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Budget 2026 Information Release

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[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

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Tax policy report

Inland Revenue
Te Tari Taake

Stamp duty payable by tax non-residents: initial design decisions

Date	17 February 2026	**Priority**	High
Security level		**Report number**	IR2026/046

Action sought		**Deadline**
Minister of Finance	**Agree** to recommendations	2 March 2026
Minister of Revenue	**Agree** to recommendations	2 March 2026

Purpose
This report sets out initial design decisions required to implement a stamp duty payable by tax non-residents on the purchase of residential property in New Zealand.

Contact for phone discussion, if required

Name	**Position**	**Phone number**	**First contact**
Sam Rowe	Policy Lead	[39]	☐
Pamela Law	Principal Policy Advisor		✓

Stamp duty payable by tax non-residents: initial design decisions

Background and purpose

1 [34] A copy of officials' previous advice was referred to relevant Ministers, including the Minister of Revenue.

2 This report sets out initial design decisions for the proposed stamp duty and seeks Ministers' agreement to the effective date for the duty, and the imposition of reporting, collection and payment obligations.

3 These decisions are required as soon as possible to enable Inland Revenue to begin preparing for delivery as part of Budget 2026, notwithstanding that the policy remains subject to confirmation by Budget Ministers and Cabinet.

4 As this report has been written subject to Budget secrecy, we have been unable to consult with relevant parties. This may impact our advice. Further detailed design decisions will be the subject of future reports.

Initial design decisions

5 [34] It would apply to individuals and to purchases made via other vehicles, such as companies and trusts. The stamp duty will therefore apply to a wide range of persons, including tax non-resident New Zealanders (who are currently responsible for around 80% of homes purchased by tax non-residents).

6 This report seeks agreement to decisions to give effect to the core features of the tax to support the creation of a new tax type and systems as part of Budget 2026, assuming enactment via Budget Night legislation.

7 Configurable policy choices (such as the tax rate) and further detailed design decisions needed to finalise the features of the duty will be the subject of future reports. In addition, as the implementation is being developed at speed, we may later identify issues which would need to be resolved. This may include anti-avoidance issues or solutions to deal with edge cases and may require legislation in a future omnibus taxation Bill.

Implementation date

8 We have identified three potential options for implementation of the stamp duty: 1 April 2027, 1 October 2026 or 1 July 2026. We have suggested these dates based on Inland Revenue, as lead agency, being able to prepare basic systems and guidance to support the implementation of a stamp duty.

9 Implementation of a stamp duty requires the creation of a new tax type, supported by systems and guidance. There will be a need to educate taxpayers and participants in the real estate industry to aid understanding of, and compliance with, the new duty. We understand that many conveyancers use software which will likely require updating to accommodate the stamp duty. Experience tells us that this could take many months, and generally software providers prefer to begin system changes once legislation is certain (enacted or at least sufficiently progressed as legislation).

10 As the new duty is not currently proposed to be subject to a property value threshold, the scope of affected persons is broader than a duty targeted at higher value purchasers would be. As smaller legal firms are more likely to be affected by a broadly applicable duty, we would need to engage with a wide range of advisors.

11 We have not spoken to conveyancers or external software providers about the proposal due to Budget sensitivity, but it is quite possible that they will struggle to meet a July or October 2026 date. Land Information New Zealand (LINZ) is aware of this proposal and will need to consider what changes, if any, are required to their systems.

Fiscal and behavioural impacts of different implementation dates

12 Your decision regarding an implementation date will impact our revenue forecast for the first year of this initiative. Based on our original estimate of $100 million to $200 million revenue per annum for a flat 15% stamp duty (highly uncertain and subject to policy design), the implementation date options outlined in this report would result in the following revenue forecasts for 2026/27:

Option 1: 1 April 2027	$25 million to $50 million
Option 2: 1 October 2026	$75 million to $150 million
Option 3: 1 July 2026	$100 million to $200 million

13 These costings are based on property sales lost due to a smaller taxable window and do not factor in the behavioural impact of having a lead-in time between announcement at Budget 2026 and bringing the policy into effect. Having a longer lead-in time will increase the opportunity for potential buyers to avoid the tax by accelerating their purchases. International evidence suggests that this behavioural response is likely to be strong, which will impact actual revenue in the initial months of the policy. However, our judgement is that there is not sufficient evidence to reasonably quantify this effect for the purposes of our revenue estimates.

Option 1: 1 April 2027 (Inland Revenue's current recommendation)

14 Although we are currently progressing this project on the basis of a Budget 2026 timeline, there are benefits in a later implementation date such as 1 April 2027. A later date would allow for best practice in the development and implementation of tax policy. It would reduce the risk of other key real estate participants (such as conveyancers) being unable to implement the changes in time. LINZ has indicated that it could implement the changes by 1 April 2027. It would also enable effective consultation, in particular with stakeholders such as the Law Society and software providers, and would allow for a full omnibus taxation Bill process.

