The Treasury

Budget 2026 Information Release

September 2026

This document has been proactively released and is available on:

- The Budget website from September 2026 to May 2027 only at: **https://budget.govt.nz/information-release/2026**, and on
- The Treasury website from later in 2026 at: **https://www.treasury.govt.nz/publications/budgets/budget-2026-information-release**

Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

[1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government

[2] 6(b)(i) - to avoid prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government

[4] 6(c) - to avoid prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial

[7] 6(e)(ii) - to prevent serious damage to the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the regulation of banking or credit

[12] 7(a)(i) - to avoid prejudice to the security or defence of the self-governing State of the Cook Islands

[13] 7(a)(ii) - to avoid prejudice to the security or defence of the self-governing State of Niue

[14] 7(a)(iii) - to avoid prejudice to the security or defence of Tokelau

[15] 7(a)(iv) - to avoid prejudice to the security or defence of the Ross Dependency

[23] 9(2)(a) - to protect the privacy of natural persons, including deceased people

[25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information

[26] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied

[27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest

[31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility

[33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials

[34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions

[35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;

[36] 9(2)(h) - to maintain legal professional privilege

[37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice

[38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice

[39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

[40] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

[41] 18(d) - information requested is or will soon be publicly available

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

Copyright and Licensing

Accessibility

The Treasury can provide an alternate HTML version of this material if requested. Please cite this document’s title or PDF file name when you email a request to information@treasury.govt.nz.

Tax and Social Policy Work Programme – Dashboard update – 27 November 2025

Inland Revenue
Te Tari Taake

TE TAI ŌHANGA
THE TREASURY

Overview

- On **shareholder loans**, CBC agreed (24 November) to the release of the issues paper, which is going to Cabinet on 1 December. The provisional release date of the issues paper is 4 December.
- On **tax treatment of interest allocation for bank branches**, officials provided advice to Ministers on 27 November on revised proposals which could raise [33]
- Ministers have indicated that work should progress on both an Australian-style bank tax and a prudential levy, with decisions by Budget Ministers to follow.

Items with a grey fiscal box is what we expect/know will **not have B26 implications**.

Overarching fiscals

- The table below provides our best current estimates of fiscal impact across TSPWP initiatives. For many initiatives the fiscals are uncertain and/or dependent on upcoming design decisions. All figures should be treated as <u>indicative only</u> at this stage.
- Looking across tax items for **Budget 2026** and potential additions to the **2025-26 omnibus tax Bill**, the total net impact of initiatives that we are currently able to cost is [33] However, this figure comes with the following caveats:
  - Only a subset of initiatives are currently costed, with the remainder awaiting policy design and decisions. A number of potentially large initiatives remain uncosted, including increasing investment in commercial buildings and welfare reform.
  - The figures below do not include administrative costs for agencies implementing the policies.
  - Some smaller items may be funded through the Scorecard, although the Scorecard balance remains low.

Initiatives	Expected deployment	Fiscal impact	Updates	Next steps
Attract and retain capital and talent				
Refine and evaluate Investment Boost, including extending to build to rent	B26	-$104m over forecast period for extension to build-to-rent.	Monitoring work is ongoing. Remedials are in current omnibus tax Bill. The MoF has decided against extending Investment Boost to high-density residential buildings. The MoF has request further advice on extending Investment Boost to just build-to-rent. The fiscal cost is based on this option – no fiscal cost if this option not pursued.	An Investment Boost survey is planned for December with results expected to be available in February. IR and Hud will report to Ministers on extending Investment Boost to build-to-rent in December.
Review thin capitalisation settings for infrastructure	TBC – could be included in current omnibus tax Bill via Amendment Paper	-$65m over the forecast period. Already funded.	Currently undertaking targeted consultation on a refined proposal to relax the settings for infrastructure with a view to including it in the Amendment Paper in the 2025-26 omnibus tax Bill. Provided oral briefing to FEC in November 2025 (separate from the current omnibus tax Bill process).	Reporting by the end of the year with final policy recommendations.
Review the Foreign Investment Fund tax rules (FIF phase 2)	B26	Officials' recommended package: -$75m over the forecast period. Highest cost options: - $479m over the forecast period	We have reporting to the MoF and MoR on the outcome of targeted consultation (Ir2025/405 refers). The MoR has signed the reporting but awaiting response from MoF.	Reporting to Cabinet via the Budget process in 2026.
Review the impact of the financial arrangement rules on new migrants	B26 or current omnibus tax Bill via Amendment Paper (with some changes to be recommended via Departmental Report to current omnibus tax Bill).	Negative – over $10m p.a.	Reported to Ministers in November on scope and initial policy options. One amendment is in current Bill (raising cash basis person threshold), with further changes to be recommended via Departmental Report on the current Bill.	Targeted consultation to commence shortly. Expect to report back with advice in Feb/March 2026.

