The Treasury

Budget 2026 Information Release

September 2026

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[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

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[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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POLICY

Tax policy report: Updating the Tax and Social Policy Work Programme

Date:	4 September 2025	**Priority:**	High
Security level:	Sensitive - Budget	**Report number:**	IR2025/356 T2025/2293

Action sought

	Action sought	Deadline
Minister of Finance	**Agree** to recommendations	9 September 2025
Minister of Revenue	**Agree** to recommendations	9 September 2025

Contact for telephone discussion (if required)

Name	Position	Telephone	Suggested first contact
David Carrigan	Deputy Commissioner, Policy Inland Revenue	[39]	☒
Emma Grigg	Policy Director Inland Revenue		☐
Jean Le Roux	Manager Tax Strategy, The Treasury		☐

4 September 2025

Minister of Finance
Minister of Revenue

Updating the Tax and Social Policy Work Programme

Purpose

1. Following your initial steer at the joint Ministers' meeting on 28 July, this report provides more detailed advice on policies for inclusion in the Tax and Social Policy Work Programme (TSPWP), including items for Budget 2026.

2. This report also seeks to confirm whether you agree with our recommendations to publish or withhold each item on the public-facing version of the TSPWP. Following your response to this report, we will provide a mock-up of the public-facing version of the TSPWP in mid-September ahead of publishing the public-facing TSPWP in October.

3. We seek your direction on whether you would prefer to take the work programme to Cabinet for noting or whether you would prefer to circulate to Budget Ministers only. If you choose to take the work programme to Cabinet for noting, we will seek your direction on whether or not to include Budget 2026 tax initiatives under consideration at that time, with the aim of taking the paper to ECO on 15 October 2025.

Background

4. We recently provided you with a strategic update on the TSPWP (T2025/1765; IR2025/329 refers) to inform a discussion between Ministers and officials on 28 July 2025. That advice noted:

    4.1 The need for ongoing fiscal consolidation, and the Treasury's recommendation that you consider both expenditure control and revenue-positive options,

    4.2 There is significant work ongoing on tax and social policy initiatives, such as measures included in the recently introduced omnibus tax Bill,

    4.3 Other work that is on hold or is not currently being proceeded with, including initiatives worked on for Budget 2025 that were not progressed, and other possible work programme initiatives that have not yet been commissioned, and

    4.4 Inland Revenue's limited policy and operational capacity to progress substantive new initiatives for Budget 2026 or to add to the TSPWP without deferring or ceasing existing work.

5. Also on 28 July 2025, Budget Ministers confirmed the Government's fiscal strategy goals, including returning OBEGALx to surplus by 2027/28 and putting net core Crown debt on a downward trajectory towards 40% of GDP. For context, at the Budget 2025 Update, OBEGALx was forecast to be in a \$3.1 billion deficit in 2027/28 and a \$0.2 billion surplus in 2028/29.

6. The Treasury has advised the Minister of Finance to retain flexibility around constraining new spending, identifying savings, sequencing investment decisions, and using balance sheet options in the next few Budgets so that the Government

has options between its policy, fiscal, and economic goals (T2025/1902 refers). The TSPWP could help to enable funding of Government priorities within allowances and/or provide fiscal headroom to meet your fiscal strategy.

Confirming tax policies and publishing the TSPWP

7. We present initiatives in two broad categories:

    7.1 **Annex 1** provides a draft TSPWP based on the directions you provided at the joint Ministers' meeting on 28 July 2025. Annex 1 also groups the TSPWP initiatives into the following potential themes, based on initial directions from the Minister of Revenue:

        7.1.1 Attracting and retaining capital and talent

        7.1.2 Supporting small business

        7.1.3 Social policy

        7.1.4 Integrity and simplification

        7.1.5 Bank-related tax policies

    7.2 **Annex 2** includes a list of policies which are currently deferred/on hold. This is also based on the discussions from the 28 July 2025 joint Ministers' meeting.

