The Treasury

Budget 2026 Information Release

September 2026

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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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Inland Revenue
Te Tari Taake

NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

TE TAI ŌHANGA
THE TREASURY

Joint Report: Options for a foreign buyers charge

Date:	Friday 22 August 2025	**Report No:**	T2025/2195
		File Number:	SH-13-1

Action Sought

	Action Sought	Deadline
Associate Minister of Finance (Hon David Seymour)	**Provide feedback** on preferred policy options, in consultation with your Ministerial colleagues. Refer a copy of this report to the Prime Minister.	Monday 25 August 2025
Minister of Immigration	-	
Minister of Finance	-	
Minister of Revenue	-	
Minister of Foreign Affairs	-	
Minister of Trade and Investment	-	

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Jean Le Roux	Manager, Tax Strategy, The Treasury	[39] [35]	✓
Emma Grigg	Policy Director, Inland Revenue		
Sara Meymand	Acting Deputy Secretary, Trade and Economic		

Actions for the Minister's Office Staff (if required)

Refer this report to the Prime Minister.

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: No

Joint Report: Options for a foreign buyers charge

Executive Summary

This joint report provides advice on options for progressing a foreign buyers charge. We understand that you are considering such a charge as part of reforms to enable non-resident investor visa holders to acquire one residential home in New Zealand.

We consider that the key issue with designing this proposal [1] and [36]

On this basis, officials have provided advice on three options:

Option 1: Apply the charge to non-tax residents with investor visas

This design option was proposed in the draft Cabinet paper provided to officials by DPMC. [36]

while raising limited revenue (initial estimate of around $35 million per annum, but potentially up to $70 million, although this depends on design parameters and is *highly* uncertain.)

Option 2: Apply the charge to all non-tax residents including New Zealand nationals

This option would capture a small number of non-resident New Zealand nationals, [36]

, and would increase revenue.

Option 3: Exempt visa-holders from countries where [36]

[1] and [36]

, it would also reduce revenue and may raise questions from our other international partners, including requests for a similar exemption for their own nationals.

The Treasury, Inland Revenue and the Ministry of Foreign Affairs and Trade consider that [1] and [36]

However, if you are interested in pursuing a foreign buyers charge, we consider that Option 2 is the strongest.

If you are interested in progressing a foreign buyers charge, [36]

Officials would also provide further advice on a range of issues including domestic legal considerations, implementation, tax settings (including GST and deductibility), and updated revenue estimates.

Recommended Action

We recommend that you:

a **indicate** to officials which option(s) for a foreign buyers charge, if any, you would like to include in the paper intended to go to Cabinet on Monday 1 September 2025;

b **note** that officials consider that that [1] and [36]

c **note** that Option 2 (applying a charge to all non-tax residents including New Zealand nationals) would present the lowest risk of all options and the highest revenue of all options;

d **note** that a foreign buyers charge may not be within the scope of the Overseas Investment (National Interest and Other Matters) Amendment Bill, and that officials will consult with the Clerk of the House and provide advice on other legislative options if required;

e **refer** this report to the Prime Minister.

Jean Le Roux
Manager, Tax Strategy,
The Treasury

Emma Grigg
Policy Director,
Inland Revenue

Sarah Meymand
Acting Deputy Secretary,
Trade and Economic,
Ministry of Foreign Affairs and Trade

Hon David Seymour
Associate Minister of Finance

_____/_____/_______

Hon Erica Stanford
Minister of Immigration

_____/_____/_______

Hon Nicola Willis
Minister of Finance

_____/_____/_______

Hon Simon Watts
Minister of Revenue

_____/_____/_______

Rt Hon Winston Peters
Minister of Foreign Affairs

_____/_____/_______

Hon Todd McClay
Minister for Trade and Investment

_____/_____/_______

Joint Report: Options for a foreign buyers charge

Purpose of Report

1. This report provides advice on options for progressing a foreign buyers charge. We understand that you are considering such a charge as part of reforms to enable non-resident investor visa holders to acquire one residential home in New Zealand.

