The Treasury

Budget 2026 Information Release

September 2026

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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).

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Tax and Social Policy Work Programme – Dashboard update – 8 April 2026

TE TAI ŌHANGA
THE TREASURY

Revenue-negative items

Cost of tax package: [33]

Scorecard balance as at March 2026: [1]

Initiative	Expected deployment	Budget allowance impact	Updates	Next report/paper
Review the Foreign Investment Fund tax rules (FIF phase 2)	2026–27 omnibus tax Bill	-$18.1m p.a.	Ministers have agreed to officials' recommended package. Officials have since slightly revised the fiscal impact that was previously reported (updated figure in this row).	n/a To be considered by Budget Ministers.
Reduce non-resident contractors' withholding tax for asset leasing in the airline industry	Budget night legislation	-$4.5m p.a.	The Minister of Revenue and Minister of Finance have agreed to a full exemption from non-resident contractor tax for aircraft asset leasing, effective 1 April 2026.	n/a To be considered by Budget Ministers.
Modernise non-resident contractors' withholding tax	2026–27 omnibus tax Bill	-$2.44m p.a.	Officials reported on 9 March with policy recommendations. Further information was subsequently provided at the MoR's request on administration costs and the fiscal cost of a higher threshold.	Awaiting decisions from the Minister of Finance on report from 9 March, then to be considered by Budget Ministers.
Review the impact of the financial arrangement rules on new migrants	2026–27 omnibus tax Bill	-$0.51m p.a.	Consultation on options has closed, and officials have provided advice on updated options and policy recommendations. New options would have a wider scope and larger impact for migrants; though with a modest fiscal impact.	Awaiting decisions on report from 1 April. Officials recommend funding through the Scorecard, otherwise to be managed against the Budget 2026 allowance.
Simplify fringe benefit tax – motor vehicles	2026–27 omnibus tax Bill	-$0.15m p.a.	At the Joint Ministers' meeting on 16 March, Ministers indicated that this proposal should proceed. This item is to be included in the Budget Cabinet paper but to be charged against the Scorecard.	n/a Officials recommend funding through the Scorecard, otherwise to be managed against the Budget 2026 allowance.
[33]				

Revenue-positive items

Revenue from tax package: [33]

Initiative	Expected deployment	Budget allowance impact	Updates	Next report/paper
Australian-style bank tax and prudential levy	[34]	[34] Prudential levy: $52m p.a.	On 5 March, Ministers received further advice on designing an Australian-style bank tax, with final design decisions sought in a report on 30 March. [34]	N/A To be considered by Budget Ministers.
Target and reduce the cost of the Research and Development Tax Incentive (RDTI) while reducing the compliance burden for small businesses	2026–27 omnibus tax Bill	$46m p.a. for excluding expenditure on internal non-administrative software or $26m p.a. for capping expenditure per business at $3m each year. Up to -$8.3m p.a. total for spending options (in-year payments, Commissioner's discretion, and mining exclusion).	All three Ministers (of Finance, of Science, Innovation and Technology, and of Revenue) have indicated interest to further consider changes to the eligibility of internal non-administrative software expenditure. The Treasury provided advice to MoF on options for excluding software expenditure entirely, or reducing the cap from $25 to $3 million. Treasury also provided updated advice and costings for in-year payments of the RDTI. MoF has indicated that she does not want to realise savings on overseas expenditure.	Awaiting decisions from Ministers on next steps.
Reform the rules for taxing shareholder loans as dividends	2026–27 omnibus tax Bill	$37m p.a.	At the Joint Ministers' meeting on 16 March, Ministers decided not to progress work on further changes for B27 but to progress the company cessation proposal for B26.	n/a To be considered by Budget Ministers.
Review elements of charities and not-for-profits: Donation tax credit cap/rate changes	2026–27 omnibus tax Bill	$13m p.a. for officials' recommended option ($100k cap for all donors).	Ministers have agreed to a $100,000 cap for the donation tax credit.	n/a To be considered by Budget Ministers.
Review the thin capitalisation rules for banking groups and interest allocation rules for bank branches	2026–27 omnibus tax Bill	$11.3m p.a.	At the Joint Ministers' meeting on 16 March, Ministers indicated that the [33] Ministers also indicated that managing revenue raised by the thin capitalisation proposals against the Scorecard would be conditional on [33]	Officials recommend managing revenue against the Scorecard, otherwise to be managed against the Budget 2026 allowance. Officials will seek decisions on the fiscal treatment of the thin capitalisation proposals through an annex to an upcoming Budget 2026 report following Budget Ministers' decisions on the Australian-style bank tax.
Review elements of charities and not-for-profits (excluding donation tax credit cap/rate changes)	2026–27 omnibus tax Bill	[33]	Ministers have agreed to continue work on member transactions and subscriptions, donation tax credit simplification, donation tax credit policy settings, simplifications for volunteers and the removal of the exemptions for non-resident charities [33] Ministers have agreed to not progress work on donor-controlled charities.	Officials recommend managing revenue against the Scorecard, otherwise to be managed against the Budget 2026 allowance.
Simplify approved issuer levy reporting	[33]		Officials are considering reducing the filing frequency required for smaller amounts of AIL and allowing registered securities to be deregistered if a borrower's approved issuer status has been revoked. The most recent advice sought approval for targeted consultation.	Awaiting decisions on report from 11 March. [33]