8. We seek your agreement to these tax policies as grouped under the themes, deployment timelines, and whether to publish/withhold/discontinue work on each item, as detailed in the annexes. Following your decisions on the TSPWP, we will advise you on any issues regarding both agencies' resourcing capacity, also taking into account the remedial and stewardship workstreams.

Progressing items for Budget 2026

9. Annex 1 provides a list of policies which are currently progressing on a Budget 2026 timeline, including foreign investment fund tax rules phase 2, fringe benefit tax changes, shareholder loans, charities and not-for-profits, interest allocation for bank branches, and other banking policies which could be considered alongside the Reserve Bank's capital review.

10. The Treasury will provide further advice to the Minister of Finance in October on inviting initiatives into the Budget 2026 process.

11. As part of advice on each initiative, Inland Revenue intends to advise you on the Treaty of Waitangi (Treaty) risk. Treaty risk will need to be carefully managed across all initiatives, particularly those that may become subject to Budget secrecy.

Publishing the public-facing version of the TSPWP

12. The Minister of Revenue has indicated that the published version of the TSPWP should be released in October. To meet this timeline, decisions on inclusion of items in the work programme require a short turnaround.

13. Following your decisions on this report (including which items should be included in the published version of the TSPWP), officials will provide a mock-up of the public-facing work programme in mid-September. Only the titles of initiatives would be published on the public-facing TSPWP; the descriptions are withheld.

14. We seek your direction on whether you prefer to take the work programme to Cabinet for noting or to Budget Ministers only (as per last year's approach). If you

choose to take the work programme to Cabinet for noting, we will seek your direction on whether or not to include Budget 2026 tax initiatives under consideration at that time, with the aim of taking the paper to ECO on 15 October 2025.

15. The TSPWP is a dynamic document and, with Ministers' direction, items can be added and removed as necessary at any time after publication.

Consultation on the TSPWP

16. While officials have not consulted with external stakeholders on the contents of the draft TSPWP, the Corporate Taxpayers Group wrote to you in August 2025 to outline their views on an updated tax work programme. This letter highlights the group's support for existing work on fringe benefit tax, simplifying the rules for non-resident contractors, clarifying the income tax treatment of software development expenditure, double tax agreement negotiations, and the financial arrangement rules on migrants. The letter also suggests options for attracting and retaining capital and talent.

17. Officials are also expecting submissions from Chartered Accountants Australia & New Zealand and the New Zealand Law Society but have not received them yet. Officials will take any submissions into account when drafting future advice.

18. Consultation is a key part of the Generic Tax Policy Process, and we note that recent experiences have highlighted the value of consultation in improving the design and effectiveness of policies.

Updates on key workstreams

Foreign buyers charge

19. In response to joint officials' advice on options for a foreign buyers charge (T2025/2195), the Minister of Finance enquired about whether a charge could instead be progressed for consideration as a Budget 2026 initiative.

20. On Monday 1 September, Cabinet agreed to progress reforms to allow investor visa holders to purchase one residential property (valued over $5 million) in New Zealand. This Cabinet paper did not propose a foreign buyers charge (also referred to as a 'stamp duty').

21. We have currently tagged a foreign buyers charge as not progressing (see Annex 2). However, you may wish to direct officials to resume this work on a Budget 2026 timeline.

Investment Boost – monitoring and potential extension to certain residential buildings

22. Following the introduction of Investment Boost as part of Budget 2025, we have been monitoring the policy and responding to feedback on how to improve it. For example, we continue to progress remedial amendments suggested by stakeholders and will provide further advice on the scope of buildings that qualify for Investment Boost (this follows earlier advice on extending Investment Boost to build-to-rent dwellings – BN2025/277 refers).

23. Inland Revenue has also been developing an approach to monitoring the effectiveness of Investment Boost, and results from this will inform future policy advice (IR2025/327; T2025/2216 refers).

24. We also recommend considering a wider suite of tax measures for encouraging growth, including those detailed in Annex 1, where these can be delivered within your fiscal strategy.

