

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

Government Bill

Explanatory note

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;
- Criminal Proceeds (Recovery) Act 2009 (**CPRA**);
- Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Act 2025;
- Taxation (Budget Measures) Act 2025; and
- Tax Administration (Financial Statements—Domestic Trusts) Order 2022.

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 \(ird.govt.nz\)](https://www.ird.govt.nz).

The following is a summary of the specific policy measures contained in this Bill. A comprehensive explanation of all the policy items is provided in a commentary on the Bill that is available at <https://www.taxpolicy.ird.govt.nz/publications/2025/commentary-compliance-simplification-tax-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 that 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 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 for income tax purposes 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 take effect on 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 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 defer-

red 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;
- sale or cancellation of the shares; and
- payment of a dividend in respect of the shares.

The proposed amendments would have effect for eligible share benefits provided from 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 cases amounts derived from the sale of excess electricity 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 has tax deducted at source from salary, wages, or investment income. 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 sale of excess electricity from a residential property to the network. Under the exemption, individuals would not need to pay tax on, or file a tax return for, income derived from the sale 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 sharing 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 Gov-

ernment 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 put to fulfil the other agency's functions, and the safeguards for the protection of personal information or commercially sensitive information that is 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 will 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. 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 or overpayments of tax;
- the prescribed rate of interest for employment-related loans; 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. 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.

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; and
- 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.

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 commentary to the Bill.

Departmental disclosure statement

The Inland Revenue Department is required to prepare a disclosure statement to assist with the scrutiny of this Bill. The disclosure statement provides access to information about the policy development of the Bill and identifies any significant or unusual legislative features of the Bill.

A copy of the statement can be found at <http://legislation.govt.nz/disclosure.aspx?type=bill&subtype=government&year=2025&no=199>

Regulatory impact statements

The Inland Revenue Department produced regulatory impact statements on 3 April 2025, 3 June 2025, 11 June 2025, 2 July 2025, 9 July 2025, and 17 July 2025 to help inform the main policy decisions taken by the Government relating to the contents of this Bill.

Copies of these regulatory impact statements can be found at—

- <https://www.taxpolicy.ird.govt.nz/publications/2025/ria-pack-compliance-simplification-tax-bill>
- <https://www.regulation.govt.nz/our-work/regulatory-impact-statements/>

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 gives the dates on which the clauses of the Bill come into force.

Part 1

Annual rates of income tax

Clause 3 sets the annual rates of income tax for the 2025–26 tax year.

Part 2

Amendments to Income Tax Act 2007

Clause 4 provides that *Part 2* amends the Income Tax Act 2007.

Clause 5 corrects the terminology in the example in section CC 15 as a maintenance item.

Clause 6 makes a consequential amendment to section CD 36 to include the new revenue account method for calculating FIF income or loss.

Clause 7 amends the rules that provide for the amount of capital gains that a company can distribute tax-free on liquidation in section CD 44. *Subclauses (1) to (3)* correct the formula for calculating the amount of available capital distribution to ensure losses are not taken into account twice. *Subclause (4)* replaces subsection (8) to ensure an amalgamated company also inherits capital losses, not just capital gains. *Subclause*

(5) makes a consequential amendment because of the change made to the formula in subsection (1).

Clause 8 amends section CE 1. *Subclause (1)* clarifies that a gift card is not a benefit in money, unless the employer chooses to treat it as employment income or the gift card is provided as a substitute for money. *Subclause (2)* signposts *new section CE 1BA*.

Clause 9 inserts *new section CE 1BA* to allow employers to treat employee reimbursements that would have been unclassified benefits if incurred directly by the employees as unclassified benefits or remuneration at the employer's discretion.

Clause 10 amends section CE 7B. *Subclause (1)* clarifies that the share scheme taxing date includes the point at which a beneficiary has an unconditional right to presently receive shares. *Subclause (2)* ensures the requirement in section CE 7B(1)(a)(i) can still apply appropriately when the beneficiary has an unconditional right to presently receive the shares but the shares are not at that time held by or for the benefit of the beneficiary. *Subclause (3)* ensures that if the shares are employee deferred shares under *new section EA 4B*, the benefit is not calculated until the liquidity event occurs. *Subclause (4)* updates the list of defined terms.

