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

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[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

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Tax policy report

TE TAI ŌHANGA THE TREASURY

Inland Revenue Te Tari Taake

Dashboard for Budget 2026 and the Tax and Social Policy Work Programme

Date	5 February 2026	**Priority**	High
Security level	Budget sensitive	**Report number**	IR2026/038 T2026/183

Action sought		**Deadline**
Minister of Finance	**Discuss** with officials at the Joint Ministers' meeting on 10 February **Provide** feedback on Budget 2026 initiatives in the dashboard **Discuss** your preferred approach to seeking funding for minor tax changes [33]	10 February 2026
Minister of Revenue	**Discuss** with officials at the Joint Ministers' meeting on 10 February **Provide** feedback on Budget 2026 initiatives in the dashboard **Discuss** your preferred approach to seeking funding for minor tax changes [33]	10 February 2026

Purpose
This report provides an update on the dashboard containing Budget 2026 and other Tax and Social Policy Work Programme initiatives, including funding matters. [33] A Joint Ministers' meeting is scheduled for 10 February 2026.

Contact for phone discussion, if required			
Name	**Position**	**Phone number**	**First contact**
Maraina Hak	Policy Director Inland Revenue	[39]	✓
James Haughton	Unit Manager The Treasury		☐

Dashboard for Budget 2026 and the Tax and Social Policy Work Programme

Introduction

1 This report:

- Updates you on the dashboard for Budget 2026 and the Tax and Social Policy Work Programme (TSPWP).
- Notes challenges with progressing tax initiatives when the balance of the Tax Policy Scorecard is low [1]
- [33]

2 The Finance and Revenue Ministers are meeting on Tuesday 10 February to discuss Budget 2026 and the TSPWP. This report is intended to support that meeting.

Dashboard

3 An updated version of the Tax and Social Policy Work Programme (TSPWP) dashboard is attached to this report. We last provided you with an update of the dashboard on 27 November prior to Inland Revenue submitting Vote Revenue Budget bid templates to the Treasury.

4 We have focused this iteration of the dashboard on Budget 2026, grouping tax initiatives into the following categories:

- Revenue-negative measures potentially for Budget 2026.
- Revenue-positive measures potentially for Budget 2026.
- Welfare items potentially for Budget 2026.
- Initiatives that could be announced at Budget 2026 but progress through Budget 2027, such as consultation on tax intermediaries, which includes the PAYGO initiative for providing more flexibility for small businesses to pay income tax.
- Initiatives that we understand Ministers have decided not to progress for Budget 2026.
- Longer-term TSPWP items are separated from Budget 2026-related items.

5 Subject to discussion at your Joint Ministers' meeting on 10 February, we seek direction from you on whether we have appropriately captured the initiatives that you are currently considering for progression at Budget 2026.

6 Inland Revenue and the Treasury are also involved in several cross-agency initiatives including [33] These are not included on the dashboard.

Funding tax policy initiatives

7 Any revenue-negative measures to be announced at Budget 2026 will need to be funded. Larger revenue-negative initiatives should be considered via the Budget process and managed against the Budget allowance, such as:

- Changes to Foreign Investment Fund rules (-$15 million per annum),

[33]

8 Smaller revenue-negative measures could be considered for funding directly via the Budget process, or you could choose to top up the Tax Policy Scorecard and then continue managing smaller initiatives against this.

TSPWP placeholder bid for Budget 2026

9 Inland Revenue has submitted a placeholder Budget bid which could be used to fund the following set of smaller revenue-negative initiatives:

- Simplify fringe benefit tax – motor vehicles (-$180k per annum)
- Reduce non-resident contractors' withholding tax for asset leasing in the airline industry (-$4.2 million per annum)
- Modernise non-resident contractors' withholding tax (-$5 million to -$10 million per annum depending on policy choices)
- Simplify approved issuer levy reporting [33]
- Review the impact of the financial arrangement rules on new migrants (cost TBC)
- Revenue impact of double tax agreement negotiation programme (cost TBC)

10 The total cost of these initiatives is likely to be [33] [33] depending on finalised policy design. These initiatives could be funded either through the Budget, the Tax Policy Scorecard, or through a combination of both.

Tax Policy Scorecard

11 The current balance of the Scorecard is $ [1] This is relatively low, and means there is little room for revenue-negative items to be added to the Scorecard.

12 Previously, both Inland Revenue and the Treasury recommended topping up the Scorecard as an administratively efficient way to manage minor tax changes (T2024/1960; IR2024/372 refers). In late 2024, Ministers agreed there was still merit in maintaining the Scorecard for tax policy. However, there has not been any recent discussion on topping up the Scorecard balance.

13 There are two overarching options available:

- Option 1 - Through the Budget process, seek additional funding for the Scorecard which could be used to fund minor tax changes (including those on current TSPWP or future initiatives). We would recommend $70 million (equivalent to $14 million per annum). This does not preclude tax initiatives from being managed directly against Budget allowances in future (e.g., for larger items).
- Option 2 - Consider funding for minor tax changes through both the remaining Scorecard balance and Budget 2026, and take decisions on funding for future minor tax changes at a later date

14 Inland Revenue's recommendation is Option 1 as it better supports progressing the Tax and Social Policy Work Programme, which is important for the maintenance and coherence of the tax system. The Treasury's recommendation depends on the weight Ministers put on investment and maintenance in the tax system outside of the Budget process versus mitigating pressure on allowances. The Treasury recommends Option 1 if Ministers prioritise preserving the ability to invest and maintain the tax system outside of the Budget process or Option 2 if greater priority is placed on detailed trade-offs across portfolios to deliver broader priorities within Budget allowances.

[33]

[33]

Next steps

18 The dashboard is on the agenda for the Joint Ministers' meeting on 10 February.

19 If you would like to consider future funding (non-Budget 2026) for minor tax changes, we will report to you after Budget 2026 on what could be the appropriate arrangements for funding tax policy initiatives going forward.

[33]

Recommendations

We recommend that you:

1. **Discuss** the dashboard for Budget 2026 and the Tax and Social Policy Work Programme at the Joint Ministers' meeting on 10 February.

Discuss - yes / no	Discuss - yes / no
Minister of Finance	*Minister of Revenue*

2. **Provide** feedback on whether the dashboard reflects your preferences at this stage for initiatives that are in scope of Budget 2026.

Provided / Not provided	Provided / Not provided
Minister of Finance	*Minister of Revenue*

3. **Indicate** your preferred approach for seeking funding for minor tax initiatives:

   a. Through the Budget process, seek additional funding for the Scorecard which could be used to fund minor tax changes (including those on current TSPWP or future initiatives). We would recommend $70 million (equivalent to $14 million per annum).

Discuss - yes / no	Discuss - yes / no
Minister of Finance	*Minister of Revenue*

   b. Consider funding for minor tax changes directly through both the remaining Scorecard balance and Budget 2026, and take decisions on funding for future minor tax changes at a later date.

Discuss - yes / no	Discuss - yes / no
Minister of Finance	*Minister of Revenue*

[33]

James Haughton

Unit Manager

Revenue and Economic Development | The Treasury

5 February 2026

Maraina Hak

Policy Director

Policy | Inland Revenue

5 February 2026

Hon Nicola Willis

Minister of Finance

/ /2026

Hon Simon Watts

Minister of Revenue

/ /2026