The Treasury

Budget 2026 Information Release

September 2026

This document has been proactively released and is available on:

- The Budget website from September 2026 to May 2027 only at: **https://budget.govt.nz/information-release/2026**, and on
- The Treasury website from later in 2026 at: **https://www.treasury.govt.nz/publications/budgets/budget-2026-information-release**

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).

Copyright and Licensing

Accessibility

The Treasury can provide an alternate HTML version of this material if requested. Please cite this document's title or PDF file name when you email a request to information@treasury.govt.nz.

Tax and Social Policy Work Programme – Dashboard update – 9 October 2025

Inland Revenue
Te Tari Taake

TE TAI ŌHANGA
THE TREASURY

Overview

- On **shareholder loans**, officials recently provided an updated Officials Issues Paper which focuses on potential changes to the treatment of new loans. The associated Cabinet paper is currently undergoing Ministerial consultation, and is expected to go to ECO on 22 October.
- Officials will provide joint advice in early November on options for progressing a **prudential levy** or **Australian-style bank tax**, including any links to the Reserve Bank's **capital review**.
- Officials are preparing further joint advice on designing a **charge on non-tax residents** who purchase property in New Zealand, including an assessment of design options and economic impacts.

Overarching fiscals

- The table below provides our best current estimates of fiscal impact across TSPWP initiatives. For many initiatives the fiscals are uncertain and/or dependent on upcoming design decisions. All figures should be treated as indicative only at this stage.
- Looking across tax items for **Budget 2026** and potential additions to the **2025-26 Omnibus Tax Bill**, the total net impact of initiatives that we are currently able to cost is [33] However, this figure comes with the following caveats:
  - Only a subset of initiatives are currently costed, with the remainder awaiting policy design and decisions. A number of potentially large initiatives remain uncosted, including Investment Boost refinements, increasing investment in commercial buildings, and welfare reform.
  - The figures below do not include administrative costs for agencies implementing the policies.
  - Some smaller items may be funded through the Scorecard, although the Scorecard balance remains low.

Initiatives	Expected deployment	Fiscal impact	Updates	Next steps
Attracting and retaining capital and talent				
Monitoring and refining Investment Boost, including extending to certain residential buildings	B26	-$158m over forecast period.	Monitoring work is ongoing. Remedials are in current omnibus tax Bill. Fiscal cost is based on option to extend to high-density residential buildings (apartments).	An Investment Boost survey is planned for December with results expected to be available in February. Awaiting decisions from Ministers on apartments.
Modernising non-resident contractors' withholding tax (NRCT)	2026–27 omnibus tax Bill	Negative - under $10m p.a.	Minister of Revenue requested further advice for NRCT on aircraft leasing following initial report (IR2025/364 refers).	Consulting in November.
Reviewing thin capitalisation settings for infrastructure	TBC – could be included in current omnibus tax Bill via Amendment Paper	-$65m over the forecast period. Already funded.	Currently undertaking further targeted consultation on the option to relax the settings for infrastructure projects with a view to including it in the Amendment Paper in the 2025-26 omnibus tax Bill.	Reporting by the end of the year with final policy recommendations.
Reviewing the Foreign Investment Fund tax rules	B26	Negative - over $10m p.a.	We provided initial advice on phase 2 changes (IR2025/345 refers). We have nearly finished consultation on changes.	Reporting in November before going to Cabinet.
Impact of the financial arrangement rules on new migrants	B26 or current omnibus tax Bill via Amendment Paper	Negative – under $10m p.a.	Work underway to scope problems and policy options. One amendment is in current Bill (raising cash basis person threshold).	Reporting in November.
[33]				
Simplification of the Approved Issuer Levy reporting	TBC	[33]	Following retrospective approved issuer levy (AIL) registration enacted in the last omnibus tax Act, we are commencing work to further simplify AIL reporting and registration.	Reporting by the end of the year.
International taxation (UN and OECD Pillar 1 and Pillar 2 work)	Ongoing	No fiscal impact for B26	In June 2025, the G7 agreed to exclude US multinational enterprises from the Pillar 2 rules. The OECD is now working on how to implement this agreement and address level playing field concerns.	Reporting in November on developments and a potential Plan B in case the OECD cannot agree.
Digital nomads	In current omnibus tax Bill	-$0.65m over the forecast period. Already funded.	n/a	Complete select committee process.
Improvements to the employee share scheme regime	In current omnibus tax Bill	-$9.9m over the forecast period. Already funded.	n/a	Complete select committee process.

