Revised Departmental Disclosure Statement

Taxation (Annual Rates for 2025−26, Compliance Simplification, and Remedial Measures) Bill

A revised departmental disclosure statement for a Bill the government is proposing to amend seeks to bring together in one place a range of information to support and enhance the Parliamentary and public scrutiny of that Bill in amended form.

It highlights material changes to previous disclosures relating to:

- the general policy intent of the Bill and other background policy material;
- some of the key quality assurance products and processes used to develop and test the content of the Bill;
- the presence of certain significant powers or features in the Bill that might be of particular Parliamentary or public interest and warrant an explanation.

The original disclosure statement for the Taxation (Annual Rates for 2025−26, Compliance Simplification, and Remedial Measures) Bill, dated 21 August 2025, can be found at this link https://disclosure.legislation.govt.nz/bill/government/2025/199.

This revised disclosure statement was prepared by Inland Revenue.

Inland Revenue certifies that, to the best of its knowledge and understanding, the information provided is complete and accurate at the date of finalisation below.

16 March 2026

Contents

The Main Areas of Change to the Original Disclosures

This is a revised disclosure statement for the Taxation (Annual Rates for 2025−26, Compliance Simplification, and Remedial Measures) Bill.

A revised disclosure statement incorporates the content of the original disclosure statement for the Bill but also includes and highlights the changes needing to be made to the original disclosure statement to accurately reflect the Bill with the proposed government amendments incorporated.

Where the Bill now also incorporates changes made by a select committee of the House, the revised disclosure statement will note these if relevant but will not explain them further.

The main areas of change to the original disclosure statement include:

- updated list of enactments in Part One: General Policy Statement for which the Bill and an Amendment Paper to the Bill introduce amendments
- updated summaries of the following policy proposals to reflect changes made to the Bill by the Finance and Expenditure Committee in Part One: General Policy Statement:
    - Tax treatment of New Zealand visitors
    - Foreign investment fund – revenue account method
    - Employee share schemes tax deferral regime
    - Income from residential supply of excess electricity
    - Powers for Commissioner of Inland Revenue to set certain rates
    - Overseas donee status
- summaries of the following four additional policy proposals that are introduced by way of an Amendment Paper to the Bill in Part One: General Policy Statement:
    - Thin capitalisation settings for infrastructure investment
    - Student loans – discretion to provide relief for interest
    - Income tax debt pilot with tax pooling industry
    - Aligning tax payments by NZSF with similar taxpayers
- summaries of additional remedial amendments on the following topics that have either been made to the Bill by the Finance and Expenditure Committee or that have been introduced by way of an Amendment Paper to the Bill in Part One: General Policy Statement:
    - Māori Fisheries Amendment Act 2024 amendment
    - Credit reporting remedials
    - Alignment of definition of contractor
    - GST and bad debt deductions made by specified agents
    - ACC earners' levy payments
    - Water services reform
    - GloBE rules side-by-side package application date
- updated Appendix One: Further Information Relating to Part Three in respect of question 3.6 to refer to consultation material for the 'Thin capitalisation settings for infrastructure investment' policy proposal, and
- updated Appendix Two: Further Information Relating to Part Four in respect of question 4.3 to include the following proposals, introduced by way of an Amendment Paper to the Bill, that have retrospective effect:
    - Clarifying new debt can be disclosed to credit reporting agencies
    - Alignment of definition of contractor
    - GST and bad debt deductions made by specified agents
    - GloBE rules side-by-side package application date.

Part One: General Policy Statement

The Taxation (Annual Rates for 2025−26, Compliance Simplification, and Remedial Measures) Bill (the Bill) introduces amendments to the following enactments:

- Income Tax Act 2007 (ITA);
- Goods and Services Tax Act 1985 (GST Act);
- Tax Administration Act 1994 (TAA);
- KiwiSaver Act 2006;
- Unclaimed Money Act 1971;
- Student Loan Scheme Act 2011;
- Child Support Act 1991;
- Accident Compensation Act 2001;
- Criminal Proceeds (Recovery) Act 2009 (CPRA);
- Taxation (Annual Rates for 2022–23, Platform Economy, and Remedial Matters) Act 2023;
- Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Act 2025;
- Māori Fisheries Amendment Act 2024;
- Taxation (Budget Measures) Act 2025;
- Māori Fisheries Amendment Act 2024;
- Tax Administration (Financial Statements—Domestic Trusts) Order 2022; and
- Tax Administration (Correction of Errors in Employment Income Information) Regulations 2019.

Broadly, the policy proposals in this Bill fall into 3 categories. The first category sets the annual rates of income tax for the 2025–26 tax year.

The second category contains proposals aimed at improving current settings within a broad-base, low-rate framework. This framework helps to ensure the tax system is fair and efficient and impedes economic growth as little as possible. It also helps to keep compliance costs low and minimises opportunities for avoidance and evasion. The framework underpins the Government's revenue strategy and helps to maintain public confidence in the tax system, which is crucial to encouraging voluntary compliance.

Although New Zealand has relatively strong tax settings, it is important to continually maintain the tax system and ensure that it remains fit for purpose. Changes in the economic environment, business practice, or interpretation of the law can mean that the tax system becomes unfair, inefficient, complex or uncertain. The tax system needs to be responsive to these concerns. The specific changes are outlined and described in detail below.

The third category relates to proposals aimed at improving the settings for tax administration (including information sharing), the goods and services tax (GST) regime, KiwiSaver and social policy rules administered by Inland Revenue.

The main policy measures within this Bill have generally been developed in accordance with the Generic Tax Policy Process (GTPP), which increases opportunities for public consultation. This process helps to ensure that policy, as well as administrative considerations, are well thought through. The GTPP is designed to ensure better, more effective policy development through the early consideration of all proposals and their likely impacts.

The GTPP means that major tax initiatives that are not Budget-sensitive are subject to public scrutiny at all stages of their development. As a result, Inland Revenue and Treasury officials can develop more practical options for reform by drawing on information provided by the private sector and the people who will be affected. The final

stage of the GTPP is a post-implementation review of new legislation and the identification of any remedial issues that need correcting for the new legislation to have its intended effect. Further information on the GTPP can be found at How we develop tax policy (ird.govt.nz).

The following is a summary of the specific policy measures contained in this Bill and the Amendment Paper. A comprehensive explanation of all the policy items is provided in commentaries on the Bill and Amendment Paper that are available at https://www.taxpolicy.ird.govt.nz/publications/2025/commentary-compliance-simplification-tax-bill and https://www.taxpolicy.ird.govt.nz/publications/2026/ap-commentary-compliance-simplification-tax-bill.

Inland Revenue's Departmental Report to the Finance and Expenditure Committee on submissions received on the Bill is available at https://www.taxpolicy.ird.govt.nz/publications/2026/departmental-report-compliance-simplification-bill.

The Final Report of the Finance and Expenditure Committee on the Bill is available at Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill.

