

# 2026 Tax facts



## Income tax rates

### Individuals

Income	Rate
\$0 – \$15,600	10.5%
\$15,601 – \$53,500	17.5%
\$53,501 – \$78,100	30%
\$78,101 – \$180,000	33%
Over \$180,000	39%

### Companies

	Rate
Companies (including branches or permanent establishments of non-resident companies and unit trusts)	28%

### Trusts

	Rate
Trustee income <\$10,001	33%
Trustee income >\$10,000	39%
Trustee income of deceased estates in first four years	33%
Trustee income of disabled beneficiary trusts	33%
Beneficiary income (excluding minor beneficiaries)	Individual rates (see above)
Beneficiary income of corporate beneficiaries	39%
Minor beneficiaries (under age 16) with beneficiary income over \$1,000 per trust	39%
Distributions from non-complying trusts	45%

### Flow-through entities

	Rate
Limited partnerships (LP) and look-through companies (LTC)	Partner's or owner's rates (see categories above)

### ACC rates

The earners' account levy is \$1.75 per \$100 of earnings (GST inclusive) for the 2026/27 income year and the minimum and maximum liable earnings are as follows.

	Minimum	Maximum
Employees	\$1	\$156,641
Self-employed people	\$50,501	\$156,641

### Employer Superannuation Contribution Tax (ESCT)

ESCT is deductible from employer contributions to superannuation schemes, including employer contributions to KiwiSaver.

Income plus superannuation contributions	Rate
\$0 – \$18,720	10.5%
\$18,721 – \$64,200	17.5%
\$64,201 – \$93,720	30%
\$93,721 – \$216,000	33%
Over \$216,000	39%

### KiwiSaver contributions

	Rate
Employee contribution	3.5, 4, 6, 8 or 10%
Employer contribution	3.5%
Member tax credit	25c for each \$1 contributed by a member, to a maximum of \$260.72

### Student loans

The repayment threshold remains \$24,128, with the repayment rate at 12%. Repayment holidays are one year in length for borrowers who go overseas and apply for a repayment holiday. Losses cannot be used against income to reduce a liability for student loan repayments.

## Fringe Benefit Tax (FBT) rates

Quarters 1 to 3	Quarter 4
63.93% (single rate)	63.93% (single rate) or the alternate rate calculation (see below)
49.25% (pooled alternate rate)	49.25% (pooled alternate rate)
49.25% (alternate rate)	Alternate rate calculation (see below)

The alternate rate calculation applies the following rates.

Income plus fringe benefits	Rate
\$0 – \$13,962	11.73%
\$13,963 – \$45,230	21.21%
\$45,231 – \$62,450	42.86%
\$62,451 – \$130,723	49.25%
Over \$130,723	63.93%

## Prescribed interest rates for low-interest loans

Quarters between	Rate
01/04/2025 to 30/06/2025	7.38%
01/07/2025 to 30/09/2025	6.67%
01/10/2025 to 31/12/2025	6.29%
From 01/01/2026	5.77%

These rates are also used to calculate the value of a deemed dividend arising where funds are lent by a company to its shareholders.

## Goods and Services Tax (GST)

GST is charged at the rate of 15% on all taxable supplies made in New Zealand. To find the GST component of a GST-inclusive amount, multiply by 3/23. Non-resident businesses can be refunded GST paid on New Zealand purchases, in some cases.

## Donations

<b>Companies</b>	Allowed a deduction for approved charitable donations up to their taxable income
<b>Individuals</b>	Cash refund for one-third of donations of \$5 or more to approved charitable organisations (provided the value of gifts made do not exceed their taxable income)

## Depreciation

Straight line or diminishing value can be applied on an asset-by-asset basis. Depreciation rates vary depending on estimated useful life. Individual asset purchases can be immediately deducted if, in most cases, the item cost less than \$1,000. Special rules apply where assets using the same depreciation rate are purchased at the same time.