Clause 11 amends the definition of *pension* in section CF 1. *Subclause (1)* confirms that pension payments are not made in return for services. *Subclause (2)* excludes payments made to the trustee of an estate of a deceased person.

Clause 12 makes consequential amendments to section CQ 5 to insert cross-references to *new sections EX 43B and EX 56B*.

Clause 13 makes a consequential amendment to section CV 19 to include the new revenue account method for calculating FIF income or loss.

Clause 14 amends section CW 19 to extend the definition of *public entertainer* to apply for *new sections CW 22B and CW 22C*.

Clause 15 inserts *new sections CW 22B and CW 22C*. *New section CW 22B* provides that income a non-resident visitor derives from performing personal or professional services in New Zealand is exempt income if the services are performed for or on behalf of a non-resident and the amount derived is chargeable with tax in the non-resident visitor's country of residency. *New section CW 22C* provides that certain amounts derived by a non-resident with a source in New Zealand are exempt income if the income has a New Zealand source because a non-resident visitor is physically present in New Zealand and the amount derived is chargeable with tax in the non-resident's country of residency.

Clauses 16 to 18 repeal sections CW 38(3), CW 38B(3), and CW 39(3), which are all redundant as a result of section YA 5.

Clause 19 inserts *new section CW 61B* to exempt from income tax amounts that a natural person earns from selling excess electricity generated at a residential property to an electricity retailer.

Clause 20 makes a consequential amendment to section CX 2 to include a reference to *new section CX 16B*.

Clause 21 inserts *new section CX 16B*. *Subclause (1)* provides for a fringe benefit to arise when an employer gives a gift card to an employee, unless the employer chooses to treat it as employment income. *Subclause (2)* provides that a gift card provided in substitution for remuneration is treated as employment income.

Clause 22 amends section CX 26 to exclude a benefit received by a non-resident visitor from being a fringe benefit.

Clause 23 makes a consequential amendment to section CX 37 to include a reference to *new section CX 16B*.

Clause 24 makes a consequential amendment to section CX 57B to update the heading of a cross-referenced section.

Clauses 25 to 32 amend sections DE 1, DE 2B, DE 5, DE 7, and DE 9 to DE 12 to replace undefined terms with defined terms.

Clause 33 amends section DI 2 to ensure secondhand assets are not eligible for the new investment asset deduction, assets held as trading stock are eligible for the new investment asset deduction by a subsequent owner if the first owner holds the building for sale in the nature of trading stock, and use required to prepare an asset for sale or exchange does not disqualify an asset from the new investment asset deduction.

Clause 34 replaces section DI 3 and the definition of *new asset transferee* to ensure that the new investment asset deduction is only transferred in situations where a depreciation loss is transferred.

Clause 35 replaces the examples in section DI 6 for clarity.

Clause 36 amends section DN 5 to ensure the deduction for a FIF loss calculated under the revenue account method is subject to the ring-fencing rule in *new section DN 8B*.

Clause 37 makes consequential amendments to section DN 6 to include cross-references to *new sections EX 43B and EX 56B*.

Clause 38 inserts *new section DN 8B* to provide for a ring-fencing cap on the deduction a person is allowed for a FIF loss under the revenue account method.

Clause 39 amends section DV 27 to clarify that a company providing a benefit under an employee share scheme is treated as incurring expenditure or loss on the share scheme taxing date.

Clause 40 inserts *new section EA 4B* to introduce a voluntary tax deferral regime for employee share schemes offered by unlisted companies. The taxation point for employees is deferred until a defined liquidity event occurs.

Clause 41 amends section EA 5 to ensure it applies to returning share transfers rather than share-lending arrangements. Section EA 5 prevents mismatches across income years by aligning the timing of income from the disposal of a borrowed share with the

deduction for the replacement share. The amendment ensures the timing rule applies to the short sale of shares where the arrangement lasts for up to 2 years.

Clause 42 amends section EE 38 to ensure the cost of an item is not reduced by the amount of a new investment asset deduction for the purposes of determining whether the cost is immediately deductible under the low value asset rules.