Annual rates for 2025–26 tax year

The ITA requires the rates of income tax to be set each year by an annual taxing Act. The Bill proposes that the annual rates of income tax for the 2025–26 tax year be set at the rates currently specified in schedule 1, part A of the ITA.

Tax treatment of New Zealand visitors

While in New Zealand, a visitor (including a returning New Zealand citizen or permanent resident that is non-resident for tax purposes) may continue to engage in remote work for a foreign employer or foreign client. This remote work may give rise to New Zealand tax obligations for the visitor, their associated foreign entities and their foreign employer or clients. Depending on the duration of their stay, a visitor's presence in New Zealand may result in them being deemed to be New Zealand tax resident.

In January 2025, changes were made to the immigration settings (visitor visa) to allow individuals to undertake remote work for a foreign employer or foreign client while visiting New Zealand.

The Bill proposes tax measures to address issues that may be discouraging visitors from staying in New Zealand for longer periods of time, while maintaining the integrity of the underlying international tax rules.

The Bill would allow certain visitors to New Zealand (called "non-resident visitors") to be present in New Zealand for 275 days in a given 18-month period without becoming a New Zealand tax resident. This is provided they are in New Zealand lawfully and do not undertake work for a New Zealand employer or client.

For such non-resident visitors, the proposal would:

- treat the non-resident visitor as non-resident for New Zealand tax purposes;
- exempt the non-resident visitor's income earned from personal or professional services from New Zealand income tax, provided the work is performed for a non-resident employer or non-resident client and the remote work does not rely on the person being physically present in New Zealand;

- exempt certain amounts derived by a non-resident from a source in New Zealand if the amounts have a source in New Zealand because a non-resident visitor is physically present in New Zealand;
- exempt the non-resident employer from New Zealand employment-related tax obligations, including the pay-as-you-earn and fringe benefit tax rules;
- ensure the non-resident visitor's presence in New Zealand does not result in a permanent establishment in New Zealand for their non-resident employer or services recipient;
- provide that the actions of a non-resident visitor who is a director of a non-resident company are ignored when applying the head office test or tests for centre of management or director control in New Zealand for tax residence purposes; and
- allow, for GST purposes, the non-resident visitor to ignore certain zero-rated supplies they make to a foreign client when determining whether the $60,000 GST registration threshold is or will be exceeded.

The non-resident visitor must be tax resident in another country and would remain liable for tax (as a non-resident) on any New Zealand-sourced income other than exempt income from remote work for their non-resident employers or non-resident clients.

If a person ceased to qualify as a non-resident visitor, while lawfully remaining in New Zealand, then the existing tax rules would apply on a prospective basis.

The proposal would apply to persons who commence a visit to New Zealand on or after 1 April 2026.

Foreign investment fund – revenue account method

The Bill would introduce a new calculation method to determine a person's foreign investment fund (FIF) income. The new method, the revenue account method (RAM), would tax eligible FIF interests on a realisation basis, that is, on dividends derived and 70% of gains or losses.

The current FIF rules address the tax-driven incentive to invest in offshore companies rather than domestic ones. For individuals and family trusts, the rules generally tax these investments at 5% of the value of these interests at the beginning of the year, or the dividends received plus the in-year change in value of the interests.

The FIF rules deem income to arise independently of any cash receipt, which can make the resulting tax liability difficult to finance, particularly if the shares are unable to be sold. This is particularly an issue for migrants who come to New Zealand with pre-existing unlisted share investments made at a time when they had no knowledge of the FIF rules or expectation that they might be subject to them. Additionally, a migrant is required to value their foreign shares at the beginning of the year the FIF rules first apply, which can be expensive and difficult, particularly in relation to start-up companies.

Double taxation can also occur because the FIF rules tax unrealised income. If a person is subject to tax in another country on gains from the sale of their shares, it is possible that a tax credit may not be available for the tax paid on their FIF income. This is particularly an issue for United States (US) citizens and Green Card holders who remain subject to US tax on worldwide income even when they are tax residents elsewhere.

The proposal would allow a taxpayer to apply the RAM to qualifying foreign shares when the taxpayer:

- became a New Zealand resident and was not a transitional resident on or after 1 April 2024; and
- was a New Zealand non-resident for at least 5 years before becoming resident.

Family trusts whose principal settlor meets the criteria would also be eligible to apply the RAM to eligible foreign shares.

Eligible foreign shares (RAM shares) would be shares in a foreign company acquired before the taxpayer's immigration to New Zealand that:

- are not listed on any stock exchange;
- have no redemption facility for market value; and
- are not a share in an entity that derives 80% or more of its value from interests that are listed on stock exchanges or have facilities for redemption for market value.

The proposal addresses the cashflow and valuation challenges in relation to foreign shares that are difficult to sell or cannot be sold. It is also targeted towards migrants and returning New Zealanders for whom the current FIF rules make their continued stay in New Zealand untenable.

To address the double taxation issue for taxpayers who are subject to tax in another country on the disposal of their foreign shares that are FIF interests (note we are only aware of this being an issue for US citizens and Green Card holders), the proposal would allow the RAM to be applied to all foreign shares in FIFs for those taxpayers (regardless of the characteristics of the FIF interests or when they were acquired). Family trusts whose principal settlor is eligible for this "extended RAM" would also be allowed to apply the RAM to all foreign shares.

The proposal would take effect retrospectively from 1 April 2025.

GST and unincorporated joint ventures

A common practice in some industries where joint ventures are used is for the members to individually account for supplies made or received in the course of the venture in their own GST returns. This often reflects the commercial reality that the joint venture is undertaken as part of each member's wider business. However, this practice does not appear to be correct under the current GST rules.

Some joint ventures are unable to register for GST, so in some cases the current rules mean that GST deductions for joint venture costs cannot be claimed. Even when a joint venture may be able to register for GST, the members (who are often already registered for GST for their own separate activities) may prefer not to also register the joint venture for compliance cost reasons.

The Bill proposes to allow the members of a joint venture to choose to individually account for GST on supplies made or received in the course of the venture under their own GST registrations rather than registering the joint venture separately, consistent with common practices in some industries. This would resolve issues with some joint ventures being unable to register and minimise compliance costs associated with certain joint venture activities.

The proposal would take effect on 1 April 2026. As a taxpayer-friendly measure, it is also proposed that tax positions taken by joint venture members for taxable periods before 1 April 2026 would be validated, provided those positions were taken consistently with the amendments.

Employee share schemes tax deferral regime

An employee share scheme is when a company remunerates its employees with shares or share options in the company as part of their remuneration package. This is common in (but by no means restricted to) the start-up sector, where cash constraints may make it difficult to offer talent competitive cash salaries. Because these shares are taxed the same way as cash remuneration, a tax liability will generally arise once employees own the shares without employment-related terms or conditions (or exercise the option if it is an option scheme). The amount of income is the value of the shares at that time.

However, the shares may be difficult to value if they are unlisted. This makes it difficult to calculate the tax liability on the shares. The employee may also have difficulty funding the tax liability because they may be unable to sell any of their shares.