Charities and not-for-profits

25. On 28 August 2025, you received two reports on the not-for-profit sector (IR2025/257 and IR2025/258 refer). These reports cover a range of tax issues in the not-for-profit sector, packaged as:

    25.1 Integrity issues

    25.2 Simplification opportunities

    25.3 Removal of tax exemptions that are no longer fit for purpose

26. These reports seek your decisions on whether to continue work and/or consult on various workstreams within these packages, including the charity business income exemption, donor-controlled charities, the donation tax concession, and other simplifications and exemptions.

Shareholder loans

27. On 28 August 2025, you received a draft Cabinet paper and issues paper on the tax treatment of shareholder loans (IR2025/219; T2025/2117 refers). The corresponding report recommends taking the Cabinet paper to ECO on 8 October proposing to release the consultation paper.

28. Officials are seeking your agreement to public consultation on the proposals, which includes consulting on the nature and size of the issues, international approaches, and potential options. The main proposal is to tax certain company loans to shareholders as dividends unless they are repaid within two consecutive tax years, with other options outlined as well.

Bank-related tax policies

29. The Minister of Finance has asked for advice to support consideration of a potential bank package before the Reserve Bank recommends final decisions on capital settings to the Reserve Bank Board (by the end of 2025)

30. Officials are reviewing existing work to identify any significant policy links between an Australian-style bank tax, a prudential levy, and the Reserve Bank’s capital adequacy settings. This analysis will inform whether our earlier advice on these policies would change depending on the outcome of the Reserve Bank's review.

31. The Reserve Bank is currently publicly consulting on their review of key capital settings and is expected to recommend final decisions to the Reserve Bank Board by the end of 2025. We will provide advice on a potential bank package in late October or early November.

32. We also note that there is a separate workstream on interest allocation for bank branches, which is being led by Inland Revenue. Inland Revenue will shortly begin consultation with stakeholders on the policy problem and a set of possible solutions.

Wider welfare reform and the Early Childhood Education (ECE) review

33. The Minister of Finance has advised that improving incentives to work is a focus area of the Government’s wider welfare reform work for Budget 2026 and

beyond. This work is being led by the Treasury and the Ministry of Social Development (MSD).

34. Given that Working for Families is likely to form part of this wider reform, the Minister of Finance had requested Inland Revenue officials be involved in this broader work. To date, officials from the Treasury, MSD, and Inland Revenue have been working closely to develop possible welfare reform options. We note, however, that the upcoming welfare reform meeting scheduled for 8 September will be between the Ministers of Finance and Social Development only. If Working for Families options are likely to form part of the wider welfare package, we recommend including the Minister of Revenue and his officials as part of future discussions.

35. Inland Revenue officials are involved in the review of Early Childhood Education being led by the Ministerial Advisory Group (MAG) appointed by Minister Seymour and supported by the Ministry of Education. This includes having Inland Revenue representatives at both the working and governance group levels. Work to date has largely covered providing the MAG with background information and context on the wider ECE funding landscape. Work will soon shift to research and evidence, as well as design-type questions of how the government funds the ECE sector.

Revenue policy costing framework

36. Inland Revenue and the Treasury are formalising and intend to publish the framework used to estimate fiscal costs of policy changes. This has been requested by the private sector in the context of questions about:

    36.1 How we have arrived at any particular costing

    36.2 Whether we are fully taking advantage of the data that the private sector is likely to have for particular costings

    36.3 Whether and under what circumstances we include behavioural estimates in our costings

37. Our intention is that we use this framework document to systematically work through these issues with the private sector and improve our processes and techniques as appropriate.

38. Ministers will receive reporting on the process and will be able to give input. The work is intended to be completed by the end of 2025.

Tax Policy Scorecard

39. We recently reported to you on the Tax Policy Scorecard (the Scorecard) noting that the Scorecard's balance will be $16.379 million from October 2025 (following the extension of the forecast period to 2029/30) and is expected to be [1] following decisions on the UK double tax agreement (T2025/2025 refers).