Clause 43 amends section EE 40(7)(b)(ii) to clarify that cost, in that provision, excludes the amount of a new investment asset deduction claimed by the associated person either directly or by virtue of the associated person being a new asset transferee.

Clause 44 amends section EW 5 to increase the threshold under which variable principal debt instruments are excluded from the financial arrangement rules.

Clause 45 amends section EW 57 to increase the thresholds that determine whether a taxpayer qualifies as a cash basis person.

Clause 46 makes a consequential amendment to section EX 20B to include the new revenue account method for calculating FIF income or loss.

Clause 47 makes a consequential amendment to section EX 29 to update a cross reference.

Clause 48 inserts *new section EX 43B* to ensure the FIF rules do not apply to a short seller of foreign shares when the shares are borrowed under a returning share transfer, unless the share user is related to the share supplier or the arrangement is part of a structured arrangement.

Clause 49 amends section EX 44 to include the new revenue account method as 1 of the calculation methods to determine FIF income or loss from an attributing interest in a FIF.

Clause 50 amends section EX 46. *Subclause (1)* updates cross-references. *Subclause (2)* provides that the new revenue account method may only be used if *new section EX 46B* provides that it can.

Clause 51 inserts *new section EX 46B*, which sets out when a person may choose to use the new revenue account method to calculate the FIF income or loss from an attributing interest in a FIF. *Subclause (2)* provides that a person who is a RAM taxpayer with RAM interests or an extended RAM taxpayer with extended RAM interests may use the revenue account method. *Subclause (3)* provides that the revenue account method may be used for interests that were previously held as RAM interests if a person had previously been a RAM taxpayer before leaving New Zealand and the person has returned to New Zealand. *Subclause (4)* provides that the revenue account method may be used for RAM interests or extended RAM interests transferred on death or as part of a settlement of relationship property that are subject to rollover relief. *Subclause (5)* sets out the meaning of a RAM interest. *Subclause (6)* sets out the meaning of an extended RAM interest. *Subclause (7)* sets out the meaning of a RAM taxpayer. *Subclause (8)* sets out the meaning of an extended RAM taxpayer.

Clause 52 makes a consequential amendment to section EX 48 to include a cross-reference to *new section EX 46B*.

Clause 53 amends section EX 51 to treat a share lent by a share supplier under a returning share transfer as being held by the share supplier to enable the share supplier to use the comparative value method.

Clause 54 amends section EX 53 to refer to the correct fair dividend rate method.

Clause 55 amends section EX 55 as a consequence of the shift of the power to set the deemed rate of return from the Governor-General by Order in Council to the Commissioner by determination.

Clause 56 inserts *new section EX 56B*, which sets out the new revenue account method for calculating FIF income or loss from certain attributing interests in a FIF. *Subclause (2)* provides that the amount of any dividends received by a person from an interest for which they are using the revenue account method is FIF income of the person. *Subclause (3)* provides that if a person disposes of an interest for which they are using the revenue account method, the net disposal amount will be FIF income or loss of the person. The net disposal amount is calculated under the formula in *subclause (4)* as 70% of the amount of disposal proceeds less the cost of the interest and any foreign accruals. *Subclause (5)* sets out the meaning of the terms used in the formula in *subclause (4)*. *Subclause (6)* provides that the disposal proceeds amount is the amount the person receives, or is treated as receiving, on the disposal or deemed disposal of the interest. *Subclause (7)* determines the foreign accruals amount as the amount of any gains or losses accrued when the person is non-resident by comparing market values at specified times. *Subclause (8)* sets out when the market values must be obtained for the purposes of *subclause (7)*. *Subclause (9)* provides that the alternative formula for determining the net disposal amount in *subclause (10)* is available to the person if they are unable to obtain a market value in certain circumstances. *Subclause (10)* sets out the alternative time-based apportionment formula for determining the net disposal amount of an interest. It divides the amount of any gain or loss equally across the period the person has owned the interest and only the gain or loss apportioned to the period the person is a New Zealand resident is taxable. *Subclause (11)* sets out the meaning of the terms used in the formula in *subclause (10)*. *Subclause (12)* provides that *subclauses (13) and (14)* apply if the person has FIF income or loss for an income year that arises because the person has ceased to be a New Zealand resident and is deemed to have disposed of the interest. *Subclause (13)* provides that recognition of the FIF income or loss is suspended until the person actually disposes of the interest if the interest is disposed of within 3 years of becoming non-resident. *Subclause (14)* ensures that if the person does not actually dispose of the interest by the earlier of the date they return to New Zealand or 3 years from the date they became non-resident, they will be treated as not having made a deemed disposal when they ceased to be resident.

