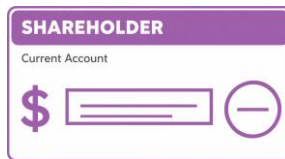


Williams Chartered Accountants Newsletter

October 2026

Williams Chartered Accountants Limited

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Shareholder current account

A shareholder current account is a record of the net balance of funds the shareholder has loaned to and withdrawn or borrowed from a company. A shareholder current account is also called a shareholder loan account.

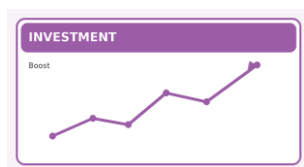
When a shareholder draws or borrows more money from the company than they have loaned to it, their shareholder current account becomes overdrawn. Being overdrawn may have tax consequences.

If the current account is overdrawn, the company and the shareholder may agree that interest at the prescribed interest rate or the market rate is payable on the balance owed. The interest charged is:

- Taxable income to the company
- Usually non-deductible to the shareholder.

Where interest is charged at a rate that is below the prescribed interest rate or the market rate, or where no interest is charged, there may be Fringe benefit tax (FBT) or dividend implications.

Since December 2025, new rules have applied for companies that are removed from the Companies Register. Under the new rules, if a shareholder current account is overdrawn when a company is removed from the Companies Register, the overdrawn balance will be treated as taxable income of the shareholder six months after the company is removed from the Companies Register.



Investment Boost

From 22 May 2025, businesses can claim 20% of the cost of new assets as an expense, then claim depreciation as usual on the remaining 80%.

To claim Investment Boost, the asset must be:

- New or new to New Zealand (even if it was used overseas in the past)
- First available for the business to use on or after 22 May 2025
- Depreciable for tax purposes

You can also claim for:

- New commercial and industrial buildings
- Improvements to depreciable property (but not residential buildings)
- Primary sector land improvements
- Assets arising from petroleum development expenditure and mineral mining development expenditure incurred on or after 22 May 2025 (except rights, permits or privileges)
- Mixed-use assets

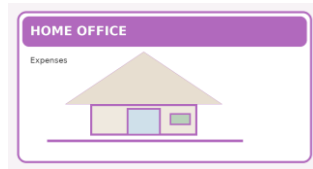
There is no limit to the value of new investments you can claim Investment Boost for.

An asset is considered new if:

- It has only ever been held by the seller with the purpose of selling and exchanging it. For Investment Boost purposes, a building can be treated as trading stock.
- Any use by the seller was only to get the asset ready for sale, such as testing or trial runs.

You cannot claim Investment Boost for:

- Second-hand assets that are sourced from New Zealand
- Residential rental buildings
- Most fixed-life intangible assets (such as patents)



Home office expenses

If you're a business owner and use part of your home for work, you can make a claim for this as a business expense. In order to claim the expenses, there must be a connection between the use of your home and the business income being generated.

You can claim a portion of your household expenses, such as rates, insurance, power and mortgage interest. The portion you can claim relates to the area of your home that you use for business.

If your business is a company and does not pay anything towards the home office expenses, it cannot claim an expense.

However, if your company reimburses you for the use of your home, then it may be able to claim an expense.

If you are a shareholder-employee/employee and the amount paid is a fair reimbursement for the use of your home, then it is exempt income and you do not need to pay income tax on the amount.

For GST, you can claim a portion or percentage of the GST on the expenses.

You cannot claim depreciation on your home.

You can claim depreciation on capital items such as a computer, office furniture and fittings used for business purposes in your home.

If you run your business from home you can claim a deduction of 50% of the rental of a telephone landline if this is also your private line. Business-related toll calls are 100% deductible.

If you have a separate business line, you can claim the full cost of this for both income tax and GST.

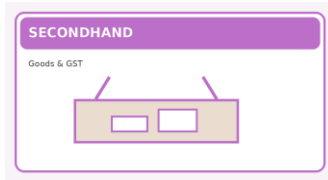
If you run your business from home and have an internet plan for both business and private use, you can claim part of this as a business expense.

You can decide how to work out the business proportion, but it needs to give a fair and reasonable result.

Square metre rate option

Instead of working out how much for your household expenses will be allocated to your business, you can use the square metre rate option if the business area is set aside and used mainly for business purposes. This option uses a rate that Inland Revenue set each year based on the average cost of utilities per square metre of housing for the average New Zealand household.

This rate does not include premises costs of mortgage interest, rates or rent. You can also claim a portion of these based on the percentage of floor area used for the business.



Claiming GST on secondhand goods bought from an unregistered seller

If you are GST-registered you may be able to claim a credit for GST purposes when you buy secondhand goods from a seller who is not registered for GST.

Generally, the same rules for GST and record keeping apply to secondhand goods as for all other goods liable for GST.

Secondhand goods are goods previously used by someone else. This includes land.

Secondhand goods are not:

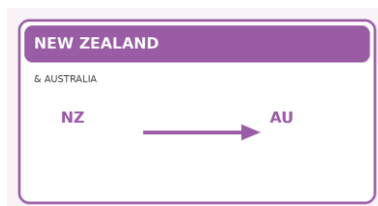
- New goods
- Primary produce (unless previously used)
- Goods supplied under a lease or rental agreement
- Livestock
- Goods consisting of any fine metal of any degree of purity

Requirements for claiming GST on secondhand goods bought from an unregistered seller.

Regardless of the accounting basis you use, you must make a payment before you can claim the credit for the purchase.

You must record:

- The name and address of the supplier
- The date of the purchase
- A description of the goods
- The quantity of the goods
- The price paid



New Zealand and Australia Tax rates compared

(as at 08/10/2026)

Tax rates for individuals

New Zealand

Form 1 April 2025

For each dollar of income

	Tax Rate
0 - \$15,600	10.5%
\$15,601 - \$53,500	17.5%
\$53,501 - \$78,100	30%
\$78,101 - \$180,000	33%
\$180,001 and over	39%

Australia

Resident tax rates 2026-2027

Taxable income	Tax Rate
0 - \$18,200	Nil
\$18,201 - \$45,000	15%
\$45,001 - \$135,000	30%
\$135,001 - \$190,000	37%
\$190,001 and over	45%

The above rates do not include the Medicare levy of 2%

Company tax rates

New Zealand

Standard company tax rate	28%
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Australia

The company tax rate in Australia is 25% for eligible small-to-medium businesses and 30% for all other companies.

The 25% tax rate applies to companies with annual turnover of less than \$50 million where 80% or less of their assessable income is passive income (such as rent, interest, dividends, or capital gains).

The 30% standard tax rate applies to all other companies that do not meet the base rate entity requirements.

Trust Tax rates

New Zealand

Trust income retained by trustees	Tax Rate
Income of \$10,000 or less	33%
Income over \$10,000	39% (on all trust income)

Australia

In Australia, a trust is generally a “flow-through” entity, meaning the trustee does not pay tax on income that is distributed to beneficiaries. Instead, the beneficiaries pay tax at their own marginal tax rates.

If there is net income of the trust to which no beneficiary is presently entitled (or in a discretionary trust where income is retained), the trustee is generally taxed at the highest marginal individual tax rate (currently 45%).

Goods and Services Tax (GST)

New Zealand	15%
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Australia	10%
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Sources:

Inland Revenue Department (New Zealand) www.ird.govt.nz

Australian Taxation Office www.ato.gov.au

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