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 – 5 February 2026

Inland Revenue
Te Tari Taake

TE TAI ŌHANGA
THE TREASURY

Revenue-negative items

Cost of package: [33]

Scorecard balance as at 4 February 2026: [1]

Initiative	Expected deployment	Fiscal impact	Updates	Next report/paper
Review the Foreign Investment Fund tax rules (FIF phase 2)	B26 announcement Changes via 2026-27 omnibus tax Bill	-$15m p.a.	Ministers have agreed to officials' recommended package. Officials are now completing regulatory impact assessments.	To be considered through Budget process.
Reduce NRCT for asset leasing in the airline industry	B26 – Budget night legislation	-$4.2m p.a.	In January, officials reported to Ministers on policy options for B26. The Minister of Revenue has agreed to a full exemption from NRCT for aircraft asset leasing, effective 1 April 2026.	To be considered through Budget process.
Simplify fringe benefit tax – motor vehicles	B26 – Budget night legislation or 2026–27 omnibus tax Bill	-$180,000 p.a.	Officials completed multiple rounds of consultation on FBT in 2025 to receive feedback and refine proposals, and reported in May 2025.	Late February - report seeking policy decisions. Then to be considered through Budget process.
[33]				
Modernise non-resident contractors' withholding tax (NRCT)	B26 announcement Changes via 2026–27 omnibus tax Bill	Indicative estimate between -$5m to -$10m p.a.	Officials have consulted on proposals and have received written submissions.	12 March report on consultation with final policy recommendations. Then to be considered through Budget process.
Simplify approved issuer levy reporting	[33]		Officials are considering reducing the filing frequency required for smaller amounts of AIL and allowing non-compliant taxpayers to be removed from AIL regime in respect of already registered securities.	February/March - approval for targeted consultation. [33]
Review the impact of the financial arrangement rules on new migrants	B26 or 2026-27 omnibus tax Bill (with some changes recommended via Departmental Report to current omnibus tax Bill)	Negative. Officials are consulting on targeted changes which are expected to be fiscally neutral or around $1m p.a. each. Stakeholders are likely to raise issues that may have a higher fiscal cost and require Budget funding if Ministers wanted to progress them.	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 recommended via Departmental Report on the current Bill. Targeted consultation closes 13 February.	Early March - final decisions. Then to be considered through Budget process.
Simplify fringe benefit tax – unclassified benefits	[33]			

Revenue-positive items

Revenue from package: [33]

Initiative	Expected deployment	Fiscal impact	Updates	Next report/paper
Reform the rules for taxing shareholder loans as dividends	B26 announcement Changes via 2026–27 omnibus tax Bill	$215m p.a. based on proposed policy design (after the initial years where behavioural effects are uncertain).	Conducting public consultation with submissions due 5 February.	24 February - summary of submissions and suggested amendments. Then to be considered through Budget process.
[RESTRICTED] Stamp duty on tax non-residents (foreign buyers charge)	B26	$100m - $200m p.a., depending on rate and design.	Officials are providing further advice on initial design decisions, due 11 February.	11 February - initial design decisions report. Then to be considered through Budget process.
Review the tax treatment of interest allocation for bank branches	B26 or 2026-27 omnibus Bill	Indicative estimate for thin cap changes has been updated to approximately $15m p.a. [33]	Second round of targeted consultation on revised proposals currently underway.	13 March: Report on outcome of consultation final policy recommendations. Then to be considered through Budget process.
Australian-style bank tax and prudential levy	B26	[34] Prudential levy: $52m p.a. (average over the forecast period).	On 29 January, Ministers received further advice on an Australian-style bank tax [34] The Minister of Finance has advised work should continue on both an Australian-style bank tax and prudential levy.	Late February - detailed design. Then to be considered through Budget process.
Target and reduce the cost of the Research and Development Tax Incentive (RDTI) while reducing the compliance burden for small businesses	B26	Three spending options totalling approximately $4.25m p.a., and two savings options totalling approximately $60.75m p.a.	On 6 November and 10 December, Inland Revenue and the Ministry of Business, Innovation and Employment reported jointly to the Minister of Revenue and Minister of Science, Innovation and Technology. Since then, Ministers have indicated they would like to progress three proposals that each have a fiscal cost. Officials are waiting for further direction from Ministers around savings options to make the RDTI package fiscally neutral.	Awaiting decision from Ministers on next steps.
Review elements of charities and not-for-profits	B26	[33] $28m p.a. revenue gain from targeted changes to DTC cap (for donors to donor-controlled charities), or $40m-$120m p.a. for a wider DTC cape/rate change (for all donors).	Officials have recently consulted on proposed changes to donor controlled charities, member transactions and subscriptions, and donation tax credit simplification. Officials are progressing to legislation simplification for volunteers and work on exemptions for non-resident charities and [33] DTC cap/rate reduction: currently preparing advice for Ministers on options, which will be included in the report back to Ministers on the wider charities and not-for-profits work.	19 March – report seeking design decisions and report summarising submissions. Then to be considered through Budget process.