Clause 57 makes a consequential amendment to section EX 57 to include the new revenue account method for calculating FIF income or loss.

Clause 58 makes a consequential amendment to section EX 58 to include a cross-reference to *new section DN 8B*.

Clause 59 makes a consequential amendment to section EX 59 to include the new revenue account method for calculating FIF income or loss.

Clause 60 inserts *new section EX 59B*, which provides for the carry forward and use of RAM net losses under *new section DN 8B*.

Clause 61 amends section EX 62 to provide for the situations when a person may change between the new revenue account method and another calculation method under the FIF rules. *Subclause (1)* corrects a cross-reference. *Subclause (2)* provides for the situation when the criteria in *new section EX 46B(2)* are no longer met. *Subclause (3)* inserts 2 new subsections. *New subsection (8B)* allows a person to make an irrevocable election to change from the revenue account method to another calculation method. *New subsection (8C)* provides that a person may only change from another calculation method to the revenue account method if the criteria set out in the subsection are satisfied. *Subclause (4)* removes 2 redundant subsections as a maintenance item. *Subclause (5)* updates the defined terms list.

Clause 62 amends section EX 63 to provide for the consequences if there is a change in method relating to the new revenue account method. *New subsection (6)* provides for a deemed disposal at market value at the end of the income year and a reacquisition at the start of the next income year if a person changes from the revenue account method to another of the cost-based calculation methods. *New subsection (7)* provides that, when an interest is no longer eligible for the revenue account method, there is a deemed disposal at market value on the day the interest ceases to be eligible and a reacquisition on the next day. *New subsection (8)* provides that if an extended RAM taxpayer ceases to be an extended RAM taxpayer, there is a deemed disposal of all the person's extended RAM interests that do not satisfy the criteria to be RAM interests, ignoring the date of acquisition, at market value on the date the person ceases to be an extended RAM taxpayer and a reacquisition on the next day.

Clause 63 makes consequential amendments to section EX 64 to include the new revenue account method for calculating FIF income or loss.

Clause 64 amends section EX 65. *Subclauses (1) and (3)* make consequential amendments to update a cross-reference. *Subclauses (2), (4), and (5)* make consequential amendments to include the new revenue account method for calculating FIF income or loss.

Clause 65 makes a consequential amendment to section EX 68 to include the new revenue account method for calculating FIF income or loss.

Clause 66 makes a consequential amendment to section EX 71 to include the new revenue account method for calculating FIF income or loss.

Clause 67 amends section EY 11 to remove the annual notice requirement for certain superannuation funds that are superannuation schemes or workplace savings schemes and to allow for the consolidation of funds into a master fund.

Clause 68 amends section FB 1B to correct punctuation.

Clause 69 amends section FC 9 to correct a cross-reference.

Clause 70 amends section FO 2 to include an additional cross-reference.

Clause 71 makes a consequential amendment to section GC 4 to include the new revenue account method for calculating FIF income or loss.

Clause 72 repeals section HC 25(2)(c) as it is redundant.

Clause 73 amends section HL 10 to include amounts derived from cryptoasset staking within eligible income types for a portfolio investment entity.

Clause 74 amends section HM 12 to include amounts derived from cryptoasset staking within eligible income types for a portfolio investment entity.

Clause 75 amends section HM 35 to correct a typographical error.

Clause 76 amends section IA 7 to provide that the general loss rules do not apply to a RAM net loss.

Clause 77 relocates the rule that limits donation tax credits to the individual's taxable income to section LD 1 as a remedial amendment.

Clause 78 makes a consequential amendment to section LE 1 to update the heading of a cross-referenced section.

Clause 79 makes a consequential amendment to section LJ 2 to update the heading of a cross-referenced section.

