, low-risk, non-resident contractors are excluded, a single-payer view is introduced, and associated administration is simplified.

Research and development tax incentive (RDTI)

From the 2027-28 income year, taxpayers will be able to claim the RDTI quarterly instead of only when filing their tax return, so businesses can receive the tax credit sooner.

Inland Revenue will have discretion to accept late filed RDTI returns and allow amendment of minor administrative errors in returns. Other changes cut the cap on non-administrative internal software development spend from $25m to $3m a year, and expand the range of R&D expenditure mining businesses can claim.



CHARITIES AND NOT-FOR-PROFITS (NFP)

Various reforms in this sector are proposed, with more detail known when the legislation is introduced.

NFPs will be able to earn net income of up to $10,000 without paying tax, up from $1,000, with membership subscriptions and levies remaining non-taxable. From the 2027-28 income year, unless specifically requested by Inland Revenue, NFPs will not be required to file a tax return, lowering compliance costs for community groups.

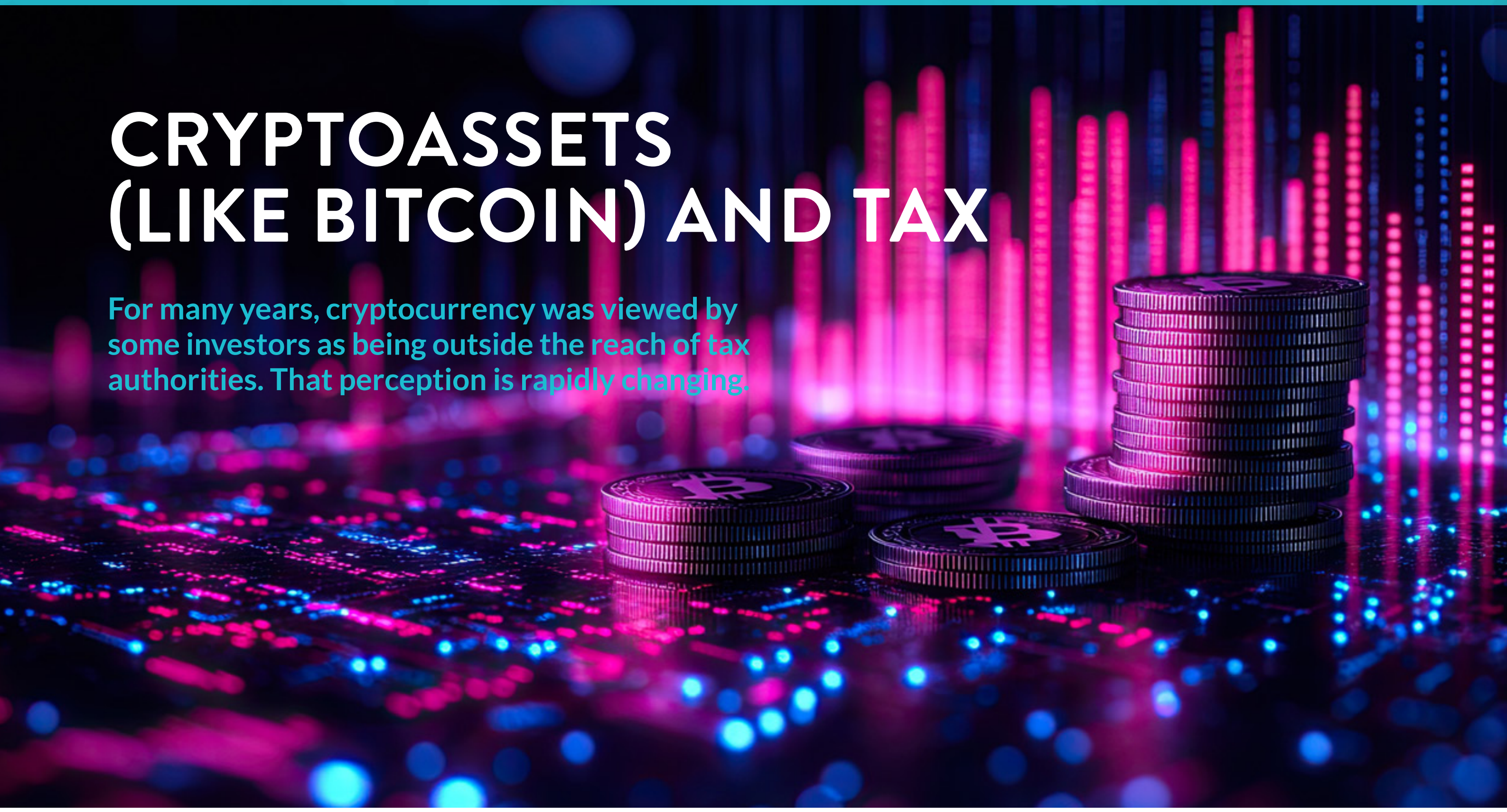
Tax exemptions for non-resident charities will be removed and the amount of income trusts can allocate to tax exempt beneficiaries will be limited.