[33]				
Simplify approved issuer levy reporting	[33]		Following retrospective approved issuer levy (AIL) registration enacted in the last omnibus tax Act, we are commencing work to further simplify AIL reporting and registration.	Reporting in early 2026.
Modernise non-resident contractors' withholding tax (NRCT)	2026–27 omnibus tax Bill	Negative - under $10m p.a.	Ministers have agreed for Inland Revenue to consult on the proposals (IR2025/402 refers).	Consulting in November (underway).
Work on a multilateral solution to the challenges the digital economy poses to international taxation (United Nations and OECD Pillar 1 and Pillar 2 work)	Ongoing	No fiscal impact for B26	In June 2025, the G7 agreed to exclude US multinational enterprises from the Pillar 2 rules. The OECD is now working on how to implement this agreement and address level playing field concerns. The OECD is aiming to agree a solution at its working party 11 meeting at the end of November.	Reporting in late November on developments and a potential Plan B in case the OECD cannot agree.
Modernise the tax treatment of visitors working while in New Zealand	In current omnibus tax Bill	-$0.65m over the forecast period. Already funded.	n/a	Complete select committee process.
Improve the employee share scheme regime	In current omnibus tax Bill	-$9.9m over the forecast period. Already funded.	n/a	Complete select committee process.
[UNPUBLISHED] Increasing private investment in commercial buildings	B26	TBC	Treasury reported on 23 September seeking direction on further advice (T2025/2428 refers). The MoR has requested further advice on options to reduce uncertainty for claiming Investment Boost for long-term investments (e.g. commercial buildings).	Awaiting decisions from MoF. IR will report to the MoR in early December.
[NEW] Reduce NRCT for asset leasing in the airline industry	B26	Negative – under $10m per annum.	We reported to Ministers (IR2025/364 refers) and they agreed a policy solution should be progressed quickly.	Consulting in November (underway).
[33]				
Support small business				
Simplify fringe benefit tax	B26	[33]	We reported on FBT changes in May 2025 (IR2025/220 refers).	Awaiting decisions from Ministers.
Progress the transition to digital tax administration for tax intermediaries	Legislation passed in 2027	-	Informal consultation completed with key stakeholders and was discussed with the Minister of Revenue at his meeting with the Tax System Forum on 7 October. We are currently preparing a report and issues paper for MOR recommending public consultation early next year.	Awaiting decisions from Ministers.
Approved information sharing agreement between Inland Revenue and with the Ministry of Business, Innovation and Employment	TBC	-	Final policy approval for the AISA was made by ECO on 19 November.	PCO are drafting the Order in Council to give effect to the AISA. Once this is drafted, we will seek LEG approval.
Consult on GST issues	TBC. Some 2026-27 omnibus tax bill, some 2027-28.	TBC	Minister of Revenue has approved officials to draft officials' GST issues paper. Release of officials' issues paper planned for first half of 2026. Unlikely that any measures are progressed as part of Budget 2026, but some (non-fiscal) items could be included in 2026-27 omnibus tax bill.	Drafting officials' GST issues paper, with next round of reporting to Ministers scheduled early 2026.
Review the tax treatment of expenditure on flood damage and land improvements	TBC	[33]	First round of consultation currently underway.	Reporting to the Minister of Revenue in December 2025 or early 2026.

[UNPUBLISHED] Target and reduce the cost of the Research and Development Tax Incentive while reducing the compliance burden for small businesses	B26	Neutral or positive	On 6 November, IR and MBIE reported jointly to the Minister of Revenue and Minister of Science, Innovation and Technology,	The Minister of Revenue and Minister of Science, Innovation and Technology will give an oral update on the RDTI work at the ITS Minsters meeting on 1 December. On 3 December, the Minister of Revenue and Minister of Science, Innovation and Technology will meet to discuss the options in the report.
Simplify and uphold integrity of the tax system				
Progress wider Inland Revenue compliance work and reduce tax debt	Credit reporting changes – AP 2025-26 omnibus tax Bill, [33]	TBC	Officials reported in November on improvements to the credit reporting rules and [33]	Awaiting decisions from Ministers.
Review elements of charities and not-for-profits	B26	[33]	Charitable business income tax exemption: Not progressing. IR to work with DIA on data collection. Donor-controlled charities: Currently consulting. Member transactions and subscriptions: Currently consulting. Donation tax credit simplification: Currently consulting. Simplifications for volunteers: Progressing to legislation. Tax exemptions: Progressing work on exemptions for non-resident charities, [33] Ministers have confirmed no further work on friendly societies and credit unions.	Currently consulting on workstreams Ministers have agreed to progress, and we will report with the outcomes of consultation and final policy recommendations early next year. We will also proactively release previous advice on matters that are not progressing.
Simplify tax compliance for Māori authorities	2026–27 omnibus tax Bill	Neutral or negative - under $10m p.a., not for B26	Long-term review in progress. The package of measures being considered are technical and remedial in nature, simplify compliance and reduce compliance costs.	Reporting in early 2026 with a first update.
Clarify the income tax treatment of software development expenditure	TBC; depends on scale of issues identified through consultation. 2027-28 omnibus tax Bill.	TBC	Minister of Revenue has approved the issues paper for consultation. The paper seeks to understand stakeholder concerns before policy options are developed (IR2025/371 refers). The Minister of Finance's office was provided with a summary of software and tax settings and the scope of the work underway (BN2025/384 refers). Public consultation began on November 17 and is scheduled to end of January 30.	After this round of consultation has ended, we will report to the Minister of Revenue with a consultation paper on options, seeking approval to release for consultation.
Review software expenditure by businesses on Software-as-a-Service customisation and configuration	Same as above.	Same as above.	Same as above.	Same as above.
Review the tax treatment of interest allocation for bank branches	B26	[33]	IR has concluded consultation with stakeholders. A further workstream is proposed on a longer timeline which could raise additional revenue but not for Budget 2026.	Reporting 27 November with outcome of consultation and next steps.
Manage donee status for overseas-focused organisations (schedule 32)	In current omnibus tax Bill and following tax bills	-	n/a	Complete select committee process.
Remove the Commissioner's power to collect information for policy purposes	In current omnibus tax Bill	-	n/a	Complete select committee process.
Replace the legislative trust disclosure provisions with Commissioner powers	In current omnibus tax Bill	-	n/a	Complete select committee process.
Simplify the tax treatment of income derived from residential sale of excess electricity	In current omnibus tax Bill	$0.65m over the forecast period. Already booked.	n/a	Complete select committee process.