Clause 80 inserts *new section MH 6* to allow FamilyBoost settings to be changed by Order in Council with approval from the Minister of Revenue. The power is limited to changing settings that favour families, that is, by increasing the rebate rate, increasing the maximum payment, raising the income cap, increasing the income abatement threshold, or changing the abatement rate.

Clause 81 amends section MK 2 to correct a cross-reference.

Clause 82 amends section RA 21. *Subclause (1)* corrects a typographical error. *Subclause (2)* repeals subsections (3) and (4) as a consequence of the power to set the interest rate for employment-related loans shifting from the Governor-General to the Commissioner. *Subclause (3)* makes consequential amendments to the list of defined terms.

Clause 83 makes a consequential amendment to section RC 38 as a result of the replacement of section 120H of the Tax Administration Act 1994.

Clause 84 amends section RD 8 to exclude an amount of exempt income of a non-resident visitor under *new section CW 22B* or of a non-resident under *new section CW 22C* from being a schedular payment.

Clause 85 inserts *new section RD 38B* to specify the value of a gift card as a fringe benefit.

Clause 86 makes a remedial amendment to section RD 45 to ensure the section works as intended.

Clause 87 makes a consequential amendment to section RD 47 as a result of *new section CX 16B*.

Clause 88 amends section RD 49 to allow employers to pool insurance benefits provided to employees if all employees have the same or similar entitlement to the fringe benefit under *new section CX 16B*.

Clause 89 amends section RD 50 to update the FBT threshold to the correct amount.

Clause 90 amends section RD 53 to allow employers to pool insurance benefits provided to employees if all employees have the same or similar entitlement to the fringe benefit.

Clause 91 amends section RD 64 to ensure the ESCT rules do not apply to an employer's superannuation cash contribution for the benefit of a person who is a non-resident visitor.

Clause 92 makes a consequential amendment to section RE 10B to update the heading of a cross-referenced section.

Clause 93 amends section RL 1 to correct a cross-reference.

Clause 94 inserts a *new cross-heading and section RZ 17* to ensure that the prescribed rate of interest that applied under the Income Tax (Fringe Benefit Tax, Interest on Loans) Regulations 1995 immediately before their revocation continues to apply for the transitional period until the Commissioner sets a new rate by determination under *new section 90B* of the Tax Administration Act 1994.

Clause 95 amends section YA 1. *Subclause (2)* amends the definition of *attributing interest* to update a cross reference. *Subclause (3)* inserts a new definition of *benefit in money*. *Subclause (4)* amends the definition of *calculation method* to include the revenue account method. *Subclause (5)* amends the definition of *civil union partner* to ensure separated persons are not considered when determining whether a non-resident visitor or their civil union partner has received a family scheme entitlement. *Subclause (6)* replaces the definition of *contract activity or service* to exclude non-resident aircraft and shipping operators, except when they ship cargo or embark passengers in New Zealand for delivery or disembarkation in New Zealand, and to exclude the provision of software as a service, platform as a service, and infrastructure as a service in certain circumstances. *Subclause (7)* inserts a new definition of *employee deferred shares*. *Subclause (8)* inserts a new definition of *excess electricity*. *Subclause (9)* inserts a new definition of *extended RAM interest*. *Subclause (10)* inserts a new definition of *extended RAM taxpayer*. *Subclause (11)* amends the definition of *fixed establishment* to exclude the presence of a non-resident visitor. *Subclause (12)* inserts a new definition of *gift card*. *Subclause (13)* amends the definition of *imputation credit* to remove redundant references. *Subclause (14)* inserts a new definition of *liquidity event*. *Subclause (15)* inserts a new definition of *non-resident visitor*. *Subclause (16)* makes a consequential amendment to the definition of *prescribed rate of interest*. *Subclause (17)* makes a consequential amendment to the definition of *public entertainer*. *Subclause (18)* inserts a new definition of *publish*. *Subclause (19)* inserts a new definition of *RAM interest*. *Subclause (20)* inserts a new definition of *RAM loss*.

balance. *Subclause (21)* inserts a new definition of *RAM net loss*. *Subclause (22)* inserts a new definition of *RAM taxpayer*. *Subclause (23)* inserts a new definition of *revenue account method*. *Subclause (24)* amends the definition of *schedular income* to remove a redundant reference. *Subclause (25)* amends the definition of *spouse* to ensure separated persons are not considered when determining whether a non-resident visitor or their spouse has received a family scheme entitlement. *Subclause (26)* amends the definition of *trading stock* to include land for new investment asset purposes. *Subclause (27)* amends the definition of *trust rules* as a consequence of the repeal of section 59BA of the Tax Administration Act 1994.

