BlackburneGroup
CHARTERED ACCOUNTANTS

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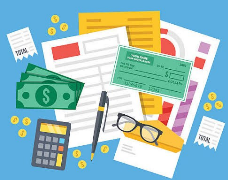
August 2026 Newsletter

A note from our Payroll Guru Katya - Employment Leave Bill

The new Employment Leave Bill, which will replace the Holidays Act 2003, has now been passed in parliament. It introduces a hours-based approach to leave entitlements, sick leave will begin accruing from day one of employment, along with several other changes.

PAYROLL



There is no action required at this stage. The current Holidays Act remains in force, and employers should continue with existing payroll and leave processes. The new legislation is not expected to take effect until 2028 giving businesses and payroll providers time to prepare.

We will keep you informed as further guidance becomes available For now, it is business as usual.

Engagement / Permission Documents – A Note from Dru

You will at some point receive a DocuSign email containing updated engagement letters, privacy authorities, and AFS permissions for your client group. These will mainly be included in the Docusign email containing your Annual Accounts and Tax Returns.

Following our recent professional body practice review, we are refreshing these documents to ensure they remain current and fit for purpose. We appreciate that paperwork can be an Interruption to your day, so we hope the DocuSign process makes things as quick and simple as possible.

Follow us on **Facebook** and **Instagram** for all the latest updates

PAYE - It was never your money!

Inland Revenue's recent alert (RA 26/01) clarifies a critical distinction: PAYE is not a standard business bill.

Because these funds are deducted from employee wages, the IRD views them as money held "in trust" for the Crown. Using these funds to cover other business costs is now viewed as misappropriation, not just a late payment.

Escalation to criminal charges with IRD moving away from just use of money interest and penalties (late payment and shortfall), and toward criminal prosecution for those initially using PAYE as an interest-free loan.

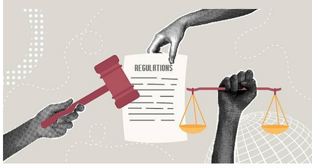
- Prison time: Serious or repeated failures can lead to up to five years in prison. Personal liability: Directors can be held personally and criminally responsible for these decisions; the "company" shield will not protect you.

How IRD judges conduct
The department looks for patterns of behavior rather than one-off accidents:

- Intentional deferral: Choosing to pay rent or suppliers over PAYE.
- Repeated failure: Missing multiple months while the business continues trading.
- Avoidance: Failing to communicate until the IRD initiates enforcement.

What you should do if cash flow is tight, your window to act is small.

- Prioritise PAYE: This must be the first bill you pay, even if others go late.
- Engage early: Contact the IRD before the due date. They are far more cooperative with proactive businesses.



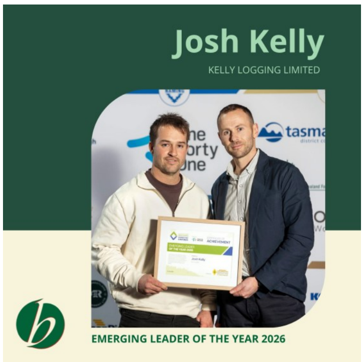
Get advice: If you're tempted to use PAYE to survive the month, get in touch with us.

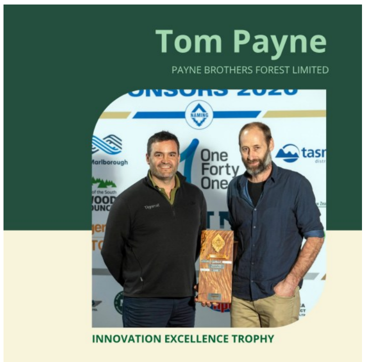
Top of the South Foresty Awards

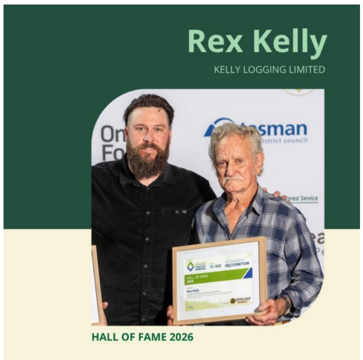
Mark Blackburne attended the Top of the South Wood Council Forestry Awards in Nelson on Friday 31 July.

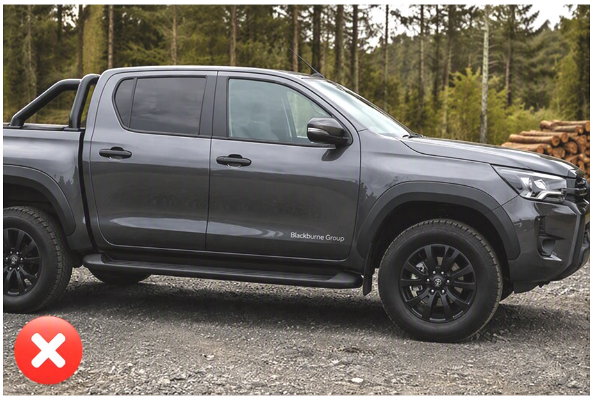
It was fantastic to see several of our clients recognised for their hard work, innovation and contribution to the forestry industry.

Congratulations to all finalists and award winners on your outstanding achievements. We are proud to celebrate your success and the positive impact you continue to make within the forestry industry.









Company Vehicles & FBT: Are You at Risk?

If your business provides a vehicle that employees or shareholders can use privately, Fringe Benefit Tax (FBT) may apply. Remember, FBT is based on a vehicle being available for private use, not whether it's actually used.

FBT may apply when a vehicle is available for:

- Home-to-work travel
- Personal errands or shopping
- Weekend or holiday use
- Any travel that primarily benefits the employee

Even if the vehicle isn't used privately, FBT can still apply if private use is permitted.

Some utes and vans may qualify for the work-related vehicle exemption if:

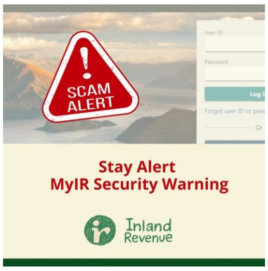
- The vehicle is primarily designed for work
- It is clearly signwritten as a business vehicle
- A written policy restricts private use
- Private use is limited to home-to-work and incidental work travel

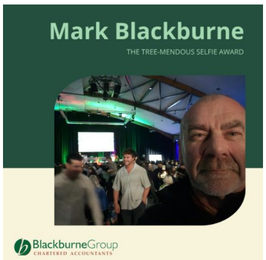
Common misconceptions "I hardly use it privately." FBT is based on availability, not kilometres travelled.
It's a ute, so it's exempt." Not all utes qualify. The exemption rules must still be met.
"We have a verbal agreement." A written policy is essential.

Top Tips

- Document your vehicle use policies.
- Keep evidence that restrictions are being followed.
- Review vehicle use regularly.
- Remember, FBT is assessed quarterly, so circumstances can change during the year.

Unsure if your vehicle qualifies for an exemption? Contact us for advice before the next FBT period.





SOCIAL SNIPPETS

Recent social media posts at a glance, featuring key updates and highlights

Disclaimer

This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.

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