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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Inland Revenue
Te Tari Taake

POLICY AND STRATEGY

TE TAI ŌHANGA
THE TREASURY

Tax Policy Report: Joint Report Tax Policy Scorecard Update (March 2026)

Date:	5 March 2026	**Report No:**	T2026/261
			IR2026/075
		File Number:	SH-13-5-8

Action Sought

	Action Sought	Deadline
Hon Nicola Willis **Minister of Finance**	**Note** the recommendations	19 March 2026
Hon Simon Watts **Minister of Revenue**	**Note** the recommendations	19 March 2026

Contact for Telephone Discussion (if required)

Name	Position	Telephone		1st Contact
Natasha Rhodes	Graduate Analyst	[39]	N/A (mob)	✓
James Haughton	Unit Manager		[39]	
Maraina Hak	Policy Director, Inland Revenue	N/A (wk)		

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report	

Enclosure: No

Purpose of Report

1. The purpose of this report is to update you on the changes managed against the Tax Policy Scorecard (Scorecard) since the last update report. We also report back on options for supporting the funding of the Scorecard following the discussion at the Joint Ministers meeting on 10 February.

The Scorecard's balance

2. Officials most recently reported on the Scorecard in August 2025 [T2025/2025 refers]. At this time, the Scorecard's balance was $16.110 million over the forecast period. The subsequent roll-out of the forecast period in October 2025 brought the balance to $16.379 million.

3. Since then, five revenue-negative policies have been managed against the Scorecard, costing [1] over the forecast period, taking the balance to [1] million as of March 2026.

Scorecard changes between August 2025 and March 2026

	$m – increase in tax / (decrease in tax)					
	2025/26	**2026/27**	**2027/28**	**2028/29**	**2029/30 & outyears**	**Total (over forecast period)**
[1]						
Foreign investment fund – technical changes related to the introduction of the revenue account method	-	(0.200)	(0.200)	(0.200)	(0.200)	**(0.800)**
Employee share scheme deferral regime	(0.050)	(0.200)	(0.200)	(0.200)	(0.200)	**(0.850)**
Clarify period required to qualify for alternative tax treatment for certain lump sum support payments	0.200	0.200	0.200	0.200	0.200	**1.000**
Cash basis person threshold increases to take effect from start 2025-26 income year	(0.200)	-	-	-	-	**(0.200)**
[1]						

Scorecard funding

4. In late 2024, you agreed to maintain the current scope of the Scorecard and directed officials to report back on what revenue-positive tax policy changes from the Tax and Social Policy Work Programme (TSPWP) could be managed against the Scorecard [T2024/1960, IR2024/372 refers]. No decisions were taken at that stage to manage any revenue-positive measures against the Scorecard. Since then, as noted above, the balance of the scorecard has continued to decrease and is [1] .

5. At the Joint Ministers meeting on 10 February 2026, you confirmed that the Scorecard should continue to be used as a tool for managing the funding of "non-structural" tax changes that maintain and improve the tax system. This means the Scorecard should be broadly neutral over time, which requires committing some revenue-positive tax policy changes to the Scorecard to offset revenue-negative changes.

6. At the Joint Ministers meeting on 10 February, you also asked officials to consider which items on the current TSPWP could be managed against the existing Scorecard balance and which are better progressed through Budget 2026. If you proceed with the following tax proposals, we will provide you with fiscal management options when seeking decisions on the policy. At this stage, we recommend the following approach:

   a To seek Budget 2026 funding for the following bids:

      i Fringe Benefit Tax reforms for unclassified benefits [33]

      ii Foreign Investment Fund reforms ($75 million over the forecast period for Inland Revenue's recommended package), and

      iii a package of other smaller TSPWP initiatives (which are too big for the current Scorecard balance) including:

         - modernising non-resident contractor tax ($9.75 million over the forecast period, not finalised)

         - non-resident contractor tax for aircraft asset leasing ($17.85 million over the forecast period)

   b To fund some other smaller TSPWP initiatives through the current Scorecard balance where affordable:

      i Changes to the approved issuer levy [33]

      ii Fringe Benefit Tax changes for motor vehicles ($580,000 over the forecast period);

      iii Review the impact of financial arrangement rules on new migrants ($2.06 million over the forecast period).

      iv Note, officials are still finalising the costs of, and considering the recommended fiscal management approach for, the charities stream of work.

   c To manage revenue from changes to the tax treatment of interest allocation for bank branches against the Scorecard ($45 million over the forecast period for Inland Revenue's recommended option). This would be appropriate as the proposed changes would maintain and improve the tax system. Inland Revenue intends to report to you on bank branches next week. While we recommend that this policy be managed against the Scorecard, the report next week will provide

Ministers with fiscal management options (including an option to defer fiscal management decisions until later in the Budget process).

7. If you decide not to manage the positive impacts of the bank branches proposal against the Scorecard, further consideration will be needed to support the continued operation of the Scorecard going forward. Officials can report on options after the Budget cycle.

Reviewing the Fiscal Management Approach for Tax Policy Changes

8. In line with your direction, officials have been consulting with key stakeholders to better understand the issues with the current approach to the fiscal impacts of tax policy changes. To date, we have engaged with the Corporate Taxpayers Group (CTG) and Chartered Accountants Australia and New Zealand (CA ANZ) to clarify the key issues. As directed, following the consultation, we are updating the guidelines to ensure that the approach is transparent, flexible, and pragmatic. We will provide your office with updated guidelines reflecting the consultation later this month.

Next steps

9. Officials propose to report in September 2026 on any further changes to the Tax Policy Scorecard's balance and options on funding the Scorecard over the medium term (if needed).

Recommended actions

We recommend that you:

a **note** that the Scorecard's balance as of March 2026 is [1]

b **note** that, given the low balance of the Scorecard, officials will provide options for you to manage the revenue-positive impacts of the bank branches initiative against the Scorecard (when seeking final policy decisions).

[39]

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Hon Nicola Willis
Minister of Finance

_____/_____/_______

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