Announced as part of Budget 2025, the Bill would introduce changes that allow unlisted companies to elect into a regime where the tax liability for employees who receive shares or share options as part of an employee share scheme can, generally, be deferred until a liquidity event, such as the sale of shares. At the point of a liquidity event, it is easier to value the shares, and the employee will generally have the ability to raise the funds to cover their tax liability.

The employee share scheme tax deferral regime is not mandatory. For the purposes of deferred employee share scheme shares, this Bill would define a liquidity event as the:

- listing of the company; or
- sale or cancellation of the shares.

The changes proposed in the Bill would also allow employees to further defer their share scheme income in the case of some liquidity events. These are cases when a liquidity event has occurred, but the employee would still not be able to satisfy their tax liability. Examples include when the shares are subject to a “lock up” period, or when the employee has their shares cancelled in return for shares in a different unlisted company.

The proposed amendments would have effect for eligible share benefits provided on or after 1 April 2026.

Income from residential supply of excess electricity

An individual can generate electricity from their residential property for their own use and, depending on the electricity retailer, can sell any excess back to the network. The retailer either pays or provides a credit or discount to the individual for the electricity supplied.

Inland Revenue has indicated that, although dependent on the particular facts and legal arrangements, in many instances these amounts are likely to be assessable income.

Inland Revenue expects that tax compliance among these individuals is low, as they may not be aware that the amounts are likely to be taxable income. However, in many cases, the compliance costs associated with these obligations are likely to be disproportionately high compared with any tax revenue gained. This is because most individuals would not normally need to file tax returns as all their income, such as salary, wages, or investment income, has tax deducted at source. High compliance costs may also arise from apportionment issues due to the private limitation on deductions.

It would be resource-intensive for Inland Revenue to monitor compliance among these individuals. It is also likely that many individuals would be in a tax loss position due to

their expenses (for example, the cost of solar generation assets) outweighing any income.

The Bill proposes to introduce an income tax exemption for income derived by an individual from the supply of excess electricity from a residential property to the network. This exemption would be limited to only apply when the individual is a resident of the property where the electricity is generated (either as an owner-occupier or a renter). Under the exemption, individuals would not need to pay tax on, or file a tax return for, income derived from the supply of excess electricity. However, they would no longer be entitled to deductions relating to this activity.

The proposal would have effect for the 2026–27 and later income years.

Information disclosure by way of Ministerial agreement

The current confidentiality provisions in the tax legislation limit Inland Revenue's ability to disclose information to other agencies in a timely manner to address Government priorities. In certain situations, authority to share information under the current Approved Information Sharing Agreements or legislation takes too long to implement.

The Bill introduces a new provision to enable the Commissioner of Inland Revenue (the Commissioner) to disclose information to another government agency pursuant to a Ministerial agreement. These agreements give the Minister of Revenue and the Minister in charge of the other agency the power to agree to the disclosure of information:

- to determine entitlement to, or eligibility for, government assistance;
- for the detection, investigation, prosecution, or punishment of suspected or actual crimes punishable by terms of imprisonment of 2 years or more; or
- to remove the financial benefit of crime.

These agreements would be used when Ministers consider that disclosure is within the social licence and warranted for the benefit of New Zealanders. Examples include the ability to disclose all necessary information to combat organised crime or when the disclosure is to verify entitlement to a government subsidy.

The agreement would set out the type or class of information to be disclosed, the purposes for which the information is accessed, the uses to which the information is to be put to fulfil the other agency's functions, and the safeguards for the protection of personal information or commercially sensitive information that is to be disclosed.

The Minister of Revenue would be required to consult with the Office of the Privacy Commissioner and have regard to any comments made. This consultation would also be a further check on whether social license exists for the disclosure of information and whether the safeguards are sufficient because public consultation would not occur on these agreements.

To increase transparency, the name of the Ministerial agreement, the parties to the agreement, the purpose for disclosure, the classes of information to be disclosed, and the use the information would be put to, would be disclosed on Inland Revenue's website. The department would also be required to report on the operation of each Ministerial agreement in its annual report. There would also be the ability for the Privacy Commissioner to raise concerns about any Ministerial Agreements with the Minister of Revenue.

The proposal would take effect on 1 April 2026.

Repeal section 17GB of Tax Administration Act 1994

Section 17GB of the TAA allows the Commissioner to collect information for a purpose relating to the development of policy for the improvement of reform of the tax system.

The Bill proposes to repeal section 17GB.

The proposal would take effect on the day after the date the Bill receives the Royal assent.

Repeal of legislative provisions for trust disclosures

The additional disclosure requirements for trustees were introduced for the 2021–22 and later income years. In March 2022, the Tax Administration (Financial Statements—Domestic Trusts) Order 2022 (the Order) was made to set the minimum requirements for financial statements prepared by trusts that are subject to the disclosure rules.

The specific disclosure provisions require trustees of trusts that derive assessable income for a tax year to prepare financial statements and disclose details of settlements, settlors, distributions, beneficiaries, persons with powers of appointment, and other information required by the Commissioner.

Certain classes of trusts and trustees are excluded from the disclosure regime, including trustees of non-active trusts, foreign trusts, charitable trusts, and trusts eligible to become Māori authorities.

The disclosure provisions are not necessary for the Commissioner to be able to collect information from trustees because the Commissioner has broad powers to do this under sections 33 and 35 of the TAA.

The Bill proposes to repeal the specific legislative provisions for trust disclosures in sections 59BA and 59BAB of the TAA to improve legislative clarity. Consequential amendments would be made to remove references to the specific provisions.

Amendments are also proposed to be made to the Order setting minimum requirements for preparing financial statements. This would ensure that the Order continues to apply to trustees currently filing returns under the specific disclosure provisions if those provisions are repealed.

The proposal would have effect for the 2026-27 and later income years.

Updated information sharing for proceeds of crime

Currently, as part of the proceeds of crime regime under the CPRA, on request Inland Revenue may disclose information about a person to the New Zealand Police for the purposes of establishing whether a prima facie case exists for taking civil recovery action. However, a person's affairs can change over time so the Inland Revenue information held by Police about a person can become inaccurate.

The Bill proposes allowing the Commissioner to disclose updated information to an authorised person of the New Zealand Police, after a prima facie case has been established, to maintain the accuracy of the Inland Revenue information already held by the Police (that was obtained under existing information disclosure rules).

The updated information would be subject to the same existing operational requirements and processes that apply to the existing information disclosure rules for Inland Revenue information disclosed to the Police for proceeds of crime.

This requires amendments to the TAA and the CPRA.

The proposal would take effect on 1 April 2026.

Power to change FamilyBoost settings by Order in Council

FamilyBoost is a childcare tax credit that provides financial assistance to caregivers with early childhood education costs. Changes to the FamilyBoost policy settings (such as the rebate percentage and income thresholds) can currently only be made through amending legislation and not through regulations.