Delegate to the Commissioner of Inland Revenue powers to set certain rates	In current omnibus tax Bill	-	n/a	Complete select committee process.
Clarify GST and unincorporated joint ventures	In current omnibus tax Bill	-$12 million over the forecast period. Already funded.	n/a	Complete select committee process.
Progress the remedial work programme	Ongoing	-	Ongoing	n/a
Support all-of-Government response to organised crime	In current omnibus tax Bill		n/a	Complete select committee process.
Treaty of Waitangi settlements	Ongoing	-	n/a	n/a
[UNPUBLISHED] Australian-style bank tax or prudential levy	B26	[34] Prudential levy: up to $79m p.a. (excluding any admin costs)	Ministers have indicated that work should progress on both an Australian-style bank tax and a prudential levy, with decisions by Budget Ministers to follow. The Minister of Finance has also asked for a refresher on the [34] A deep dive on bank taxes is also scheduled with the Minister of Revenue for early December.	[34] refresher to be provided in early December. Separate reports on Australian-style bank tax and a prudential levy to be provided in late January.
[UNPUBLISHED] Reform the rules for taxing shareholder loans as dividends	B26	$167m over forecast period from taxing shareholder loans when the company is removed from the Companies Register. Approx. $600m - $1.2b over forecast period for a time limit on new loans, depending on policy design.	Targeted consultation complete. Ministers decided time limit would only apply to new loans. Current costing estimates are indicative only and depend on assumptions about taxpayers' behavioural responses, assumptions about the relevant marginal tax rates of the shareholders (which could be 39% or 33%, depending on their income), and policy design features which are still subject to consultation. Officials' recommended policy design could potentially generate $1.087b over the forecast period (includes removal from Register and time limit on new loans).	Subject to Cabinet agreement on 1 December, Inland Revenue will publish the officials' issues paper on 4 December with submissions closing 5 February 2026. Cabinet decisions on final policy could be sought in March and April 2026.
[UNPUBLISHED] [RESTRICTED] Stamp duty on tax non-residents (foreign buyers charge)	B26	$15m - $200m p.a., depending on rate and design.	The Minister of Finance requested further advice on an option focused on tax non-residents purchasing property in New Zealand. For B26 or early announcement.	Treasury officials preparing further advice, in consultation with Inland Revenue and MFAT.
Improve social policy				
Improve FamilyBoost, including investigating a possible direct data feed with ECEs	TBC	TBC	IR has been providing responses to information requests from the Ministerial Advisory Group for ECE. The ECE funding review will not report until May–September 2026. Ministers may wish to consider the outcome of this review and consultation before making final decisions.	Reporting 10 December on progress with improving the delivery of FamilyBoost. Proactive release of FamilyBoost survey results ~ 8 December.
Progress Working for Families improvements	Some aspects can be announced at B26	Negative - over $10m p.a.	Improvements were outlined in the Government discussion document released at Budget 2025. Some of the more straightforward proposals such as the information sharing/residency rules changes, and changes to the definition of Family Scheme Income will be progressed on a Budget 2026 timeframe.	Reporting was provided in October on a pathway forward for the more straightforward proposals outlined in the discussion document. Further reporting to be provided in March on shorter periods of assessment [33]
Progress measures to improve student loans overseas-based borrower settings	Current omnibus tax Bill via Amendment Paper	Positive - $1.5m	Waiting for Cabinet approval - ECO on 3 December. Will not have B26 impacts if financial recommendations are agreed to.	Subject to approval include change in Amendment Paper to the current Bill.
[33]				