Clause 96 amends section YA 2 to remove redundant references.

Clause 97 amends section YD 1 to provide that a non-resident visitor is treated as a non-resident and also to provide that if a non-resident visitor ceases to be a non-resident visitor and satisfies the day-count test for residency, they are only treated as a resident from the day they stop being a non-resident visitor.

Clause 98 inserts *new section YD 1B*, which sets out the rules for determining when a person is a non-resident visitor and when they cease to be a non-resident visitor. *Subclause (2)* provides the requirements a person who visits New Zealand must meet to be a non-resident visitor. *Subclause (3)* provides that if a person ceases to be a non-resident visitor because they are no longer lawfully present in New Zealand, the person is treated as if they were never a non-resident visitor. *Subclause (4)* provides that if a person ceases to be a non-resident visitor for any other reason, they stop being treated as a non-resident visitor from the date of the cessation.

Clause 99 amends section YD 2 to provide that the activities of a non-resident visitor in New Zealand are disregarded for the purposes of determining whether a foreign company has its centre of management, or its director control exercised, in New Zealand.

Clause 100 amends section YD 3 to include a cross-reference to *new section YD 2(1C)*.

Clause 101 amends section YD 4B to provide that the activities of a non-resident visitor in New Zealand are disregarded for the purposes of determining if an enterprise has a permanent establishment in New Zealand.

Clause 102 amends schedule 5 to correct terminology by substituting the term “adjusted tax value” for “tax value” and amending the schedule so that the value of the vehicle is not reduced by the deduction available under section DI 5 for new investment assets.

Clause 103 amends schedule 28 to ensure the increases to the rate of employee contributions to KiwiSaver schemes enacted as part of Budget 2025 also apply to employee contributions to complying superannuation funds.

Clause 104 amends schedule 32, which lists overseas-based charities to which a donation entitles the donor to a tax benefit.

Clause 105 amends schedule 35 to update Crown-controlled company names that have changed.

Clause 106 inserts schedule 1, part A to make consequential amendments related to the repeal of certain sections in subpart RM.

Part 3

Amendments to Goods and Services Tax Act 1985

Clause 107 provides that *Part 3* amends the Goods and Services Tax Act 1985.

Clause 108 amends section 2. *Subclause (2)* inserts a new definition of *elective flow-through joint venture*. *Subclause (3)* inserts a new definition of *flow-through joint venture*. *Subclause (4)* inserts a new definition of *joint venture property*. *Subclause (5)* amends the definition of *land*. *Subclause (6)* inserts a new definition of *non-integral deductions*. *Subclause (7)* inserts a new definition of *non-resident visitor*. *Subclause (8)* inserts a new definition of *ordinary joint venture*. *Subclause (9)* inserts a new definition of *output-sharing joint venture*. *Subclause (10)* amends the definition of *person*. *Subclause (11)* inserts a new definition of *publish*. *Subclause (12)* amends the definition of *unincorporated body*.

Clause 109 amends section 2A. *Subclause (1)* updates the terminology for association between an ordinary joint venture and a member of an ordinary joint venture. *Subclause (2)* amends the rules so that 2 members of an ordinary joint venture or of a flow-through joint venture are associated with one another in their capacity as members of the joint venture. *Subclause (3)* amends the tripartite rule as between joint venture members to avoid overreach.

Clause 110 amends the definition of *participatory security* in section 3 by excluding an interest in a flow-through joint venture.

Clause 111 amends section 5. *Subclause (1)* amends subsection (15) to allow the supply of land to be split between an exempt supply and a taxable supply. *Subclause (2)* clarifies that non-integral deductions are excluded when determining whether a person has claimed a deduction for goods they wish to treat as not part of their taxable activity. *Subclause (3)* ensures that both supplier and recipient zero-rate a supply under *new section 11(1)(md)*. *Subclause (4)* treats the recipient of a supply of goods and services under *new sections 11(1)(mc) and (md)* as if they were a supplier making the supply on the date on which the error is found. *Subclause (5)* provides that any supply of goods and services made jointly by members of a flow-through joint venture is divided into separate supplies and apportioned among the members.