The Bill proposes to introduce the ability for changes to the FamilyBoost policy settings to be made by an Order in Council.

The Order in Council would only be able to change the policy settings in a way that benefits the recipients, either by increasing the payment amount or the population eligible to apply. Any changes to policy settings that decrease the payment amount or the population eligible would have to be made through primary legislation.

The proposal would take effect on the day after the date the Bill receives the Royal assent.

Powers for Commissioner of Inland Revenue to set certain rates

The ITA and the TAA contain several provisions allowing for the periodic setting of interest or other rates by Order in Council.

These include setting:

- use of money interest rates for underpayments and overpayments of tax;
- the prescribed rate of interest for employment-related loans for fringe benefit tax purposes; and
- the deemed rate of return for certain interests in foreign investment funds.

Although each of these 3 rate-setting mechanisms are well established, and mechanical in nature, the requirement that they be set by Order in Council places considerable resourcing requirements on Ministers and Cabinet. It is considered that having the Commissioner set the rates would be a more streamlined process.

The Bill proposes to streamline the process of setting use of money interest rates, the fringe benefit tax prescribed rate, and deemed rate of return for foreign investment funds by statutorily vesting these rate-setting powers in the Commissioner as delegated secondary legislation. The determinations made must be published and presented to Parliament and are subject to review.

The powers would follow the same processes that are currently used for setting these rates, except that the power to set use of money interest rates would only be able to be exercised prospectively. The formulae used to set these rates would be included in the legislation where they are not already legislated.

Transitional provisions to ensure continuation of existing Orders in Council until the effective date of any determinations are also introduced for each of these rates.

The proposal would take effect on the day after the date the Bill receives the Royal assent for all amendments.

Overseas donee status

The Bill proposes 3 New Zealand charities with overseas charitable purposes be granted overseas donee status and added to the list of organisations in schedule 32 of the ITA.

Technical changes are also proposed to the list of organisations in schedule 32 to remove 2 charities that have ceased operations, facilitate the restructure of 2 charities from incorporated societies to trusts, and update the legal reference for 1 charity. The

amendments would take effect on various dates, with the removals applying from the date of enactment, and the restructures aligning with the date the restructure occurred.

The additions to the list would take effect on 1 April 2025.

The Finance and Expenditure Committee proposed the Bill make the following additional changes to schedule 32:

- Update the schedule for seven registered charities that have changed their legal names.
- Remove 10 charities that have ceased operating and been wound up.
- Remove the sunset clause that applied to a charity that was granted overseas donee status by the Taxation (Annual Rates for 2022–23, Platform Economy, and Remedial Matters) Act 2023. This amendment would give the charity overseas donee status on a permanent basis.

Thin capitalisation settings for infrastructure investment

Foreign investors can choose to fund their New Zealand investments with either equity or debt. However, the tax-deductible treatment of interest on debt provides an incentive to invest into New Zealand through debt rather than equity.

The thin capitalisation rules are integrity measures introduced in 1996 to protect the New Zealand tax base by preventing foreign investors from allocating excessive debt to New Zealand to reduce their tax liability. This is done by limiting the amount of debt for which interest deductions are allowed.

Although the thin capitalisation rules generally work as intended, they may be too rigid for certain foreign investment in infrastructure. High levels of third-party debt can arise in some infrastructure projects and businesses because they tend to be capital intensive. However, the investment usually has stable cashflows backed by long-term contracts or service agreements. Under the current rules, some interest deductions may be denied even though the levels of debt may not be considered excessive in commercial terms. This could raise funding costs and disincentivise such investment.

The Amendment Paper proposes a new thin capitalisation rule that would apply to qualifying foreign investments in infrastructure projects and businesses. Eligible entities that would otherwise breach the standard thin capitalisation thresholds would be able to fully deduct their interest expense, provided the debt is to a third party with recourse limited to the New Zealand business and assets (including ownership interests).

To qualify for the rule, an entity must carry on a business consisting of creating, operating, maintaining, or upgrading qualifying infrastructure assets in New Zealand.

The proposed new rule would apply for the 2026-27 and later income years.

Student loans – discretion to provide relief for interest

The Amendment Paper proposes to give the Commissioner of Inland Revenue (the Commissioner) a discretion to provide some relief from interest that applies to a student loan when a borrower is overseas based.

The discretion would be broad and exercisable when the Commissioner considered that providing some relief would be equitable. In this context, equitable is a decision-making principle intended to ensure that borrowers in similar circumstances are treated consistently. To qualify for any relief, the loan would have to be settled in full. Borrowers could meet this requirement by entering into an instalment arrangement for full repayment of their loan. Interest would be cancelled for the duration of the arrangement, provided the borrower remained compliant with the terms of the arrangement.

The proposed amendment would take effect on the day after the date of Royal assent.

Income tax debt pilot with tax pooling industry

The Amendment Paper proposes a pilot scheme to allow tax pooling funds to be used for historical income tax debt from the 2022–23 and 2023–24 income years. Generally, tax pooling can only be used to satisfy tax debt up until 75 days from the taxpayer's terminal tax due date.

This proposal extends that period to allow tax poolers to enter contracts for the purchase of tax pooling funds to satisfy income tax debt from the 2022–23 and/or 2023–24 income years up until 1 October 2026. Those contracts must be settled by 1 October 2027.

Taxpayers will be prohibited from using the pilot when Inland Revenue is taking legal proceedings to recover unpaid tax or if the taxpayer has other debt relating to its employer obligations or goods and services tax or has failed to file prior year tax returns.

Aligning tax payments by NZSF with similar taxpayers

The Amendment Paper proposes to align the way in which the New Zealand Superannuation Fund, Venture Capital Fund, and other wholly owned subsidiaries of those entities (the Fund) pay their provisional tax.

Due to the volatility of investment markets, it is impossible for the Fund to accurately estimate its provisional tax liability for the year. This often leads to significant underpayments or overpayments of provisional tax.

This is inefficient for both the Fund and taxpayers. Overpayment ties up funds that could otherwise be invested and, conversely, underpayment results in interest costs, at a loss to the Government.

The proposed amendment aligns the tax payment treatment with multi-rate portfolio investment entities, for example, some KiwiSaver funds, who have the option to exempt themselves from provisional tax and instead pay their income tax liability (excluding exiting investors) at the end of the tax year. The Fund is a similar vehicle to multi-rate portfolio investment entities.

The proposed amendment would require the Fund to pay its tax liability for the year on the date of its final instalment of provisional tax. Interest and penalties would accrue on any underpayments or overpayments from this date.