Buildings and fit-outs are treated as follows:

<b>Buildings</b>	Residential buildings are not depreciable. Commercial and industrial buildings are not depreciable from the 2024/25 year
<b>Fit-Outs</b>	Commercial fit-outs are depreciable. Residential fit-outs are non-depreciable, but chattels can be depreciated

## Investment Boost

From 22 May 2025, businesses can claim 20% of the upfront cost of New Zealand new assets as an expense, then claim depreciation as usual on the remaining 80%. The deduction is allowed in the year the asset is purchased; however, some assets are not eligible, in particular residential property.

## Interest deductibility on residential rental property

For residential property acquired on or after 27 March 2021, interest incurred from 1 October 2021 to 31 March 2024 is not tax deductible. Interest incurred on those properties after 1 April 2024 is deductible, consistent with properties acquired before 27 March 2021.

For property acquired before 27 March 2021, interest deductibility was reduced until 31 March 2025 and has now been restored, with full deductions allowed from 1 April 2025. The percentage of interest incurred that are denied a deduction are as follows:

Now, for tomorrow

Period that interest is incurred	Percentage denied
1 April 2024 to 31 March 2025	20%
On and after 1 April 2025	0%

New builds with a code compliance certificate issued on or after 27 March 2020 are not subject to the above restrictions.

### Controlled Foreign Company (CFC) and Foreign Investment Fund (FIF)

#### CFC

A CFC is a foreign company that is more than 40% controlled by one New Zealand resident or more than 50% controlled by two to five New Zealand residents. Income is taxable in New Zealand if the CFC's "passive income" is equal to or more than 5% of the total income earned by the CFC.

#### Non-portfolio FIF

This is a foreign company owned 10% or more (but not controlled) by New Zealand residents. Taxed either as a CFC or as a portfolio FIF.

#### Portfolio FIF

A foreign company not controlled by New Zealand residents, or a foreign superannuation scheme or foreign life insurance policy. An ownership interest of less than 10% is required. Taxed using one of six methods:

- Fair dividend rate (FDR)
- Cost
- Comparative value (CV)
- Deemed rate of return (DRR)
- Attributable FIF income method
- Revenue Account Method (RAM)

A foreign superannuation scheme entered into by a non-resident is subject to separate rules when lump sum withdrawals are made from the scheme. Regular pensions and commutation payments are taxed as income.

#### Imputation credits

The maximum imputation ratio is 28:72. Dividends are subject to resident withholding tax (RWT) at the rate of 33% to the extent the dividend is unimputed. Generally, an additional 5% RWT must be withheld where dividends are imputed at 28%, but this is not compulsory where the recipient is a company. The imputation credit account must have a credit balance at 31 March, or a 10% penalty will apply to the debit balance.

#### Research and Development Tax Credit

A tax credit of 15% is available on specified research and development spending, and is refundable in some circumstances. Pre-approval of activities must be sought before claiming the R&D credit.

#### Motor vehicles kilometre rate

Available options are:

- The Inland Revenue kilometre rate for motor vehicles
- Other published mileage rates (e.g. AA rates)
- Actual costs

Inland Revenue kilometre rates for the 2025-2026 income year are:

Vehicle type	First 14,000 kilometres	After 14,000 kilometres
Petrol	\$1.20	37 cents
Diesel	\$1.30	38 cents
Petrol hybrid	\$0.90	24 cents
Electric	\$1.22	23 cents

The rates for the 2025-2026 income year were published in June 2026.

#### Residency

Application	Rule
<b>183-day rule</b>	NZ tax resident if present >183 days in any 12-month period. Residency backdated to day one of presence.
<b>Permanent Place of Abode (PPOA)</b>	NZ tax resident if you have a home in NZ, even if taxpayer is overseas or own homes elsewhere.
<b>DTA tie-breaker tests</b>	If resident in multiple countries, tax treaties determine residence using tests including permanent home, vital interests and habitual abode.
<b>Transitional residency</b>	New residents and some returning NZ residents may get up to 48 months of foreign income exemption.
<b>Visitor visa – digital nomads</b>	Visitors to New Zealand may work remotely for overseas employers only and not be taxed if they are present in New Zealand for up to 275 days in any 18-month period.