Context

2. The Department of the Prime Minister and Cabinet (DPMC) contacted the Treasury on 7 August 2025 to discuss changes to the Overseas Investment (National Interest and Other Matters) Amendment Bill (the Bill). DPMC also provided a draft Cabinet paper to officials, which included a proposal for a foreign buyers charge.

3. We have provided some initial advice on these proposed policy changes (including in T2025/2064), including on the risks associated with implementing a foreign buyers charge. Officials were subsequently commissioned via DPMC for more detailed advice on options for a charge and associated risks. This report responds to that commissioning.

4. Officials understand that Ministers will provide feedback on this advice on Monday 25 August. Officials will then incorporate your preferred approach into the paper intended to be discussed at Cabinet on Monday 1 September.

Policy objectives

5. The draft Cabinet paper provided to officials proposed a foreign buyers charge with the stated objective of ensuring that non-resident investor visa holders purchasing a residential home make a contribution toward public services and infrastructure already paid for by New Zealand taxpayers. This advice therefore assumes that this is your primary objective for this policy.

6. We have also assumed that you would prefer that any charge align as much as possible with your overarching objectives to attract investment-ready migrants and facilitate foreign investment in New Zealand.

[36]

8. We consider that it would be difficult to argue that the proposed charge is a cost recovery fee or charge. The Legislation Design Advisory Committee guidelines note that any cost recovery fee or charge that exceeds the costs of its administration may be struck down by the Courts as an unauthorised tax.

Legislative instruments

9. We understand that the wider proposed reforms to enable high net worth foreign investors to acquire one residential home in New Zealand are intended to be progressed via the Overseas Investment (National Interest and Other Matters) Amendment Bill. We previously advised that these changes could be done via an amendment paper lodged at the Committee of the Whole House stage. This is likely to occur in November 2025.

10. [36]

11. Officials can provide further advice on potential legislative options and process, if you decide to progress a charge. Options may include the Annual Rates Bill (expected to be introduced to the House in the week of 25 August and enacted in March 2026), or another standalone bill.

Designing a foreign buyers charge

12. [36]

13. On this basis, the following sections provide advice on three options:

- **Option 1**: Apply the charge to non-tax residents with investor visas
- **Option 2**: Apply the charge to all non-tax residents including New Zealand nationals
- **Option 3**: Exempt visa-holders from countries [1]

14. As this advice has been prepared in a compressed timeframe, there may be additional options, design considerations, and risks that officials have not yet identified.

Option 1: Apply the charge to non-tax residents with investor visas

15. We understand that the next draft of the Cabinet paper will propose a charge with the following design parameters:

    (a) Applies to foreign investors with a resident class visa (Active Investor Plus visa (AIP), Investor 1, or Investor 2) who are not ordinarily resident in New Zealand for immigration purposes (i.e., have not demonstrated a commitment to being physically present for 183 days per year) and are not a tax resident on that basis.

    (b) Under this pathway, foreign investors would be limited to purchasing one residential home with the value exceeding a minimum threshold of either:

- $5 million for all of New Zealand; or

- $5 million for Auckland and Queenstown and $2.5 million for the rest of New Zealand

(c) Setting the charge at rate of 15 per cent of the value of the home, paid by the purchaser in addition to the purchase price.

(d) The charge will apply to the purchase price of a property, and not to the rateable value, or pre-purchase valuation of the property.

16. This charge would not apply to investor visa holders who are tax resident in New Zealand and are therefore already exempt from the foreign buyers ban. Australian and Singaporean nationals are also exempt from the foreign buyers ban and would therefore not face a charge either.

17. Officials consider that progressing a charge under this design option would raise risk for New Zealand, would raise limited revenue, and would not align with your overarching objective to attract investment-ready migrants and facilitate foreign investment in New Zealand. These considerations are detailed further below.

[36]

[1] and [36]

[1] and [36]

[36]

[36]

Foreign policy considerations

30. FTAs and DTAs provide certainty and predictability for New Zealand investors in foreign markets and foreign investors in New Zealand. [1]

[1]

[1]

Domestic law considerations

44. Officials will need to assess whether this policy triggers human rights concerns once final policy decisions have been taken. Advice will consider whether options impact the right to freedom from discrimination (on the grounds of national origin) in an unreasonable manner that cannot be demonstrably justified, under the New Zealand Bill of Rights Act 1990.