40. The low balance of the Scorecard means that funding new remedial amendments through the Scorecard will only be achievable if revenue-positive measures are added to offset revenue-negative measures. You could consider enabling this through managing a medium-level revenue raiser entirely through the Scorecard, or through allocating some revenue from a larger revenue raiser through the Scorecard (e.g., if you progress interest allocation for bank branches). This will result in less funding available for the Budget allowance, so there is a trade-off.

41. If this does not occur, it may be the case that remedial amendments that require funding will need to be managed through the Budget allowance in order to progress.

Next steps

42. If you would like to discuss this report with officials, a joint Ministers' meeting could be arranged for 8 September 2025 or some other date.

43. Following your decisions on this report, we will provide you with further advice on publishing the TSPWP, including any resourcing implications and a mock-up of the public-facing version of the work programme. If you would like Cabinet to note the TSPWP, we will prepare a draft Cabinet paper for you to take to ECO on 15 October 2025.

44. The Treasury will also provide separate advice to the Minister of Finance in October on which initiatives should be part of the Budget 2026 invitation process.

Recommended action

We recommend that you:

	Minister of Finance	**Minister of Revenue**
1. **Provide** feedback on the draft Tax and Social Policy Work Programme (TSPWP) as detailed in the annexes	Provided/ Not provided	Provided/ Not provided
2. **Note** that only initiative titles are published on the TSPWP (descriptions are withheld)	Noted	Noted
3. **Agree** to the updated TSPWP subject to your feedback in recommendation 1	Agreed/ Not agreed	Agreed/ Not agreed
4. **Agree** to **EITHER**:		
a. Take a Cabinet paper to ECO for noting the TSPWP (usual process)	Agreed/ Not agreed	Agreed/ Not agreed
OR		
b. Take the TSPWP to Budget Ministers (process last year)	Agreed/ Not agreed	Agreed/ Not agreed
5. **Indicate** if you would like to meet with officials to discuss the contents of this report	Yes/No	Yes/No

[39]

