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 March 2026

Inland Revenue
Te Tari Taake

TE TAI ŌHANGA
THE TREASURY

Revenue-negative items

Cost of package [33]

Scorecard balance as at March 2026: [1]

Initiative	Expected deployment	Budget allowance impact	Updates	Next report/paper
Simplify fringe benefit tax (FBT) – unclassified benefits	[33]			
Review the Foreign Investment Fund tax rules (FIF phase 2)	2026-27 omnibus tax Bill	-$18.8m p.a.	Ministers have agreed to officials' recommended package. Officials are now completing regulatory impact assessments.	n/a To be considered by Budget Ministers.
Reduce NRCT for asset leasing in the airline industry	B26 – Budget night legislation	-$4.5m p.a.	In January, officials reported to Ministers on policy options for B26. The Minister of Revenue and Minister of Finance have agreed to a full exemption from NRCT for aircraft asset leasing, effective 1 April 2026.	n/a To be considered by Budget Ministers.
Modernise non-resident contractors' withholding tax (NRCT)	2026–27 omnibus tax Bill	-$2.44m p.a., not yet finalised	Officials have consulted on proposals and have received written submissions.	19 March - report on consultation with policy recommendations. Then to be considered through Budget process.
Review elements of charities and not-for-profits (excluding donation tax credit cap/rate changes)	2026–27 omnibus tax Bill	[33] not yet finalised.	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 [33]	19 March – report seeking design decisions and report summarising submissions. Then to be considered through Budget process.
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 are currently preparing a second report on updated options. New options would have a wider scope and larger impact for migrants; though with a modest fiscal impact.	12 March - final decisions. Officials recommend funding through the Scorecard, otherwise to be considered through Budget process.
Simplify fringe benefit tax (FBT) – motor vehicles	2026–27 omnibus tax Bill	-$0.15m p.a.	Officials completed multiple rounds of consultation on FBT in 2025 to receive feedback and refine proposals, and initially reported in May 2025.	Awaiting decisions on report from 5 March. Officials recommend funding through the Scorecard, otherwise 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 registered securities to be deregistered if a borrower's approved issuer status has been revoked.	11 March - approval for targeted consultation. [33]
[33]				

Revenue-positive items

Revenue from 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 29 January, Ministers received further advice on an Australian-style bank tax [34] The Minister of Finance also received advice on a prudential levy. The Minister of Finance has advised work should continue on both an Australian-style bank tax and prudential levy.	5 March - report on the design of an Australian-style bank tax. Then to be considered through Budget process.
Review elements of charities and not-for-profits: Donation tax credit cap/rate changes	B26 – Budget night legislation (if broader DTC changes) 2026–27 omnibus tax Bill (if targeted DTC changes)	$21m p.a. revenue gain from targeted changes to DTC cap (for donors to donor-controlled charities), or Between $13m p.a. (for a $100k cap for all donors) and $107m p.a. (for a $4,500 cap for all donors), or $77m p.a. for changing the DTC rate from 33% to 25% (for all donors). Costings yet to be finalised.	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. 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	2026–27 omnibus tax Bill	Two savings options totalling approximately $60.75m p.a. and three spending options totalling approximately $4.25m p.a. (not yet finalised)	On 9 February 2026, the Minister of Finance wrote to the Minister of Science, Innovation and Technology (MSIT) and the Minister of Revenue (MoR), requesting more information on the trade-offs from RDTI [33] savings options Budget 2026. This advice has been provided to all Ministers. All three Ministers have indicated interest to further consider changes to the eligibility of internal non-administrative software expenditure. A briefing note has been provided to Ministers' offices that provides further information on the types of activities and businesses that would be impacted by changes to the eligibility of internal non-administrative software. [33] MoF has indicated that she does not want to realise savings on overseas expenditure.	Awaiting decisions from Ministers on next steps regarding software expenditure.
Reform the rules for taxing shareholder loans as dividends	2026–27 omnibus tax Bill	$38m p.a. (revised to reflect upcoming advice on B26 measures), not yet finalised.	Officials recommend only progressing company cessation proposal for B26 and considering further changes for B27.	5 March – advice on progressing reforms Then to be considered through Budget process.
Review the thin capitalisation rules for banking groups and interest allocation rules for bank branches	2026-27 omnibus tax Bill	$11.3m p.a. for thin cap changes [33]	Second round of targeted consultation on revised proposals finished on 17 February.	13 March – report on outcome of consultation with final policy recommendations. Officials recommend managing revenue of the thin cap changes through the Scorecard, otherwise to be considered through Budget process.

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	B26 – Budget night legislation Information sharing Order in Council: early 2027	Positive - $12.1m p.a.	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. Under consideration through Budget process.
[33]				
[33]				

Potential announcements at B26 for later funding and implementation

Initiative	Expected deployment	Fiscal impact	Updates	Next report/paper
[33]				
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.

Items we understand Ministers have decided to not progress for B26

Initiative	Expected deployment	Budget allowance impact	Updates
[RESTRICTED] Stamp duty on tax non-residents (foreign buyers charge)	n/a	$100m - $200m p.a., but highly uncertain and subject to rate and design choices.	The Minister of Finance has indicated this item should be put on hold.

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 Q2)** • Review the tax treatment of expenditure on flood damage and land improvements **(follow-up report in March with draft targeted issues paper)** • Simplify tax compliance for Māori authorities **(report to Ministers in Q1)** • Treaty of Waitangi settlements • Progress the remedial work programme