FBT AND MOTOR VEHICLES

The Government proposes simpler FBT rules for private use of motor vehicles, applying from 1 April 2027, shrinking compliance costs for employers.

Currently businesses pay fringe benefit tax based on the number of days a vehicle is available for an employee's private use. This shifts to how a vehicle is categorised, a new system of six categories delineating various degrees of business vs private use.

Rules around vehicle branding, permissible private use and what constitutes a work vehicle are changing. Logbooks won't be needed. And FBT calculation methods will change, based on different fuel types.



CRYPTOASSETS (LIKE BITCOIN) AND TAX

For many years, cryptocurrency was viewed by some investors as being outside the reach of tax authorities. That perception is rapidly changing.

Inland Revenue (IRD) has recently announced a significant increase in its ability to identify and monitor cryptoasset transactions, both in New Zealand and overseas, so taxpayers should assume that crypto transactions are now highly visible to IRD. In April 2026, IRD revealed that it identified approximately 355,000 taxpayers with cryptoasset activity, involving around 57 million transactions with a total value of approximately $36 billion. IRD has also confirmed that it has already begun contacting taxpayers whose crypto activity appears inconsistent with their tax filings.

From 1 April 2026, NZ-based crypto exchanges and service providers are required to collect detailed customer information and transaction data and report this to IRD. This information is exchanged with tax authorities in other countries and likewise, overseas tax authorities will provide information about NZ tax residents using foreign crypto exchanges.

A common misconception is that tax only applies when cryptocurrency is converted into New Zealand dollars. In NZ tax law, cryptoassets are treated as property rather than currency so profits made from selling, trading, or exchanging cryptoassets are generally taxable income.

A taxable event can occur even when no cash is received. Moving from one cryptoasset to another, using cryptocurrency to purchase goods or services, receiving staking rewards or mining income or certain airdrops and other cryptoasset distributions can trigger a taxable event, even if the funds never reach a bank account.

Given the increased level of reporting and data matching, maintaining accurate records is more important than ever. Taxpayers should retain records showing dates and values of acquisitions and disposals, wallet addresses, details of transactions fees and details of any staking, mining, lending or other crypto-related activities. Accurate records make it easier to calculate taxable income and support positions taken in the event of an IRD review or audit.

If you have invested in cryptocurrency, it is worth reviewing your tax position before IRD contacts you. Where errors or omissions are identified, making a voluntary disclosure before IRD initiates an investigation can often lead to a more favourable outcome than waiting for IRD to raise the issue.

The taxation of cryptoassets can be complex, particularly where there have been multiple transactions across different exchanges or wallets over several years. We can assist with reviewing your records, calculating taxable income, correcting prior year returns where necessary, and ensuring you remain compliant with your tax obligations. As IRD's access to cryptoasset information continues to expand, now is the ideal time to ensure your affairs are in order.

This article contains general information only and is not intended as professional tax advice. Tax laws are complex and subject to change. Please consult with a professional for advice tailored to your specific circumstances before making any decisions.