Jean Le Roux
Manager, Tax Strategy
The Treasury

Emma Grigg
Policy Director
Inland Revenue

Hon Nicola Willis
Minister of Finance
/ /2025

Hon Simon Watts
Minister of Revenue
/ /2025

Potential work programme items and other initiatives

Annex 1 – items for inclusion in the TSPWP and/or B26

Themes and initiatives	Description	Fiscal impact	Possible deployment	Public TSPWP recommendation
Attracting and retaining capital and talent				
Investment Boost – monitoring and refinements	We continue to undertake remedial and monitoring work on Investment Boost with a view to progressing improvements as necessary (for example, we are currently preparing further advice on the scope of buildings that qualify for Investment Boost and will be reporting in mid-September). Inland Revenue is progressing work to monitor the impacts of Investment Boost. However, it is important to consider that there are mechanisms in the tax system other than Investment Boost that can be used to achieve your economic growth objectives.	TBC	B26	Publish
Increasing investment in commercial buildings	Ministers have commissioned advice on driving private sector investment in commercial buildings. The Treasury will provide initial advice in September outlining barriers to investment in commercial buildings and seeking direction from Ministers on the areas future policy advice should focus on. Depending on direction from Ministers, further policy work could be focussed on tax settings or on other regulation (e.g. building consents). Officials will be reporting on this in late September.	TBC	B26	Withhold
Modernising non-resident contractor's withholding tax (NRCT)	This would continue the previous work on modernising NRCT and would consider the application of NRCT to New Zealand branches and to large commercial assets as well as non-resident contractors performing services for multiple taxpayers. A particular focus would be on situations where the New Zealand party bears the tax and compliance cost. Officials will report to you with our initial advice regarding the impact of NRCT on aircraft leasing in the next few weeks. We will also report to you on NRCT issues generally and seek permission to undertake targeted consultation later this year. Depending on the outcome of consultation, we would seek Cabinet approval for policy changes in 2026.	Negative	Omnibus Tax Bill 2026-27	Publish
Thin capitalisation	We reported to you in August 2025 on consultation on thin capitalisation settings, with a view to broadening the amount of debt for which interest deductions are allowed (IR2025/293 refers). The options consulted on were to specifically relax the settings for infrastructure projects versus a wider rule allowing interest to be fully deducted if the debt only has recourse to the New Zealand assets of the borrower. Currently we are 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 25-26 Omnibus Tax Bill. We will also report to you further on the potential to extend to a wider rule.	-$65m over the forecast period (tagged contingency in B25)	TBC – could be Amendment Paper for 2025-26 Omnibus Tax Bill	Publish
Foreign Investment Fund tax rules – phase 2	Following the FIF phase 1 changes that allow for taxing of FIF interests of qualifying new migrants on a realisation basis, further measures could form a phase 2 work programme. We have reported to you on this (IR2025/345 refers) and await your suggestions. Our proposals include changes to all residents, raising the $50,000 de minimis. [33]	Negative	B26	Publish
[33] [redacted]				
Impact of the financial arrangement rules on new migrants	As part of the ongoing FIF work, stakeholders have also identified the financial arrangement rules as disincentivising new migrants. Migrants will generally have more financial arrangements denominated in foreign currency. This means that the rules can tax migrants proportionately more on unrealised gains, limit access to foreign tax relief, and capture financial arrangements that would generally be excepted for non-migrant taxpayers. The Minister of Revenue agreed for officials to develop solutions to these issues (IR2025/161 refers).	Negative	B26	Publish
Double tax agreement negotiations	The proposed tax treaty work programme 2025/2026 (the programme) aims to enhance New Zealand's economic growth by promoting global trade and attract investment. The programme involves continuing five treaty negotiations and beginning or resuming treaty negotiations with eight countries. In July 2025, you agreed for officials to undertake the programme and report on individual agreements as they progress (IR2025/241 refers).	TBC	Ongoing	Publish
Simplification of the Approved Issuer Levy reporting	Following on from the introduction of retrospective registration for the approved issuer levy (AIL) in the 2024-25 Omnibus Tax Bill, this project considers targeted changes to further simplify the regime. These changes will have a particular focus on lowering compliance and administrative costs while ensuring Inland Revenue can access the information required to effectively administer the regime. Potential avenues to be explored include reviewing the AIL filing threshold and simplifying the AIL registration process. Officials will report to you later this year.	TBC	TBC	Publish