Welfare items for B26

Initiative	Expected deployment	Fiscal impact	Updates	Next report/paper
[33]				
Progress Working for Families improvements: family scheme income, information sharing and residency changes	Budget night legislation with application from 1 April 2027 Information sharing Order in Council: early 2027	Positive - $48.4m over the forecast period ($19.9m p.a. in 2029/30 and outyears).	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.	Late March – final policy decisions. Then to be considered through Budget process.

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]	B26 announcement	TBC – none for announcement and release of consultation paper.	Shorter periods of assessment proposal was outlined in the Government discussion document released at Budget 2025.	[33] June 2026 - shorter periods of assessment.
Alternative ways for small businesses to pay income tax during the year – i.e., “PAYGO”	B26 announcement Legislation in 2027	TBC – none for announcement and release of consultation paper.	Item forms part of the consultation paper on intermediaries, and the draft consultation paper is with the Minister of Revenue. Informal consultation has been completed with key stakeholders.	TBC.

Items we understand Ministers have decided to not progress for B26

Initiative	Fiscal impact	Updates
Refine and evaluate Investment Boost, including extending to build-to-rent	Negative $104m over forecast period for extension to build-to-rent.	Monitoring work is ongoing. Remedials are in current omnibus tax Bill. An Investment Boost survey was undertaken in December 2025 with results expected to be available in February. Officials will report in February on these results. Inland Revenue and the Ministry of Housing and Urban Development reported to the Ministers for Housing, Finance and Revenue in December 2025 (IR2025/468 refers). Ministers agreed to not progress this item further.
Increasing private investment in commercial buildings	TBD.	Treasury reported to the Minister of Finance in September 2025 on increasing private investment in commercial buildings. Inland Revenue reported to the Minister of Revenue in December 2025 on reducing uncertainty for claiming Investment Boost for long-term investments (e.g., commercial buildings). No further work planned at this stage.
[33]		
Small business accounting software subsidy (enhanced deduction)	Negative – approximately $100m p.a.	Inland Revenue recommended not to progress further work on a super-deduction or direct subsidy for business software. The Minister of Revenue agreed to this recommendation.

Other Tax and Social Policy Work Programme items

Items already included in the omnibus tax Bill, scheduled for enactment by 31 March 2026	Items for inclusions in the tax Bill via Amendment Paper	Ongoing and longer-term work programme items, not for B26 or current tax Bill
• Modernise the tax treatment of visitors working while in New Zealand • 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 • 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 • Clarify GST and unincorporated joint ventures • Support all-of-Government response to organised crime	• Review thin capitalisation settings for infrastructure • Progress wider Inland Revenue compliance work and reduce tax debt: Credit reporting changes • Progress measures to improve student loans overseas-based borrower settings • Aligning tax payments of New Zealand Super Fund with similar taxpayers • Water services reform: remedial tax issue • ACC earners' levy • GST and bad debt deductions • GLoBE rules side-by-side package: application date • Alignment of definition of employee with Employment Relations Bill	• 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) • Improve FamilyBoost, including investigating a possible direct data feed with ECEs • Progress wider Inland Revenue compliance work and reduce tax debt: [33] • Clarify the income tax treatment of software development expenditure **(next reporting TBC to approve consultation)** • Review software expenditure by businesses on Software-as-a-Service customisation and configuration **(next reporting TBC to approve consultation)** • Consult on GST issues **(release issues paper in Q1)** • Review the tax treatment of expenditure on flood damage and land improvements **(report on 26 February with draft issues paper)** • Simplify tax compliance for Māori authorities **(report to Ministers in Q1)** • Treaty of Waitangi settlements • Progress the remedial work programme