Remedial amendments

The Bill contains a significant number of amendments of a remedial and technical nature that ensure the legislation is consistent with the policy intent. These include:

- amendments to simplify the fringe benefit tax rules and reduce their compliance costs;
- modernising the non-resident contractors' tax rules to legislate existing extra-statutory concessions for non-resident aircraft and shipping operators and to clarify that the rules do not apply to certain digital transactions;
- aligning GST exemptions with updated tariff concessions by allowing inherited goods to enter New Zealand GST-free and removing an outdated concession for gifts;
- clarifying that a portfolio investment entity (PIE) fund that holds cryptoassets is able to generate staking income and retain its status as a PIE;

- ensuring changes made to KiwiSaver scheme settings as part of Budget 2025 apply to complying superannuation funds;
- ensuring that the Investment Boost measure enacted as part of Budget 2025 achieves its policy intent;
- increasing the amount of information that holders of unclaimed money are required to supply when transferring money to Inland Revenue and reducing the existing time bar on an owner's ability to claim an amount of unclaimed money from 25 years to 20 years;
- removing the requirement for child support payee uplifts to be in writing and signed, and allowing for uplifts to be made in a way approved by the Commissioner;
- ensuring the cancellation of shares, as mandated by the Māori Fisheries Amendment Act 2024, does not give rise to a breach of shareholder continuity that would result in the loss of Māori authority tax credits;
- updating the credit reporting rules to allow notification via electronic means or standard post and clarifying the rules so that new tax debt amounts can be reported to credit reporting agencies;
- clarifying that when a person is treated as engaged under a contract for services under the Employment Relations Act 2000, or under other legislation that deems a person not to be an employee, that person is treated consistently for tax purposes;
- clarifying that GST bad debt deductions claimed by specified agents are to be set off against unpaid tax debt that existed before their appointment;
- permitting Inland Revenue to pay ACC earners' levies to ACC based on a formula agreed between the Commissioner of Inland Revenue and the Chief Executive of ACC;
- ensuring no income tax liabilities arise because of a water organisation's change in tax status from taxable to exempt; and
- setting the application date in the Income Tax Act 2007 for the OECD guidance "Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two), Side-by-Side Package" to the application date specified by the OECD.

Several minor maintenance items, consisting mainly of correcting minor faults of expression, readers' aids, and incorrect cross-references, are also addressed in the Bill.

Details of further remedial amendments are included in the commentaries to the Bill and the Amendment Paper.

Part Two: Background Material and Policy Information

Published reviews or evaluations

2.1. Are there any publicly available inquiry, review or evaluation reports that have informed, or are relevant to, the policy to be given effect by this Bill?	**YES**
Commentaries on the Bill and the Amendment Paper are available at https://www.taxpolicy.ird.govt.nz/publications/2025/commentary-compliance-simplification-tax-bill and https://www.taxpolicy.ird.govt.nz/publications/2026/ap-commentary-compliance-simplification-tax-bill. The Bill and Amendment Paper commentaries provide a more detailed explanation of the main proposed legislative changes. Inland Revenue's Departmental Report to the Finance and Expenditure Committee on submissions received on the Bill is available at https://www.taxpolicy.ird.govt.nz/publications/2026/departmental-report-compliance-simplification-bill. The Final Report of the Finance and Expenditure Committee on the Bill is available at https://selectcommittees.parliament.nz/v/SelectCommitteeReport/ac41942b-fc5d-4951-bc37-08de7d78cab9?lang=en.	

Relevant international treaties

2.2. Does this Bill seek to give effect to New Zealand action in relation to an international treaty?	**NO**

2.2.1. If so, was a National Interest Analysis report prepared to inform a Parliamentary examination of the proposed New Zealand action in relation to the treaty?	**N/A**

Regulatory impact analysis

2.3. Were any regulatory impact statements provided to inform the policy decisions that led to this Bill?	**YES**

These regulatory impact assessments and statements were prepared by Inland Revenue and are available at https://www.taxpolicy.ird.govt.nz/publications/2025/ria-pack-compliance-simplification-tax-bill and https://taxpolicy.ird.govt.nz/publications/2026/ria-pack-compliance-simplification-tax-bill-amendment-paper.

- Tax deferred employee share schemes, 3 April 2025.
- Repeal of section 17GB of the TAA, 3 June 2025.
- Tax treatment of digital nomads and other visitors, 11 June 2025.
- Income derived from the residential sale of excess electricity, 2 July 2025.
- Ministerial agreements for disclosure of information, 9 July 2025.
- GST and joint ventures, 17 July 2025.
- Student loan interest relief, 18 November 2025 (prepared with the Ministry of Education).
- Thin capitalisation settings for infrastructure investment, 12 March 2026.

The proposal to set annual income tax rates for the 2025–26 tax year is exempt from the regulatory impact analysis requirements on the grounds it is solely for the annual setting of income tax rates when they remain unchanged.

The remaining policy items in the Bill are exempt from the regulatory impact analysis requirements on the following grounds:

- they have no or only minor economic, social, or environmental impacts, or
- they have no or only minor impacts on businesses, individuals, and not-for-profit entities.

Several of the items (particularly those of a remedial nature) involve technical "revisions" or consolidations that substantially re-enact the current law to improve legislative clarity and understanding (including the fixing of errors, the clarification of the existing legislative intent, and the reconciliation of inconsistencies). Other items repeal or remove redundant legislative provisions, or have no or only minor impacts on businesses, individuals or not-for-profit entities, or involve a very small number of people in practice.

2.3.1. If so, did the Ministry for Regulation provide an independent opinion on the quality of any of these regulatory impact statements?	**NO**

The regulatory impact statements for this Bill did not meet the threshold for requiring an independent opinion on their quality from the Ministry for Regulation's Regulatory Quality Team.

2.3.2. Are there aspects of the policy to be given effect by this Bill that were not addressed by, or that now vary materially from, the policy options analysed in these regulatory impact statements?	**NO**

Extent of impact analysis available

2.4. Has further impact analysis become available for any aspects of the policy to be given effect by this Bill?	**NO**

No significant further impact analysis has become available for any aspects of the policy to be given effect by the Bill. Therefore, for the purposes of this statement, the answer is “No” as per the scope of this question explained in page 29 of *Disclosure Statements for Government Legislation: Technical Guide for Departments* (June 2013).

However, commentaries on the Bill and the Amendment Paper, available at https://www.taxpolicy.ird.govt.nz/publications/2025/commentary-compliance-simplification-tax-bill and https://www.taxpolicy.ird.govt.nz/publications/2026/ap-commentary-compliance-simplification-tax-bill respectively, contain analysis of the proposals included in the Bill and the Amendment Paper. This may supplement existing published analysis or, for proposals that did not require regulatory impact assessments and statements, may provide impact analysis of the proposal.

2.5. For the policy to be given effect by this Bill, is there analysis available on:	
(a) the size of the potential costs and benefits?	**YES**
(b) the potential for any group of persons to suffer a substantial unavoidable loss of income or wealth?	**YES**

(a) The regulatory impact assessments and statements listed under question 2.3 provide analysis on the size of the potential costs and benefits for the policy items included in the Bill that are subject to the regulatory impact analysis requirements. It should be noted that, for the remaining policy items in the Bill, there is little or no publicly available analysis on the size of potential costs and benefits because these items have been assessed as having no or a very minor impact on businesses, individuals, or organisations.