#### Provisional and terminal tax payment dates

The number of times provisional tax is payable depends on the option used to calculate provisional tax and how many times GST (if registered) is paid. Examples of payment dates for the most common balance dates are below. If the due date is not a working day, then it moves to the next working day. Terminal tax dates shown apply to taxpayers linked to a tax agent.

	31 Mar		30 Jun		31 Dec	
	2026	2027	2026	2027	2026	2027
First instalment	28 Aug 2025	28 Aug 2026	28 Nov 2025	28 Nov 2026	28 May 2026	28 May 2027
Second instalment	15 Jan 2026	15 Jan 2027	28 Mar 2026	28 Mar 2027	28 Sep 2026	28 Sep 2027
Third instalment	7 May 2026	7 May 2027	28 Jul 2026	28 Jul 2027	28 Jan 2027	28 Jan 2028
Terminal Tax	7 Apr 2027	7 Apr 2028	7 Apr 2027	7 Apr 2028	15 Jan 2028	15 Jan 2029

#### Calculation of provisional tax

##### Individuals, companies and trusts

Taxpayer and provisional tax year	Year of RIT used	Standard uplift
2026	2024	110% of RIT
	2025	105% of RIT
2027	2025	110% of RIT
	2026	105% of RIT

Provisional tax can also be calculated using the estimation option, GST ratio method (subject to certain criteria being met) or accounting income method (subject to certain criteria being met). The year used in calculating the uplift is the year of the most recent filed income tax return.

#### Use of Money Interest (UOMI) on provisional tax

Use of money interest on provisional tax will arise at times outlined below provided payment is made on time based on the standard uplift for the taxpayer and associates. Special rules apply in the first year of business.

	Standard uplift		Estimate
	Actual RIT <\$60,000	Actual RIT >\$60,000	
First instalment	n/a	n/a	✓
Second instalment	n/a	n/a	✓
Third instalment	n/a	✓	✓

#### UOMI rates

	Underpayments	Overpayments
29/08/2023 to 15/01/2025	10.91%	4.67%
16/01/2025 to 07/05/2025	10.88%	4.30%
08/05/2025 to 15/01/2026	9.89%	3.27%
From 16/01/2026	8.97%	2.25%

#### Non-Resident Withholding Tax (NRWT)

	Interest	Dividends	Royalties
Default	0, 15%	0, 15 or 30%	15%
Australia	0, 10%	0, 5, 15%	5%
China	0, 10%	0, 15%	10%
France	0, 10%	0, 15%	10%
Germany	0, 10%	0, 15%	10%
Hong Kong	0, 10%	0, 5, 15%	5%
Japan	0, 10%	0, 15%	5%
Singapore	0, 10%	0, 5, 15%	5%
UK	0, 10%	0, 15%	10%
USA	0, 10%	0, 5, 15%	5%

Where a double tax agreement exists, the default NRWT rates may be reduced. Above are examples of rates for some common treaty partners (also including reduced rates where New Zealand rules permit). New Zealand's extensive treaty network means specific rates are dependent on individual circumstances (please seek professional advice).

#### Approved Issuer Levy (AIL)

NRWT is deducted at 0% from interest paid by a New Zealand borrower to an overseas lender where the parties are not associated (or the funds originate from an associate), the borrower is an approved issuer and the debt instrument is approved by Inland Revenue. Instead, AIL equal to 2% or 0% (for certain securities) of the interest payments is payable.

#### Portfolio Investment Entities (PIEs)

##### Resident individual investors

Income (worldwide)	Income plus PIE income/loss	Rate
\$0 – \$15,600	\$0 – \$53,500	10.5%
\$0 – \$53,500	\$0 – \$78,100	17.5%
All others		28%

Now, for tomorrow

Both thresholds must be met for the rate to apply. Row two applies if Row one thresholds are not met. Income is measured for either of the past two years. Trust, corporate and non-resident investors are subject to rates of between 0% and 30%, depending on type of entity and other relevant circumstances. Please seek professional advice.