Themes and initiatives	Description	Fiscal impact	Possible deployment	Public TSPWP recommendation
Supporting small business				
Targeting and reducing cost of the Research and Development Tax Incentive while reducing compliance burden for small business	Ministers have commissioned officials to work on changes to the RDTI to enhance value for money, support genuine R&D, and reduce compliance costs. Proposed changes will be provided to Ministers in October that will look to improve the scheme while being fiscally positive or neutral. This initiative falls under the Innovation, Technology and Science pillar of the Government's Going for Growth strategy.	Positive/ neutral	B26	Withhold
Fringe Benefit Tax: Motor vehicles, unclassified benefits, entertainment expenses	In May 2025, we recommended several changes following a review of FBT (IR2025/220 refers). These include changes to categorising motor vehicles to better reflect the remuneration aspect of motor vehicle benefits, [33] [33] , and undertaking further targeted consultation on the proposals for entertainment expenditure. We have not yet received decisions from you on this report.	[33]	B26	Publish
Tax and digitalisation	We continue to identify opportunities to make tax administration more digital, including fraud prevention. For example, currently New Zealand citizens who don't receive an IRD number at birth must visit an Inland Revenue or AA office with physical documents to verify their identity. This process is time-consuming and vulnerable to fraud, as staff are not trained to detect documents that have been tampered with. We have an opportunity to use DIA's "identity check" service for applicants with a New Zealand driver's license or passport. This service verifies identity biometrically against official records, removing the need for in-person visits and reducing fraud risk. We are currently working through how to onboard with this digital service.	TBC	April 2026	Publish
Supporting the transition to digital tax administration for tax intermediaries	We are exploring legislative adjustments to support the participation of intermediaries, particularly digital intermediaries, in the tax system while maintaining a focus on the integrity of the tax system.	-	NA	Publish
Approved information sharing agreement (AISA) with MBIE	We will report to you and Cabinet later this year on the outcome of submissions, seeking final policy approvals for the AISA and asking Cabinet to direct you to instruct the Parliamentary Counsel Office to draft an Order in Council to give effect to the AISA. The AISA will enable both agencies to work together on compliance and enforcement activities, like combatting phoenix companies, and improving the administration of the tax system and access to some MBIE registers.	TBC	TBC	Publish
GST issues consultation	Inland Revenue has established a practice of releasing officials' issues papers to consult on minor GST policy issues that require attention. Officials have therefore identified several areas where improvements can be made to the GST system and legislation, many of which have been raised with officials by private sector stakeholders. Release of an officials' issues paper could occur in early 2026.	TBC	Release of consultation paper in first half of 2026	Publish
Expenditure on floods and land improvements	We reported to the Minister of Revenue in August 2024 on whether certain agricultural expenditure due to flooding events should be amortised or immediately deductible (IR2024/310 refers). This issue has subsequently been on hold due to other work programme priorities, but officials consider that this work should now be resumed.	TBC	TBC	Publish
[33]				
Social policy				
Ongoing FamilyBoost improvements	Includes the following workstreams: • Working with the sector to explore delivering a direct data model of FamilyBoost where fees information is provided to IR directly by ECE centres rather than parents. • Providing ongoing support and information on FamilyBoost, to the Ministerial Advisory Group reviewing broader ECE Funding (led by the Ministry of Education).	TBC	TBC	Publish
Working for Families improvements	We reported to Ministers on 20 August 2025 with a summary of the public consultation undertaken on the Working for Families discussion document released at Budget 2025 (IR2025/221; T2025/2105; REP/25/8/616 refers). Officials will be reporting later this year on a pathway forward for the proposals outlined in the discussion document and related work. Proposed changes to Working for Families settings could also be considered as part of the Government's broader welfare reform work programme and/or form part of Budget 2026 options.	TBC	Some aspects can be announced at B26	Publish
Student loans – overseas-based borrower settings	We are working with the Ministry of Education on potential student loan policy setting changes to address the large amount of overseas-based borrower debt. We are aiming to provide advice in September on interest write-offs, [33] [33]	TBC	TBC	Publish
Wider welfare work	The Minister of Finance and the Minister for Social Development (in consultation with the Minister of Revenue) are considering broader options for welfare reform.	TBC	B26	Withhold