Clause 112 amends section 6. *Subclause (1)* clarifies that non-integral deductions are excluded when determining whether a person has previously claimed a deduction for goods before they are sold under section 20(3). *Subclause (2)* is a consequential amendment as a result of the new zero-rating provisions in *new section 11(1)(mc) and (md)*.

Clause 113 amends section 10. *Subclause (1)* treats the cancellation of registration by an unincorporated body as a supply at market value. *Subclause (2)* inserts cross-references as a consequential amendment.

Clause 114 amends section 11 by adding 2 new zero-rating provisions. *New section 11(1)(mc)* zero-rates the supply of goods and services by an unincorporated body to its members when the body deregisters, and *new section 11(1)(md)* zero-rates the supply of an interest in joint venture property between the members of a flow-through joint venture.

Clause 115 amends section 11A to include a cross-reference.

Clause 116 amends section 12 to align GST exemptions with updated tariff concessions by allowing inherited goods to enter New Zealand GST-free and by removing an outdated concession for gifts.

Clause 117 amends section 15D to address situations when a person, upon registering for GST, inadvertently selects an incorrect taxable period and seeks to correct it shortly after. *New subsection (2BA)* allows a newly registered person to backdate the change in filing frequency to the start of their registration if they apply before the earlier of 7 days after the due date of their first return (based on the initially selected period) or the due date of the first return of their intended filing frequency.

Clause 118 amends section 19E to provide that the requirement to retain recipient details (name and a piece of identifying information such as address or telephone number) only applies when the recipient is registered for GST.

Clause 119 amends section 19N to include zero-rated supplies under *new section 11(1)(md)*.

Clause 120 amends section 20 consequentially to refer to the new zero-rating provisions in *new section 11(1)(mc) and (md)*.

Clause 121 amends section 20F to allow a person to make an election under that section by notifying the Commissioner of Inland Revenue.

Clause 122 amends section 21B. *Subclause (1)* clarifies the adjustment provisions apply to both goods and services acquired before registration, not just goods. *Subclause (2)* confirms a person who registers for GST after acquiring secondhand goods can still claim an input tax deduction for the goods.

Clause 123 amends section 21F consequentially to refer to the new zero-rating provisions in *new section 11(1)(mc) and (md)*.

Clause 124 amends section 51. *Subclause (1)* ensures that the value of supplies made by a non-resident visitor to a non-resident in certain circumstances are ignored for the purpose of determining whether they are required to be registered for GST. *Subclause (2)* provides that, when members of an elective flow-through joint venture are jointly carrying on a taxable activity, each of the members are liable to be registered for GST when the total value of their supplies exceeds the threshold for registration in section 51(1).

Clause 125 amends section 51B consequentially as a result of the new zero-rating provisions in *new section 11(1)(mc) and (md)*.

Clause 126 amends section 55B to provide that an issuing member of a supplier group is only responsible for issuing taxable supply information and supply correc-

tion information for taxable supplies made by other members of the group to the extent those supplies are covered by an agreement between the members, and applies for taxable periods starting on or after 1 April 2023.

Clause 127 amends section 57 to provide that, when an incorporated body's registration is cancelled, any goods and services forming part of its taxable activity are treated as being supplied by the body to its members immediately before cessation of registration.

Clause 128 inserts *new section 57B*, which sets out the rules for ordinary joint ventures to choose flow-through treatment.

Clause 129 amends section 75 to provide for record-keeping requirements for supplies made under *new section 11(1)(md)*.

Clause 130 inserts *new section 78FB* to provide the rules for liability when supplies are made between members of flow-through joint ventures.

Clause 131 amends section 90 to correct a cross-reference.

Clause 132 amends section 91, which allows GST-registered persons to remove certain goods from the GST base by repaying the input tax deductions they had previously claimed on the goods. *Subclause (1)* clarifies that a 'deduction for the goods' excludes non-integral deductions. *Subclause (2)* amends subsection (4) to require the person to have not used the goods for the principal purpose of making taxable supplies, consistent with the requirement in section 91(1)(d).