15 An effective date of 1 April 2027 would provide a longer period of time for accelerating purchases in advance of the policy coming into effect, reducing actual revenue in the initial implementation period. Officials view this as an acceptable trade off as it is not a repeatable tax planning opportunity and better enables successful roll out of the new duty.

16 Conversely, a later date would avoid purchasers with a long settlement date being "caught out" between entering into the contract and the settlement date. Such purchasers would be subject to a stamp duty they had limited notice of and may struggle to pay.

17 [33]

Option 2: 1 October 2026

18 From an Inland Revenue perspective, an October 2026 implementation date would increase implementation risks compared to a 1 April 2027 date. There is a risk that other players in the real estate industry may not be ready, such as conveyancing software suppliers and smaller conveyancers. However compared to a 1 July 2026 date it would allow us to refine the design of the stamp duty prior to implementation. It would also provide more time to prepare and train systems and staff, and for the education of industry and buyers. LINZ has indicated that, based on past experience, a 1 October 2026 date could be possible but there would material implementation risks.

19 An October effective date may still result in some persons accelerating purchasing decisions to avoid the tax which would initially reduce actual revenue as described above. In the reverse situation, some purchasers with a long settlement date could be unexpectedly impacted by the imposition of the tax.

Option 3: 1 July 2026 (not recommended)

20 In our view, this is the earliest feasible date for Inland Revenue to implement a stamp duty following the enactment of Budget Night legislation, but it comes with a significant risk that other players in the real estate industry could not be ready in time. In particular LINZ's initial view is that they could not implement the change into their systems by this date.

21 A 1 July 2026 date would reduce the opportunity to avoid the new stamp duty by accelerating the purchase of the property. However, it has the potential to surprise taxpayers and advisors and leaves them only a minimal time to prepare before the duty comes into effect. While it decreases the potential for accelerating purchases to avoid the stamp duty, it increases the potential for purchasers to have to unexpectedly pay the duty on very short notice.

22 If this date is chosen, we would use a phased approach to the implementation of the stamp duty.

- The initial phase would focus on the creation of systems to report, pay and collect the tax and would be based as much as possible on simple and standard design templates. It would go live as a digital only measure via myIR.
- The later phase would focus on supporting detailed design and other necessary administrative features such as error correction mechanisms, penalties and interest.

Compliance obligations

Option 1: Conveyancing process (recommended)

23 Requiring the conveyancer to report and pay the stamp duty from the purchaser's funds as part of the settlement process is the most streamlined option and will best support compliance with the new duty. This is particularly important given that the purchasers will be non-resident and may not have any other reason to interact with the New Zealand tax system.

24 Conveyancers and other relevant professionals already act as a statutory gatekeeper in the land transfer system. They undertake anti-money laundering/know your client procedures and ensure the tax, legal and monetary requirements for a transfer of property are met. However, as a stamp duty would be a new obligation and even if we model it closely to existing obligations, there is a chance that it would be poorly received by relevant professionals. Consultation with representatives of affected professional bodies may mitigate adverse reaction and would improve design.

25 Whilst stamp duty obligations would impose an additional compliance cost on the conveyancer, these extra steps would fit with existing processes for the purchase of a property. Professionals are also best able to consider complex situations such as purchases of property by a company or trust.

26 Our preference is that the obligation to pay the stamp duty is integrated into the settlement process and that the transfer of title to the property is conditional on the payment of the tax. Payment of transfer duty is a condition of settlement in New South Wales.

27 We have discussed this option with Land Information New Zealand (LINZ). They consider this to be feasible, but note that their system currently relies on conveyancers to self-certify that the various legal requirements have been met. Accordingly LINZ would need to rely on the conveyancer's self-certification as to whether stamp duty was payable, and LINZ would not be able to independently verify this without very

significant changes to their general processes. This approach seems reasonable to us, given that conveyancer self-certification is already the model for other legal obligations.

Option 2: Purchaser self assessment

28 The alternative option is to impose the obligation to report and pay the stamp duty on the purchaser. This means that although the obligation to pay the tax would crystallise when the property is transferred, payment could follow a set number of days later (such as 30 days) or at the end of the tax year.

29 Non-resident purchasers will be a wide group of persons. As the proposal is currently not to include a property value threshold, the stamp duty may capture a number of "ordinary" buyers. Some individuals may be un- or under-advised and could struggle to complete returns. Self-assessment creates greater compliance obligations for the purchaser increasing the risk of intentional or unintentional failure to pay the duty. This in turn increases the administration cost of this option, as the collection process could be more difficult and lengthy – particularly if the non-resident has no other reason to engage with the New Zealand tax system.

30 We note that England, Scotland and the State of Victoria use variants of this option, with payment due after settlement. In New South Wales, the payment is due within three months of signing a sale and purchase agreement, or on or before settlement if earlier. However, despite the formal obligation falling on the purchaser, the Revenue authority guidance for each jurisdiction indicates that normally the relevant returns and payment would be made by a conveyancer, solicitor or other relevant party on the purchaser's behalf.