Themes and initiatives		Description	Fiscal impact	Possible deployment	Public TSPWP recommendation
Integrity and simplification					
Shareholder loans		You have recently received a draft Cabinet paper proposing the release of an officials' issues paper to consult on reforming the rules for taxing shareholder loans as dividends (IR2025/219; T2025/2117 refers). The proposals could raise at least $1 billion over the forecast period but this is highly uncertain and subject to revision following consultation.	At least $1b over the forecast period if taxing existing stock of loans	B26	Withhold
Charities and not-for-profits	General comment	Several workstreams are progressing as detailed below. We recommend publishing on the TSPWP "reviewing elements of charities and not-for-profits", as was published for the last TSPWP. However, we recommend withholding the specific workstreams detailed below.	See below for individual fiscal impacts	B26	Publish
	Charitable business income tax exemption	We are seeking decisions from Ministers on whether to progress work on taxing charity business income. We have recommended to Ministers that they agree to Inland Revenue working with DIA to improve data collection on accumulated funds and observing the effect of a minimum distribution rule for donor-controlled charities, instead of changing the tax treatment of charity business income.	$30m - $70m p.a.	B26	Withhold
	Donor-controlled charities	We are seeking Ministers' agreement to progress work on donor-controlled charities and related integrity issues. We have recommended to Ministers that they agree to us providing updated advice on reducing donation tax concessions more generally to address integrity concerns for donor-controlled charities, as well as other tax driven arrangements involving the donation tax credit.	TBC	B26	Withhold
	Member transactions and subscriptions	We are seeking Ministers' agreement to further policy work being undertaken in relation to reducing the extent to which subscriptions and levies would be taxable, as part of a larger piece of work to simplify and clarify the rules for taxable not-for-profits. This work would also include repealing the exemptions for friendly societies and credit unions so that they are treated in the same way as other taxable not-for-profits.	$3m p.a. if Ministers agree with our recommendations	B26	Withhold
	The donations tax credit ceiling	As part of our reporting on donor-controlled funds, we have recommended to Ministers that they agree to us providing updated advice on reducing donation tax concessions more generally to address integrity concerns for donor-controlled charities, as well as other tax driven arrangements involving the donation tax credit.	Up to $40m p.a.	B26	Withhold
	Tax exemptions	We are seeking Ministers' agreement to progress policy work to repeal out-of-date income tax exemptions [33] [33] . If Ministers do not agree with our recommendations, we have sought their agreement to further policy work to find ways to improve transparency and integrity in these areas.	Up to $17m p.a.	B26	Withhold
	Simplifications	We are seeking Ministers' agreement to progress policy work that we have recommended to simplify rules for donors and volunteers.	-	B26	Withhold
Simplifying tax compliance for Māori authorities		Māori authorities often face complex tax compliance requirements that can hinder their capacity to grow, innovate, and fulfil their long-term aspirations. The proposed review is aimed at streamlining compliance, reducing compliance costs, and improving the overall workability of the Māori authority tax rules.	-	Omnibus Tax Bill 2026/27	Publish
Policy options to support wider Inland Revenue compliance work and reduce tax debt		As part of Budget 25 funding, Inland Revenue are exploring policy options to reduce the growth of tax debt. We intend to report to the Minister of Revenue in October/November on this. The advice will include whether changes to the credit reporting rules are needed [33] [33]	TBC	TBC	Publish
Income tax treatment of software development expenditure		Inland Revenue last reported with initial advice on this issue in October 2024 (IR2024/438 refers). Since then, we have undertaken informal, targeted consultation and developed an Officials' issues paper on the problem definition for public consultation. We will send a report in September outlining the results of our informal consultation and current thinking on the policy problem, with the draft issues paper attached. We will seek your agreement to release the issues paper for public consultation. Separately, the Minister of Finance commissioned at the joint Ministers' meeting on 28 July a note setting out the tax treatment of software generally and a discussion of how current settings impact businesses. This note will clarify that we are currently working on software issues, what these issues are and likely policy outcomes and stakeholder views.	TBC	Omnibus Tax Bill 2026/27	Publish

Themes and initiatives	Description	Fiscal impact	Possible deployment	Public TSPWP recommendation
Software expenditure by businesses on customisation and configuration costs	This issue is being progressed as part of the work to clarify the income tax treatment of software development expenditure. The draft issues paper includes a chapter on understanding problems with the tax treatment of Software as a Service (SaaS) customisation and configuration costs and will be part of the public consultation. Similar to the prior software item, Inland Revenue will be providing advice in September on the appropriate tax treatment of Software as a Service (SaaS) customisation and configuration costs.	TBC	Omnibus Tax Bill 2026/27	Publish
[33]				
Bank-related tax policies				
Interest allocation for bank branches	You received advice on funding costs for branches of foreign banks in July 2025 (IR2025/331 refers). Current rules could result in some of the profits earned by a permanent establishment being reported offshore when they should be reported in New Zealand. Addressing this risk could raise approximately $100 million per year based on our current estimate. Inland Revenue will shortly begin consultation with stakeholders on the policy problem and a set of possible solutions.	$100m p.a.	B26	Publish
Australian-style bank tax	[34] You have also indicated to officials that you wish to review existing work on an Australian-style bank tax and a prudential levy as part of the Reserve Bank's capital requirements review, and that you could consider a potential banking package of either a bank tax or a prudential levy alongside the outcome of the Reserve Bank's review. The Reserve Bank expects to have final decisions on capital requirements by the end of the calendar year. Officials are currently assessing any linkages between these different initiatives and will report back to you to support your consideration of a potential banking package before the outcome of the Reserve Bank's review becomes available.	$35m - $45m p.a. (Prudential Levy)	B26	Withhold