Welfare items for B26

Initiative	Expected deployment	Budget allowance impact	Updates	Next report/paper
Progress Working for Families improvements: changes to residency requirements, information sharing, and definition of income	Budget night legislation	$11.4m p.a., not yet finalised.	Improvements were outlined in the Government discussion document released at Budget 2025. In late 2025, Ministers agreed that the straightforward proposals from the discussion document be progressed on a B26 timeline. Officials are developing detailed policy design for final approval.	8 April – final policy decisions, then to be considered by Budget Ministers.

Potential announcements at B26 for later funding and implementation

Initiative	Expected deployment	Fiscal impact	Updates	Next report/paper
Progress Working for Families improvements: other changes (shorter periods of assessment [33]	Not earlier than B27.	TBC	[33] The shorter periods of assessment proposal was outlined in the Government discussion document released at Budget 2025.	[33] August 2026 - shorter periods of assessment.
Alternative ways for small businesses to pay income tax during the year – i.e., "PAYGO"	Not earlier than B27.	TBC	Informal consultation has been completed with key stakeholders. Items form part of the consultation paper on intermediaries which the Minister of Revenue has agreed to.	TBC.

Other Tax and Social Policy Work Programme items

Items passed in the Annual Rates Bill on 26 March 2026	Ongoing and longer-term work programme items, not for B26
• Modernise the tax treatment of visitors working while in New Zealand • Review the foreign investment fund rules (FIF phase 1) • Improve the employee share scheme regime • Manage donee status for overseas-focused organisations (schedule 32) • Remove the Commissioner's power to collect information for policy purposes • Replace the legislative trust disclosure provisions with Commissioner powers • Information disclosure by way of ministerial agreement • Simplify the tax treatment of income derived from residential sale of excess electricity • Delegate to the Commissioner of Inland Revenue powers to set certain rates • Power to change FamilyBoost settings by Order in Council • Clarify GST and unincorporated joint ventures • Support all-of-Government response to organised crime • Review thin capitalisation settings for infrastructure • Progress measures to improve student loans overseas-based borrower settings • Aligning tax payments of New Zealand Super Fund with similar taxpayers • Temporary increase in the in-work tax credit • Other remedial and maintenance amendments	• Approved information sharing agreement between Inland Revenue and with the Ministry of Business, Innovation and Employment • 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) • Clarify the income tax treatment of software development expenditure **(reporting on outcomes of initial consultation after Budget)** • Review software expenditure by businesses on Software-as-a-Service customisation and configuration **(reporting on outcomes of initial consultation after Budget)** • Consult on GST issues • Review the tax treatment of expenditure on flood damage and land improvements **(MoR has agreed to targeted consultation of officials' issues paper in April/May)** • Simplify tax compliance for Māori authorities • Treaty of Waitangi settlements • Progress the remedial work programme