(b) This Bill contains amendments to tax legislation that, by their nature and to varying degrees, will have an impact on resident and non-resident individuals, businesses and organisations. Analysis on the potential for any particular group of persons to suffer a substantial unavoidable loss of income or wealth may be available in the regulatory impact assessments and statements listed under question 2.3 or, where appropriate, in the commentary on the Bill.

For the majority of the items in the Bill, there is no analysis available that indicates that any group of persons has the potential to suffer a substantial unavoidable loss of income or wealth because of these changes.

2.6. For the policy to be given effect by this Bill, are the potential costs or benefits likely to be impacted by:	
(a) the level of effective compliance or non-compliance with applicable obligations or standards?	**YES**
(b) the nature and level of regulator effort put into encouraging or securing compliance?	**YES**

The effectiveness of tax legislation is, by its nature, reliant on effective and voluntary compliance. The level of effective compliance or non-compliance with specific applicable obligations or standards, and the nature of regulator effort, may have an impact on the potential costs or benefits for some policy items to be given effect by the Bill. For the appropriate policy items, this may be discussed in more detail in the regulatory impact assessments and statements listed under question 2.3 or, where appropriate, in the commentary on the Bill.

Part Three: Testing of Legislative Content

Consistency with New Zealand's international obligations

3.1. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with New Zealand's international obligations?
Unless it has been specifically identified in the development of the policy that there may be relevant international obligations, there have been no formal steps to determine whether the policy to be given effect by this Bill is consistent with New Zealand's international obligations.

Consistency with the government's Treaty of Waitangi obligations

3.2. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with the principles of the Treaty of Waitangi?
Unless it has been identified in the development of the policy that there may be implications for the rights and interests of Māori affirmed by the Treaty of Waitangi, no formal steps have been taken to determine whether the policy to be given effect by this Bill is consistent with the principles of the Treaty of Waitangi. Under the GTPP (described in Part One of this statement), there is a focus on consultation (both with Māori and non-Māori interested parties) during the development of the relevant policy measures contained in the Bill. This enables Inland Revenue to support the Crown to meet its Treaty of Waitangi obligations to act reasonably and in good faith in respect of any interests that Māori may have.

Consistency with the New Zealand Bill of Rights Act 1990

3.3. Has advice been provided to the Attorney-General on whether any provisions of this Bill appear to limit any of the rights and freedoms affirmed in the New Zealand Bill of Rights Act 1990?	**YES**
Advice provided to the Attorney-General by the Ministry of Justice, or a section 7 report of the Attorney-General, is generally expected to be available on the Ministry of Justice's website upon introduction of a Bill. Such advice, or reports, will be available on the Ministry's website at https://www.justice.govt.nz/justice-sector-policy/constitutional-issues-and-human-rights	

Offences, penalties and court jurisdictions

3.4. Does this Bill create, amend, or remove:	
(a) offences or penalties (including infringement offences or penalties and civil pecuniary penalty regimes)?	**NO**
(b) the jurisdiction of a court or tribunal (including rights to judicial review or rights of appeal)?	**NO**
3.4.1. Was the Ministry of Justice consulted about these provisions?	**YES**
A copy of the Bill was provided to the Ministry of Justice for New Zealand Bill of Rights Act 1990 vetting on 4 August 2025.	

Privacy issues

3.5. Does this Bill create, amend or remove any provisions relating to the collection, storage, access to, correction of, use or disclosure of personal information?	YES

Information disclosure by way of Ministerial agreement

The Bill proposes to enable the disclosure of information to other agencies to enable them to carry out functions relating:

- to determine entitlement to, or eligibility for, government assistance;
- for the detection, investigation, prosecution, or punishment of suspected or actual crimes punishable by terms of imprisonment of two years or more; or
- to remove the financial benefit of crime.

This will enable other agencies to carry out the above functions in a timely manner to address Government priorities.

Updated information sharing for proceeds of crime

The Bill proposes an information sharing provision relating to the proceeds of crime regime. The provision empowers the Commissioner to disclose updated information about a person to an authorised person of the New Zealand Police for the administration of the proceeds of crime regime under the CPRA. This disclosure provision will ensure Inland Revenue information already held by the Police (obtained under existing information disclosure rules) remains accurate and will support effective decision-making by the Police and the courts.

Repeal section 17GB of Tax Administration Act 1994

The Bill proposes to remove a power of the Commissioner to collect information solely for policy purposes.

Repeal of legislative provisions for trust disclosures

The Bill proposes to repeal the specific provisions for trust disclosures in the TAA. The provisions require trustees of trusts that derive assessable income for a tax year to prepare financial statements and disclose details of settlements, settlors, distributions, beneficiaries, persons with powers of appointment, and other information required by the Commissioner. Repealing these provisions with no other changes would reduce the personal information collected from trustees. However, the Commissioner is currently considering what information will continue to be collected from trustees under the Commissioner's general powers in sections 33 and 35 of the TAA.

Fine defaulter email address sharing

The Bill proposes to support the collection and enforcement of monetary penalties by expanding on an existing disclosure to enable Inland Revenue to share the last known contact details, including email addresses, of fine defaulters with the Ministry of Justice.

3.5.1. Was the Privacy Commissioner consulted about these provisions?	YES

Information disclosure by way of Ministerial agreement

The Office of the Privacy Commissioner was consulted on the provision to enable Inland Revenue to disclose information to another government agency under a Ministerial agreement. The Office's comment is as follows.

> The Privacy Commissioner has concerns as it relates to the proposed changes to enable Inland Revenue to disclose tax information to other government agencies. He believes the disapplication of principles 10 and 11 of the Privacy Act in the proposal is unjustified. The Privacy Commissioner is of the view that there are existing mechanisms to facilitate the sharing of the types of information Inland Revenue are proposing including Approved Information Sharing Agreements under the Privacy Act 2020 and the broad information sharing provisions available under section 18F of the TAA. Should the proposal proceed, the Privacy Commissioner's office will continue working with officials on this proposal.

Updated information sharing for proceeds of crime

The Office of the Privacy Commissioner was consulted about the proposed provisions. The Office was generally comfortable with what is proposed. It commented on the importance of the amendments being only for updating of information that may have changed and would not include any further information about the individual (besides updating information that has already been shared) or about another individual.

Repeal section 17GB of Tax Administration Act 1994

The Office of the Privacy Commissioner was consulted during policy development of the proposal to repeal section 17GB. The Office supported greater protections for information collected under section 17GB.

Repeal of legislative provisions for trust disclosures

The Office of the Privacy Commissioner was not consulted on the current proposal to repeal the legislative provisions for trust disclosures, but was consulted on their introduction, and assessed at that time the requirements for disclosure of personal information of beneficiaries as posing a low risk. The Commissioner of Inland Revenue is currently considering what information will continue to be collected from trustees under the Commissioner's general powers if the trust disclosure provisions are repealed.