Annex 2 – items not actively worked on and/or not to be considered for inclusion in TSPWP/B26

Themes and initiatives	Description	Fiscal impact	Possible deployment
Items deferred from Budget 2025			
[33]			
Imputation credit flushing	Alongside other advice on integrity measures you are taking on (shareholder loans), we also reported to you in February 2025 on imputation credit flushing (IR2025/049; T2025/495 refers). This rule would deem a distribution of fully imputed dividends to company shareholders if a company's ownership changes by 34% or more. This was estimated to raise approximately $55 million per year.	$55m p.a.	B27
[33]			
Vehicle depreciation	We provided advice on reducing the motor vehicle depreciation rate from 30% to 25%, to better reflect the estimated useful life of vehicles (IR2024/509 refers). This would increase the amount of tax payable for businesses using vehicles. The change had an estimated increase to tax revenue of $57m over the forecast period.	$30m in first two years, $10m p.a. after (25%)	B26
[33]			
Other items			
Foreign buyers charge	In August 2025, officials provided initial joint advice on options for progressing a foreign buyers charge (also referred to as a 'stamp duty', T2025/2195 refers). While Cabinet agreed not to progress a foreign buyers charge as part of current reforms to enable investor visa holders to purchase a residential property, the Minister of Finance separately enquired about whether a charge could be further considered through the Budget 2026 process.	Positive	B26
Fringe benefit tax (FBT) exemption for private health insurance	An FBT exemption for employer-funded health insurance was recently the subject of discussion between you and the Southern Cross Medical Care Society, which Inland Revenue provided advice on in advance of the discussion (BN2025/288 refers). A rough estimate provided at the time estimated a cost between $153 million and $199 million per year. We recommend against this change.	Between $153m and $199m p.a.	B26
[33]			
Exempting the New Zealand Superannuation Fund (NZSF) from income tax	The NZSF currently pays income tax as a company at 28%. Tax paid by the NZSF is eliminated in Crown accounts through consolidation for the purposes of OBEGAL, as the NZSF is part of the government. We advised Ministers to exempt the NZSF from income tax to improve the likelihood of foreign jurisdictions also exempting the NZSF. We understand that this item was deprioritised in light of other Budget 2025 initiatives.	TBC	Dependent on policy design/s
Carried interest	In the private equity industry, fund managers may be paid an amount (the carried interest) upon sale of a previously acquired company financed largely by passive investors. Carried interest has generally been treated by the fund managers as a capital receipt. [4] [4] [4]	TBC but likely positive	B26
Confidentiality of data shared under tax treaties	This encompasses policy responses to concerns around information obtained from foreign tax authorities being shared domestically, and New Zealand's treaty data being stored overseas. One option is to strengthen the legislative provisions around double tax agreements overriding certain domestic laws.	TBC but likely no fiscal impact	TBC
New Zealand Business Number information sharing provision	The Minister of Small Business and Manufacturing has written to you requesting that increasing the uptake of the NZ business number among unincorporated entities be included on the work programme.	TBC	Omnibus Tax Bill 2026/27
[33]			
IRD numbers and illegal immigration	Inland Revenue officials are in the early stages of engaging with Immigration officials regarding Immigration's work programme following the letter that was sent to the Minister of Immigration.	TBC	TBC
PIE changes to support KiwiSaver investment in private assets	The Minister of Revenue asked us to consider changes to the PIE eligibility criteria to support MBIE's capital market reforms and enable KiwiSaver to hold more than 20% of the shares in unlisted companies. Inland Revenue did not recommend amending the PIE eligibility criteria, as they are important integrity measures to ensure that the beneficial tax settings do not apply too widely. Feedback from consultation was divided on the possible amendments and proposed a broader review of PIE settings.	None for targeted change, but likely cost for broader review	TBC