31 If you chose this option, we would likely recommend that the conveyancer is obliged to report the transaction to Inland Revenue to support compliance.

Operational implications

32 The new stamp duty will have a medium impact on operational implementation capacity. However, depending on other choices made via the Budget 2026 process, there will be a knock-on effect on other Budget initiatives as well as the implementation of tax policy through normal processes (e.g. the annual omnibus tax Bill), and systems maintenance.

Financial implications

Tax Revenue impact

33 As outlined above and in previous advice, we estimate that a flat 15% tax applied to all purchases of residential property by a non-tax resident would raise $100–$200 million per annum. These costings assume that purchasing groups with mixed tax residence (New Zealand and non-New Zealand) are not subject to the stamp duty.

34 There are a number of significant design decisions which will have large impacts on these estimates (e.g., the tax rate applied and the treatment of purchaser groups that include a mix of New Zealand tax residents and tax non-residents). We will provide updated revenue estimates in future advice to reflect your implementation date preference and other design decisions. Some design decisions which may otherwise be desirable for policy reasons, such as those relating to refundability and exemptions, could significantly reduce revenue.

Administrative impact

35 We have revised our high-level costings based on a flat rate of 15% with no threshold value, and applicable to a wide range of persons.

36 One-off implementation costs for all options are estimated at $1.650 million over the forecast period.

37 Administrative ongoing costs are estimated as $8.850 million over the forecast period for option 1 (conveyancing process) and comprise the handling of a specific customer base. We expect higher compliance with this option which lowers the administrative costs.

38 Inland Revenue's compliance activities are higher with option 2 (purchaser self-assessment). Ongoing operating administration costs for this option are estimated at up to $13.950 million over the forecast period. We note that LINZ will also have administration costs, which we have not estimated here. We can advise you on this further after we receive your high level directions on design.

39 We will provide a full assessment of the administrative impacts and costs in future reporting based on your design choices and any feedback from key stakeholders we are able to consult.

Consultation

40 We have begun initial engagement with LINZ. Their preliminary feedback has been incorporated into this report.

41 The Treasury has been consulted and their views are reflected throughout.

Next steps

42 Following your decision on the effective date for the stamp duty, Inland Revenue will progress the implementation of the duty for your preferred effective date absent any indication from Budget Ministers that the stamp duty will not proceed.

43 Depending on decisions made as part of Budget 2026, in particular the effective date, the necessary legislative features could be included in Budget Night legislation, or if you wish to allow for consultation with stakeholders in the omnibus taxation Bill 2026 (although this would require a 1 April 2027 commencement date).

44 We will provide you with further advice seeking your decisions on detailed policy and design choices, including whether and in what circumstances the stamp duty would be refunded, which exemptions from the duty will apply and administrative and legislative features.

Recommendations

We recommend that you:

1. **Agree** that the stamp duty should take effect on: a. 1 April 2027 (*Inland Revenue's current recommendation)* b. 1 October 2026 c. 1 July 2026 (*not recommended*).	
Indicate preferred option below	Indicate preferred option below
1 April 2027 /1 October 2026 / 1 July 2026	1 April 2027 / 1 October 2026 / 1 July 2026
Minister of Finance	*Minister of Revenue*

2. **Agree** that the stamp duty should apply to purchases on or after the effective date.

	Agree / Disagree	Agree / Disagree
	Minister of Finance	*Minister of Revenue*

3.	**Agree** that: a. the conveyancer will be responsible for collection and payment of the stamp duty as part of the settlement of the purchase of the property; or b. the purchaser will self-assess and pay the stamp duty.	
	Indicate preferred option below	Indicate preferred option below
	Conveyancer / Purchaser	Conveyancer / Purchaser
	Minister of Finance	*Minister of Revenue*

4.	If you agree to recommendation 3(a) (conveyancer responsible for collection and payment) **agree** that the conveyancer will be responsible for filing a stamp duty return.	
	Agree / Disagree	Agree / Disagree
	Minister of Finance	*Minister of Revenue*

5.	If you agree to recommendation 3(b) (purchaser self-assessment and payment) **note** that we will provide further advice on the design of this option in a future report.

6.	**Agree** in principle that the payment of stamp duty should be a condition of the transfer of title to the property, subject to feasibility.	
	Choose option	Choose option
	Minister of Finance	*Minister of Revenue*

7.	**Note** that Inland Revenue will work with Land Information New Zealand on the administration of the stamp duty to finalise and implement the design.	
	Choose option	Choose option
	Minister of Finance	*Minister of Revenue*

8.	**Note** that if you wish to proceed with an effective date of 1 July 2026, Inland Revenue will report to you in March regarding further detailed design choices.

Sam Rowe
Policy Lead
Policy | Inland Revenue
17/02/2026

Hon Nicola Willis
Minister of Finance
/ /2026

Hon Simon Watts
Minister of Revenue
/ /2026