Fine defaulter email address sharing

The Office of the Privacy Commissioner was consulted during the development of the proposed amendment, and it is comfortable with the approach taken.

External consultation

3.6. Has there been any external consultation on the policy to be given effect by this Bill, or on a draft of this Bill?	**YES**
There has been extensive consultation on much of the policy to be given effect by this Bill, as per the GTPP (described in Part One of this statement). Refer to Appendix One of this statement for further information on the various parties consulted and the form in which consultation was undertaken for the policy items.	

Other testing of proposals

3.7. Have the policy details to be given effect by this Bill been otherwise tested or assessed in any way to ensure the Bill's provisions are workable and complete?	**YES**
All proposals in the Bill have been reviewed by internal operational subject matter experts under Inland Revenue's standard process for assessing the administrative impacts of any new policy initiatives and ensuring they are workable and complete. This involves assessing whether systems need to be changed and, if so, whether formal testing needs to be carried out. None of the proposals in the Bill have required formal testing at this stage but initiatives that require systems changes will go through formal testing as part of Inland Revenue's internal design and delivery processes, post-introduction of this Bill. The main policy measures within this Bill have generally been developed in accordance with the GTPP, the purpose of which is to promote and improve the workability of proposals.	

Part Four: Significant Legislative Features

Compulsory acquisition of private property

4.1. Does this Bill contain any provisions that could result in the compulsory acquisition of private property?	**NO**
Given the nature of tax, this Bill does contain provisions that could result in the compulsory acquisition of private property. However, for the purposes of this statement, the answer is "No" as per the scope of this question explained in pages 50 and 51 of the *Disclosure Statements for Government Legislation: Technical Guide for Departments* (June 2013).	

Charges in the nature of a tax

4.2. Does this Bill create or amend a power to impose a fee, levy or charge in the nature of a tax?	**NO**
Given this Bill is amending tax legislation, it does contain provisions that create or amend a power to impose a charge that is a tax. However, for the purposes of this statement, the answer is "No" as per the scope of this question explained in pages 53 and 54 of *Disclosure Statements for Government Legislation: Technical Guide for Departments* (June 2013).	

Retrospective effect

4.3. Does this Bill affect rights, freedoms, or impose obligations, retrospectively?	**YES**
There are policy items in the Bill that may have a retrospective effect, and given the nature of tax, the retrospective application may have some impacts on the rights of specific taxpayers. There are some minor remedial items with retrospective application dates (the retrospectivity of which is not expected to adversely affect taxpayers). A list of items proposed to apply prior to the enactment of this Bill is included in Appendix Two. More information on the retrospective application of these amendments can also be found in the commentaries on the Bill and Amendment Paper, which are available at https://www.taxpolicy.ird.govt.nz/publications/2025/commentary-compliance-simplification-tax-bill and https://www.taxpolicy.ird.govt.nz/publications/2026/ap-commentary-compliance-simplification-tax-bill.	

Strict liability or reversal of the usual burden of proof for offences

4.4. Does this Bill:	
(a) create or amend a strict or absolute liability offence?	**NO**
(b) reverse or modify the usual burden of proof for an offence or a civil pecuniary penalty proceeding?	**NO**

Civil or criminal immunity

4.5. Does this Bill create or amend a civil or criminal immunity for any person?	NO

Significant decision-making powers

4.6. Does this Bill create or amend a decision-making power to make a determination about a person's rights, obligations, or interests protected or recognised by law, and that could have a significant impact on those rights, obligations, or interests?	NO

Powers to make delegated legislation

4.7. Does this Bill create or amend a power to make delegated legislation that could amend an Act, define the meaning of a term in an Act, or grant an exemption from an Act or delegated legislation?	YES
Power to change FamilyBoost settings by Order in Council The proposal creates a new Order in Council power that amends the FamilyBoost policy settings set out in subpart MH of the ITA. This power will support FamilyBoost to maintain its purpose of providing financial assistance to caregivers with early childhood education costs. As such, this power would be limited to expanding eligibility and/or increasing the amount payable to a person. Any changes to policy settings that adversely affect recipients would have to be made through primary legislation.	

4.8. Does this Bill create or amend any other powers to make delegated legislation?	YES
Power for Commissioner to set certain rates The Bill proposes to streamline the process of setting use of money interest rates, the fringe benefit tax prescribed rate, and the deemed rate of return for foreign investment funds under the TAA and the ITA. Relevant existing powers and Order in Council mechanisms would be repealed. These rate-setting powers would instead be statutorily vested in the Commissioner as delegated secondary legislation to be exercised via determinations.	

Any other unusual provisions or features

4.9. Does this Bill contain any provisions (other than those noted above) that are unusual or call for special comment?	NO

Appendix One: Further Information Relating to Part Three

External consultation – question 3.6

External consultation on items contained in the Bill was undertaken in various forms. Information on the consultation, including the form that the consultation took, what was covered, and the nature and extent of the feedback received is available in:

- The commentaries on the Bill and the Amendment Paper, available at https://www.taxpolicy.ird.govt.nz/publications/2025/commentary-compliance-simplification-tax-bill and https://www.taxpolicy.ird.govt.nz/publications/2026/ap-commentary-compliance-simplification-tax-bill respectively
- Regulatory impact assessments and statements outlining consultation that was undertaken on the various measures contained in the Bill, available at https://www.taxpolicy.ird.govt.nz/publications/2025/ria-pack-compliance-simplification-tax-bill and https://www.taxpolicy.ird.govt.nz/publications/2026/ria-pack-compliance-simplification-tax-bill-amendment-paper
- A public consultation document on the taxation of employee share schemes, which included the proposal contained in the Bill, available at: https://www.taxpolicy.ird.govt.nz/consultation/2025/consultation-on-employee-share-scheme-timing-issues
- A public consultation document on the foreign investment fund rule amendments, which included the proposal contained in the Bill, available at: https://www.taxpolicy.ird.govt.nz/consultation/2024/effect-fif-rules-immigration
- A public consultation document on GST and unincorporated joint ventures, which included the proposal contained in the Bill, available at: https://www.taxpolicy.ird.govt.nz/consultation/2025/gst-and-unincorporated-joint-ventures
- A public consultation document on thin capitalisation settings for infrastructure, which included the proposal contained in the Bill, available at: https://www.taxpolicy.ird.govt.nz/consultation/2025/thin-cap

Consulted parties

Government bodies

- Department of Internal Affairs – Charities Services, Racing
- Department of the Prime Minister and Cabinet
- Electricity Authority
- Financial Markets Authority
- Ministry of Business, Innovation and Employment
- Ministry of Education
- Ministry of Foreign Affairs and Trade
- Ministry of Justice
- Ministry of Social Development
- National Infrastructure Funding and Financing Limited
- New Zealand Police
- New Zealand Trade and Enterprise
- Office of the Privacy Commissioner
- Stats NZ
- The Legislation Design and Advisory Committee
- The Treasury
- Guardians of New Zealand Superannuation

Representative organisations

- Accountants & Tax Agents Institute of NZ
- Angel Association
- Chartered Accountants Australia and New Zealand
- Consumer NZ
- Corporate Taxpayers Group
- CPA Australia
- Electricity Networks Aotearoa
- Electricity Retailers' and Generators' Association of New Zealand
- Financial Services Council
- New Zealand Law Society
- Tax Justice Aotearoa

Other parties, organisations, and entities

- Acclime
- BDO
- Chapman Tripp
- Deloitte
- Ernst & Young
- Infrastructure New Zealand
- KPMG
- Lane Neave
- Mayne Wetherell
- MinterEllisonRuddWatts
- OliverShaw
- Powerco Limited
- PwC
- Representatives from venture capital firms
- Russell McVeagh
- Spark New Zealand
- StraitNZ Holdings Limited
- Tax pooling intermediaries

Appendix Two: Further Information Relating to Part Four

Retrospective amendments − question 4.3

Items below include application dates that would take effect before the enactment of the Bill.