#### Resident Withholding Tax (RWT) on interest

Individual income bands	Rate
\$0 – \$15,600	10.5%
\$15,601 – \$53,500	17.5%
\$53,501 – \$78,100	30%
\$78,101 – \$180,000	33%
Over \$180,000	39%
<b>Companies</b>	28%
<b>Trusts</b>	17.5, 30, 33 or 39%
<b>Default (IRD Number Supplied)</b>	33%
<b>IRD Number Not Supplied</b>	45%

All dividends and interest paid must be reported to Inland Revenue by the 20th of the month following payment, including details of the recipients of the interest or dividend.

#### Thin capitalisation ratios

Interest deductions can be restricted if both the New Zealand and worldwide group debt percentages are exceeded.

	Inbound	Outbound
New Zealand group debt exceeds	60%	75%
Worldwide group debt exceeds	110%	110%

#### Withholding tax on schedular payments and payments to non-resident contractors

	Rate
Minimum rate for residents	10%
Minimum rate for non-residents	15%
Non-resident entertainers	20%
IRD number not supplied (company)	20%
IRD number not supplied (individual)	45%

Schedular payments are payments for specific activities such as directorships, labour hire firm contractors, actors and commission sellers.

Recipients can choose their rate on the filing of an IR330C provided it is greater than the minimum rates above. Default rates apply where a rate is not chosen.

Rates for non-residents can apply to non-resident contractors performing services of any kind. Exemptions are available in some situations.

#### Tax penalties Tax shortfall

Lack of reasonable care	Unacceptable tax position	Gross carelessness	Abusive tax position	Evasion
20%	20%	40%	100%	150%

These penalties may be reduced where a voluntary disclosure is made, or the shortfall is temporary as well as for previous good behaviour.

#### Late filing

Return type	Penalty
Income tax	\$50 to \$500
Employer monthly schedule	\$250
GST	\$50 or \$250
Multinational top-up tax	\$500
ICA or reconciliation statement	\$250

#### Late payment

Date	Penalty
Day following due date	1%
Seven days following due date	4%

The information provided in this publication is based on legislation and government pronouncements as at 31 March 2026 and we have made every effort to ensure the information provided in this publication is accurate as at that date. Periodically updated versions of this brochure can be found at <https://bakertillysr.nz/services/tax/taxfacts/>. This publication should not be relied upon as professional advice, especially as government pronouncements after this date may have retrospective effect when enacted.

### Auckland

Level 12, 23-29 Albert Street  
PO Box 3899  
Auckland 1140  
auckland@bakertillysr.nz  
T: +64 9 309 0463

### Waikato

Level 3, Building E  
Union Square  
192 Anglesea Street  
PO Box 9159  
Hamilton 3204  
waikato@bakertillysr.nz  
T: +64 7 834 6800

### Tauranga

Level 1, 247 Cameron Rd  
PO Box 743  
Tauranga 3110  
tauranga@bakertillysr.nz  
T: +64 7 578 2989

### Hawke's Bay

205 Hastings St South  
Hastings 4122  
hawkesbay@bakertillysr.nz  
T: +64 6 878 7004

### New Plymouth

109/113 Powderham St  
PO Box 146  
New Plymouth 4310  
taranaki@bakertillysr.nz  
T: +64 6 757 3155

### Stratford

78 Miranda St  
PO Box 82  
Stratford 4332  
stratford@bakertillysr.nz  
T: +64 6 765 6949

### Wellington

Level 6  
95 Customhouse Quay  
PO Box 1208  
Wellington 6140  
wellington@bakertillysr.nz  
T: +64 4 472 7919

### Christchurch

Level 2, 329 Durham St North  
PO Box 8039  
Christchurch 8440  
christchurch@bakertillysr.nz  
T: +64 3 343 0599

### About Baker Tilly Staples Rodway

Baker Tilly Staples Rodway is a national network of independent practices at eight locations throughout New Zealand. We are proud to be a member of Baker Tilly International, a top ten global network of independent accounting and business advisory firms that share our dedication to exceptional client service.

[www.bakertillysr.nz](http://www.bakertillysr.nz)