Revenue

45. Under this design option, a charge would be expected to raise limited revenue. The Treasury's initial estimate is that a 15 per cent charge would raise around $35 million (but potentially up to $70 million) revenue per annum from AIP visa holders given a $5 million minimum threshold. However, these estimates are highly uncertain, and do not include the impacts of including holders of previous investor visas (Investor 1 and Investor 2) or a lower minimum threshold. Officials can update these estimates as the policy is developed.

Option 2: Apply the charge to all non-tax residents

46. You could consider applying the charge solely on the basis of a person's tax residency status, rather than also considering their visa status.

47. This option would capture non-resident New Zealand nationals, [36]

and would increase revenue.

International legal risks

48. Tax policy often distinguishes between persons for good tax policy reasons. Where persons are not 'in the same circumstances', a differential treatment may be justified under the non-discrimination provisions in our DTAs and FTAs. The most common reason for discriminatory treatment is the persons' tax residence status. Tax residence is binary, and a person is either a resident or non-resident where status is determined by a complex set of legal tests.

Limiting application to a sub-group of non-tax residents

49. However, if the charge were applied to non-tax residents, it would also capture purchases by a small subset of offshore New Zealand nationals. This would only include New Zealand nationals who were never tax resident in New Zealand or who had lost their tax residency status, and were wanting to purchase a high-value New Zealand property before regaining their tax residency status.

50. New Zealand nationals who were previously taxpayers will have contributed to funding public services and infrastructure. This population is difficult to quantify, but is expected

to be small. In light of this, there may be an option to apply the charge only to non-tax residents who have never previously been tax resident in New Zealand, or who have not been tax resident for an extended period of time (e.g., 10 years).

51. Limiting application to a sub-group of non-tax residents would marginally reduce revenue, but would align with your objective of applying a charge to high net worth persons who have not previously contributed towards the cost of New Zealand's public services and infrastructure.

[36]

Revenue

55. Officials have not been able to produce revenue estimates for this option within the time available. While any estimates would be highly uncertain, revenue under this option would be higher than under Option 1 (applying only to non-tax residents with investor visas).

Option 3: Exempt visa-holders from countries [36]

56. You could consider applying the charge to non-resident investor visa holders, with an exemption for persons from countries [36]

57. [36]

58. [1] and [36]

Revenue

59. Officials have not been able to produce revenue estimates for this option within the time available. While any estimates would be highly uncertain, revenue under this option would be lower than under Option 1 (applying only to non-tax residents with investor visas).

Recommendation

60. [36]

61. If you are interested in pursuing a foreign buyers charge, we consider that Option 2 (applying the charge to all non-tax residents) presents both [36] and greater potential revenue.

Next Steps

62. Officials understand that Ministers will provide feedback on the options in this paper on Monday 25 August. Officials will then incorporate your preferred approach into the paper intended to go to Cabinet on 1 September.

63. If you decide to progress a charge, we will provide further advice, including on the features and detailed design of the charge (including its interactions with domestic law and its administration), any implementation costs, tax settings (including GST and deductibility), tax integrity measures, legislative options, economic impacts, and fiscal/revenue estimates.

Annex 1: Comparing options for designing a charge

	Risks	Revenue	Alignment with objectives	Overarching assessment
Option 1: Apply charge to non-tax residents with investor visas	[36]	**Highly uncertain but likely limited**; The Treasury's initial estimate is that a 15 per cent charge could raise **around $35 million** (but potentially up to $70 million) revenue per annum from AIP visa holders given a $5 million minimum threshold.	+ Raises revenue - Reduces incentives for investment-ready migrants	Downsides outweigh revenue benefits.
Option 2: Apply charge to all non-tax residents		**Highly uncertain**; likely higher than Option 1.	+ Raises revenue - Reduces incentives for investment-ready migrants	Downsides outweigh revenue benefits. However, if progressing a charge, recommend this option over Option 1 or Option 3.
Option 3: Exempt visa-holders from countries [36]		**Highly uncertain**; likely lower than Option 1.	+ Raises revenue - Reduces incentives for non-exempt investment-ready migrants	Downsides outweigh revenue benefits.