



THE GROWTH BUDGET

Lifting Economic Growth

**BUDGET
2025**

Hon Nicola Willis Minister of Finance

22 May 2025

Investment Boost: Tax Incentive to Lift Growth

“Budget 2025 launches Investment Boost, a major new tax incentive to encourage businesses to invest, grow the economy, and lift wages,” Finance Minister Nicola Willis says.

“Economic growth is how we raise living standards, create higher-paying jobs and fund the growing cost of the public services Kiwis depend on.

“To achieve that growth, New Zealand needs businesses to invest in productive assets – like machinery, tools, equipment, vehicles and technology. Investment drives productivity improvements, makes firms more competitive and supports employers to improve workers’ wages.

“Investment Boost allows a business to immediately deduct 20 per cent of the cost of a new asset, on top of depreciation, meaning a much lower tax bill in the year of purchase.

“Cashflows are better, making more potential investments stack up financially.

“The Treasury and Inland Revenue estimate Investment Boost will improve economic growth, lifting New Zealand’s GDP by 1 per cent, wages by 1.5 per cent and our capital stock by 1.6 per cent over the next 20 years, with around half these gains expected in the first five years.

“Investment Boost starts today and applies to new assets purchased in New Zealand as well as new and used assets imported from overseas. It includes commercial buildings but excludes land, residential buildings, and assets already in use in New Zealand.

“There’s no cap on the value of eligible investments. All businesses, regardless of size, can benefit.

“Investment Boost delivers more bang for buck than a company tax cut because it only applies to new investments, not those made in the past.

“It is designed to encourage firms to make more growth-enhancing investments now and into the future.

“In practice, the policy will reward businesses who make new investments by reducing their tax bills in the year they purchase new assets. For example, with Investment Boost, an advanced manufacturing firm that purchases a \$200,000 environmental test chamber would reduce its tax bill by more than \$10,000 in the year of purchase.

“The policy is expected to cost an average of \$1.7 billion per year in reduced revenue across the forecast period.

“After many difficult years, New Zealand is once again on a steady economic growth path, thanks to lower inflation, lower interest rates, better-controlled government spending, and more business-friendly policies.

“Our Government knows businesses have been knocked around by challenging local and international economic conditions. This tax incentive shows that we are backing them to succeed.

“Now is the right time to support New Zealand’s economic recovery by making it easier for businesses to invest, hire more workers, pay them better, and contribute more to our long-term prosperity. Investment Boost delivers the confidence injection business needs,” Ms Willis says.

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