[UNPUBLISHED] Increasing private investment in commercial buildings	B26	TBC	Treasury reported on 23 September seeking direction on further advice (T2025/2428 refers).	Awaiting decisions from Ministers.
Supporting small business				
Simplifying Fringe Benefit Tax: Motor vehicles, unclassified benefits, entertainment expenses	B26	[33]	We reported on FBT changes in May 2025 (IR2025/220 refers).	Awaiting decisions from Ministers.
Supporting the transition to digital tax administration for tax intermediaries	TBC	-	Informal consultation completed with key stakeholders and was discussed with the Minister of Revenue at his meeting with the Tax System Forum on 7 October. We are currently waiting to hear about his preferred approach to progressing this work.	Awaiting decisions from Ministers.
Approved information sharing agreement with MBIE	TBC	-	Following consultation last year, we have been working with MBIE and the Office of the Privacy Commissioner to finalise the proposed approved information sharing agreement.	Reporting in October.
GST issues consultation	TBC	TBC	Release of an officials' issues paper could occur in early 2026. Unlikely that any measures are progressed as part of Budget 2026.	Reporting in October with recommendations of items to include in issues paper.
Expenditure on floods and land improvements	TBC	[33]	We are currently drafting a letter for targeted consultation.	Targeted consultation beginning after the published TSPWP is announced; reporting to the Minister of Revenue in December.
[UNPUBLISHED] Target and reduce the cost of the Research and Development Tax Incentive while reducing the compliance burden for small businesses	B26	Neutral or positive	IR has completed targeted consultation with tax stakeholders. MBIE has nearly concluded targeted consultation with key business stakeholders.	Reporting in October.
Social policy				
Ongoing FamilyBoost improvements	TBC	TBC	IR has been providing responses to information requests from the Ministerial Advisory Group for ECE. The ECE funding review will not report until May–September 2026. Ministers may wish to consider the outcome of this review and consultation before making final decisions.	Reporting in December on progress with improving the delivery of FamilyBoost.
Working for Families improvements	Some aspects can be announced at B26	Negative - over $10m p.a.	Improvements were outlined in the Government discussion document released at Budget 2025. Some of the more straight forward proposals such as the information sharing/residency rules changes, and changes to the definition of Family Scheme Income will be progressed on a Budget 2026 timeframe.	Reporting in November on a pathway forward for the proposals outlined in the discussion document.
Student loans – overseas-based borrower settings	TBC	TBC	We reported to you in September on high-level design of a discretion to provide interest relief (IR2025/359 refers).	Reporting in October on detailed design.
[33]				
Integrity and simplification				
Interest allocation for bank branches	B26	Indicative estimate - [33] over forecast period	IR will shortly conclude consultation with stakeholders.	Reporting in November with final policy recommendations.
[UNPUBLISHED] Australian-style bank tax or prudential levy	B26	[34] Prudential levy: $35m – $45m p.a.	The Minister of Finance requested further advice on a bank tax and prudential levy in light of the RBNZ's capital review.	Reporting in early November.
[UNPUBLISHED] [RESTRICTED] Foreign buyers charge	B26	Positive – previous design estimated at $35m p.a.	The Minister of Finance requested further advice on an option focused on non-tax residents purchasing property in New Zealand. For B26 or early announcement.	Treasury, Inland Revenue and MFAT officials preparing further advice.
Simplifying tax compliance for Māori authorities	2026–27 omnibus tax Bill	Neutral or negative - under $10m p.a.	Long-term review in progress. The package of measures being considered are technical and remedial in nature, simplify compliance and reduce compliance costs.	Reporting in late 2025 or early 2026 with a first update

Charities and not-for-profits	B26	[33]	<u>Charitable business income tax exemption</u>: Not progressing. IR to work with DIA on data collection. <u>Donor-controlled charities</u>: Progressing. Consultation in November. <u>Member transactions and subscriptions</u>: Progressing, except for work on friendly societies and credit unions. Consultation in November. <u>Donation tax credit</u>: Progressing. Consultation in November. <u>Tax exemptions</u>: Progressing work on exemptions for non-resident charities, [33] <u>Simplifications</u>: Progressing. Consultation in November.	Reporting on 16 October with: • draft media statement, Q&As, and proposed proactive release of previous advice. • Information on planned targeted consultation.
[UNPUBLISHED] Reform the rules for taxing shareholder loans as dividends	B26	$800m - $1.4b over forecast period	Ministers have agreed to progress to consultation. Current costing range is <u>indicative only</u> and depends on: • Assumptions about taxpayers' behavioural responses, assumptions about the relevant marginal tax rates of the shareholders (which could be 39% or 33%, depending on their income), and policy design features which are still subject to consultation. • Whether to allow imputation credits to be attached to the deemed dividends and whether to provide tax deductions if the shareholder subsequently repays a loan which was already taxed. The revised estimates have been produced quickly and are currently being peer-reviewed.	Cabinet paper seeking approval to issue an issues paper going to ECO on 22 October. This timing allows for publication by the end of the month.
Policy options to support wider Inland Revenue compliance work and reduce tax debt	Credit reporting changes – AP 2025-26 omnibus tax Bill, [33]	TBC	Next advice will include whether changes to the credit reporting rules are needed and [33]	Reporting in November.
Software projects: • Clarifying the income tax treatment of software development expenditure • Software expenditure by businesses on Software-as-a-Service customisation and configuration costs	TBC depends on scale of issues identified through consultation. 2026-27 omnibus tax Bill at the earliest.	TBC	Minister of Revenue has approved the issues paper for consultation. The paper seeks to understand stakeholder concerns before policy options are developed (IR2025/371 refers). The Minister of Finance's office was provided with a summary of software and tax settings and the scope of the work underway (BN2025/384 refers).	Targeted consultation with the Tax System Forum, and then proceeding to public consultation on the problem definition in late October.
Donee status for overseas focused organisations (schedule 32)	In current omnibus tax Bill and following tax bills	-	n/a	Complete select committee process.
Removing the Commissioner's power to collect information for policy purposes	In current omnibus tax Bill	-	n/a	Complete select committee process.
Replacing the legislative trust disclosure provisions with Commissioner powers	In current omnibus tax Bill	-	n/a	Complete select committee process.
Income derived from residential sale of excess electricity	In current omnibus tax Bill	$0.65m over the forecast period. Already booked.	n/a	Complete select committee process.
Delegating to the Commissioner powers to set certain rates	In current omnibus tax Bill	-	n/a	Complete select committee process.
GST and unincorporated joint ventures	In current omnibus tax Bill	-$12 million over the forecast period. Already funded.	n/a	Complete select committee process.
Remedial work programme	Ongoing	-	Ongoing	n/a
Other agency work				
Supporting all-of-Government response to organised crime	In current omnibus tax Bill	-	n/a	Complete select committee process.
Treaty of Waitangi settlements	Ongoing	-	Ongoing	n/a
Other ministerial priorities as they arise	Ongoing	-	Ongoing	n/a