GST and unincorporated joint ventures

The GST amendments relating to joint ventures would generally apply prospectively on and after 1 April 2026. However, a transitional provision would apply as a taxpayer-friendly measure to retrospectively validate tax positions taken by members of joint ventures for taxable periods before 1 April 2026, provided those past tax positions were taken consistently with the amendments.

Foreign investment fund – revenue account method

The FIF amendments add a new calculation method that would apply from 1 April 2025. However, we expect the impact of this retrospectivity on income tax returns to be minimal because the proposal would be enacted before the end of the tax year.

Investment Boost remedials

All Investment Boost remedials would be retrospective from 22 May 2025, the day Investment Boost came into effect. The package of Investment Boost remedials clarifies several areas of uncertainty identified in stakeholder consultation.

Available capital distribution amount (ACDA)

The ACDA amendments would take effect from the commencement of the ITA. The intended effect of the provisions is not reflected in the current legislation as a consequence of the 2007 rewrite of the Income Tax Act. This will not have an impact on taxpayers because the amendments are consistent with the intended effect and current practice.

Overseas donee status

The addition of three charities to schedule 32 of the ITA would take effect from 1 April 2025. This retrospectivity is taxpayer friendly because it allows persons who donate to these charities to access donation tax concessions from 1 April 2025, and later income years.

Supplier groups clarification

The amendments in the Bill related to supplier groups are proposed to apply for taxable periods starting on or after 1 April 2023, being when the supplier group rules came into effect. The amendments are a mere clarification and do not represent any change from how taxpayers are currently applying the rules. Therefore, taxpayers are not adversely affected by the retrospectivity.

GST secondhand goods interaction with adjustment rule

The proposed amendment would change the application date of an earlier provision in the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Act 2025 so it applies to taxable periods starting on or after 30 March 2022. This benefits the affected taxpayers by addressing an unintended consequence that prevented them from claiming deductions for certain secondhand goods acquired prior to 30 March 2022.

Clarify GST rules for certain goods sold as non-taxable supplies

Some references to input tax deductions in special rules in the GST Act would be amended to clarify that relevant input tax deductions are deductions for acquiring the

goods, or for subsequent expenditure on other goods and services that became an integral part of the goods. These amendments apply retrospectively from 1 April 2011 and 1 April 2023 to align with the dates the special rules originally applied from. The amendments are consistent with the policy guidance materials and examples prepared at the time these rules were introduced and would not adversely impact the affected taxpayers.

Cryptoasset staking income and PIE eligibility

The proposed amendment clarifies that portfolio investment entity (PIE) funds can generate staking income through holdings in cryptoassets. This would apply retrospectively from 1 January 2009, being the date that the first cryptoasset, Bitcoin, was created. Retrospectivity is taxpayer friendly and makes it clear that any staking income that a PIE may have generated in prior years is a permissible income source.

RDTI: Partnerships with non-standard balance dates

The proposed amendment responds to a change to how partnerships return income, which was enacted in the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Act 2025. The original change applied from 1 April 2008. As such, the proposed amendment should apply from the 2019 income year (the first year of the Research and Development Tax Incentive).

Donation tax credit clawback for refunded donations

The proposed amendment introduces a clawback mechanism that allows Inland Revenue to recover donation tax credits when a donation is returned. It ensures that donation tax credits are only retained when the donor has genuinely incurred the cost of the donation. The amendment would take effect on and from the introduction of the Bill to discourage taxpayers from adjusting their behaviour or making opportunistic claims in anticipation of the legislative change.

Open loop gift cards

The proposed amendment changes the tax treatment of these open loop cards from being taxed as employment income to being subject to fringe benefit tax. This results from a statement published by the Commissioner on 16 April 2025 that changed the long-standing tax treatment of these types of cards. The proposed amendment is backdated to the date that statement was issued to ensure that taxpayers do not have to change systems to treat the provision of these cards differently than previously. The provision does include a savings provision if taxpayers have changed treatment subsequent to the issuing of the Commissioner's statement.

Unclassified benefits provided to employees of associates

The proposed amendment clarifies that unclassified fringe benefits provided to employees of associates of the taxpayer are correctly counted in assessing whether a de minimis rule applies. When this provision was amended with effect from 1 April 2022 it was intended these benefits be included in determining the de minimis, however, the drafting of the provision did not reflect this.

The proposed amendment should apply from the date the provision was enacted with a savings provision for taxpayers who have filed their returns on the literal wording of the provision.

Clarifying new debt can be disclosed to credit reporting agencies

The amendment clarifying that new debt can be disclosed to credit reporting agencies would apply from 1 October 2025, the beginning of the credit reporting pilot. This amendment is a clarification of the credit reporting rules and does not represent any change from Inland Revenue's current application of the rules.

Alignment of definition of contractor

The proposed amendment to treat a person consistently for tax purposes when they are treated as engaged under a contract for services under the Employment Relations Act 2000, or under other legislation that deems a person not to be an employee, would apply from 21 February 2026, the same date as the relevant employment law changes.

GST and bad debt deductions made by specified agents

The proposed amendment would ensure that GST deductions for bad debts that are claimed by liquidators, receivers, and other "specified agents" and that relate to supplies of goods or services made before the liquidator, receiver, or other specified agent is appointed are to be set off against unpaid tax debt that existed before their appointment.

The amendment would apply from 10 October 2000, when the original set-off rules for specified agents took effect, to align the law with the policy intention of the set-off rules.

GloBE rules side-by-side package application date

The proposed amendment sets the application date for the OECD guidance "Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion (GloBE) Model Rules (Pillar Two), Side-by-Side Package" to align with the application date specified by the OECD. This requires the amendment take effect from 26 December 2025.

Maintenance items

Several retrospective maintenance items also appear in the Bill. These items correct matters such as removing redundant references, correcting cross-references, grammar, and resolving drafting inconsistencies, including in the use of terminology and definitions. The changes clarify existing provisions and generally establish the position in law that has been followed in practice. Taxpayers are not adversely affected by these items.