The Treasury

Budget 2026 Information Release

September 2026

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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).

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Tax and Social Policy Work Programme – Dashboard update – 6 November 2025

Inland Revenue
Te Tari Taake

TE TAI ŌHANGA
THE TREASURY

Overview

- On **shareholder loans**, Ministers are meeting on 13 November to decide next steps, including on whether to release an issues paper for public consultation. Officials reported on 6 November with advice on design choices and further information on fiscal estimates.
- On **tax treatment of interest allocation for bank branches**, stakeholders have raised concerns about officials' proposal. We will report to Ministers in November on revised proposals which could raise approximately [33]
- Officials provided joint advice on 6 November on options for progressing a **prudential levy** or **Australian-style bank tax**, including any links to the Reserve Bank's **capital review**.

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 indicative only 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 Investment Boost refinements, 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 certain residential buildings	B26	-$220m over forecast period for extension to apartments.	Monitoring work is ongoing. Remedials are in current omnibus tax Bill. Fiscal cost is based on option to extend to high-density residential buildings (apartments) – no fiscal cost if this option not pursued.	An Investment Boost survey is planned for December with results expected to be available in February. Awaiting decisions from Ministers on apartments.
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 further targeted consultation on the option to relax the settings for infrastructure projects with a view to including it in the Amendment Paper in the 2025-26 omnibus tax Bill.	Reporting by the end of the year with final policy recommendations.
Review the Foreign Investment Fund tax rules (FIF phase 2)	B26	Negative - over $10m p.a.	We provided initial advice on phase 2 changes (IR2025/345 refers). We have finished consultation on proposed changes.	Reporting in November before going to Cabinet.
Review the impact of the financial arrangement rules on new migrants	B26 or current omnibus tax Bill via Amendment Paper	Negative – under $10m p.a.	Work underway to scope problems and policy options. One amendment is in current Bill (raising cash basis person threshold), with further changes likely to be recommended at the FEC stage of the Bill and in future legislation.	Reporting in November.
[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 by the end of the year.
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 (IR2025/364 refers	Consulting in November.
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 in mid-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).	Awaiting decisions from Ministers.
[NEW] Reduce NRCT for airline leasing	B26	Negative – under $10m per annum.	We reported to Ministers (IR2025/364 refers) and they agreed a policy solution should be progressed quickly.	Report back by the end of the year.
[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	TBC	-	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 waiting to hear about his preferred approach to progressing this work.	Awaiting decisions from Ministers.
Approved information sharing agreement between Inland Revenue and with the Ministry of Business, Innovation and Employment	TBC	-	Following consultation last year, we have been working with MBIE and the Office of the Privacy Commissioner to finalise the proposed approved information sharing agreement.	Policy decisions and approval for PCO to draft being sought at ECO on 19 November.
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 quarter 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	Neutral or negative - under $10m p.a., not for B26	Letter for targeted consultation drafted, with targeted consultation due to commence now that the TSPWP has been released.	Targeted consultation to commence November 2025, with 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	Targeted consultation completed with tax and business stakeholders. Advice on options being prepared.	Reporting in November.
[NEW] Small business accounting software subsidy (enhanced deduction)	B26	Negative	Work currently being scoped.	Reporting to Ministers late 2025.
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	Next advice will include whether changes to the credit reporting rules are needed [33]	Reporting in November.

Review elements of charities and not-for-profits	B26	[33] This estimate will be updated shortly.	Charitable business income tax exemption: Not progressing. IR to work with DIA on data collection. Donor-controlled charities: Progressing with consultation in November. Member transactions and subscriptions: Progressing with consultation in November. Donation tax credit simplification: Progressing with consultation in November. 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.	Reporting on consultation material and undertaking targeted consultation in November 2025. 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 late 2025 or early 2026 with a first update.
Clarify the income tax treatment of software development expenditure	TBC; depends on scale of issues identified through consultation. 2026-27 omnibus tax Bill at the earliest.	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 on the problem definition in November
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.	Reporting in 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)	The Minister of Finance requested further advice on a bank tax and prudential levy in light of the RBNZ's capital review.	Joint advice provided on 6 November.

[UNPUBLISHED] Reform the rules for taxing shareholder loans as dividends	B26	$800m - $1.4b over forecast period	Targeted consultation complete. Current costing range is indicative only and depends 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. • Design decisions such as whether to allow imputation credits to be attached to the deemed dividends and whether to provide tax deductions if the shareholder subsequently repays a loan which was already taxed. The revised estimates have been produced quickly and further iterations have been requested by offices.	Ministers are meeting on 13 November to decide next steps, including public consultation through an issues paper. Official reported on 6 November with advice on design choices and further information on fiscal estimates.
[UNPUBLISHED] [RESTRICTED] Foreign buyers charge	B26	Positive – previous design estimated at $35m p.a.	The Minister of Finance requested further advice on an option focused on non-tax residents purchasing property in New Zealand. For B26 or early announcement.	Treasury, Inland Revenue and MFAT officials preparing further advice.
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 in December on progress with improving the delivery of FamilyBoost.
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 early December on shorter periods of assessment [33]
Progress measures to improve student loans overseas-based borrower settings	Current omnibus tax Bill via Amendment Paper	TBC	We reported to the Minister of Revenue and Minister for Universities in October on design of a discretion to provide interest relief (IR2025/414 refers).	Ministers recently agreed for a discretion to be progressed through an Amendment Paper to the current Bill.
[33]				