Clause 133 inserts 3 transitional provisions. *New section 92* allows joint ventures that are already registered to make an election to become an elective flow-through joint venture under *section 57B(1)*, provided they do so before 1 April 2027. *New section 93* provides for taxpayers to choose to become an elective flow-through joint venture if they have taken a tax position in relation to a joint venture before 1 April 2026. *New section 94* is a transitional rule allowing other joint ventures to choose to become a flow-through joint venture with effect from 1 April 2026 or a later date notified by the joint venture.

Clause 134 inserts schedule 2, part A to make consequential amendments related to clarifying the Commissioner's requirements to publish.

Part 4

Amendments to Tax Administration Act 1994

Clause 135 provides that *Part 4* amends the Tax Administration Act 1994.

Clause 136 amends section 3. *Subclause (2)* amends the definition of *government agency* to account for the definition in *new section 18HB*. *Subclause (3)* repeals the definitions of *nil value distribution*, *nil value settlement*, *non-cash distribution* and *non-cash settlement*. *Subclause (4)* replaces the definition of *personal information*. *Subclause (5)* inserts a new definition of *publish*. *Subclause (6)* amends the definition of *tax* to delete an unnecessary word. *Subclause (7)* inserts a new definition of *updated information*.

Clause 137 amends section 14 as a consequence of the new publishing requirements in *new section 14H*.

Clause 138 inserts *new section 14H*, which sets out the requirements the Commissioner must satisfy to publish information.

Clauses 139 to 142 repeal section 17GB and make consequential amendments to sections 17C, 17E, and 17H.

Clause 143 inserts *new section 18HB* to enable the Commissioner to disclose sensitive revenue information to other government agencies on a regular basis under a Ministerial agreement, provided appropriate safeguards and transparency requirements are in place.

Clauses 144 to 147 make consequential amendments to sections 20, 20B, 20D, and 20F for the repeal of section 17GB.

Clause 148 amends section 22C to correct a cross-reference.

Clause 149 amends section 32M to correct the wording for the period from 1 April 2008 to 31 March 2010 that was inadvertently affected by a later amendment.

Clause 150 amends section 41A. *Subclauses (1) and (2)* are remedial amendments resulting from relocating, to section LD 1 of the Income Tax Act 2007, the rule that limits donation tax credits to the individual's taxable income. *Subclause (3)* inserts a clawback mechanism to allow donation tax credits that have been returned to the person making the gift to be recoverable by the Commissioner as an excess tax credit under section 142D.

Clause 151 amends section 42 to ensure that a partner in a partnership cannot choose to align their income year with the partnership's if the partnership is claiming a research and development tax credit.

Clause 152 repeals section 59BA.

Clause 153 repeals section 59BAB as a consequence of the repeal of section 59BA.

Clause 154 amends section 68CB to extend the research and development tax incentive general approval application due date for businesses with a 30 September balance date to 15 January.

Clause 155 amends section 75 to remove a redundant provision.

Clause 156 amends section 79 as a consequence of the repeal of section 59BA.

Clause 157 amends section 80 as a consequence of the repeal of section 59BA.

Clause 158 inserts *new section 90B* to enable the Commissioner to make a determination to set the prescribed rate of interest for employment-related loans.

Clause 159 makes a consequential amendment to the cross-heading above section 91AAO.

Clause 160 inserts *new section 91AAP* to enable the Commissioner to make a determination to set the deemed rate of return.

Clause 161 amends section 91EL to provide that, for the purposes of determining eligibility for a short-process ruling, a non-resident's foreign-sourced income is included when assessing whether their total annual income is \$20 million a year or less.

Clause 162 makes a consequential amendment to the definitions of *Commissioner's paying rate* and *taxpayer's paying rate* in section 120C to reflect the shift in the power to set the rates from the Governor-General to the Commissioner.

Clause 163 replaces section 120H to enable the Commissioner to set the Commissioner's paying rate and the taxpayer's paying rate by determination.

Clause 164 makes a consequential amendment to the definitions of *Commissioner's paying rate* and *taxpayer's paying rate* in section 120OB to reflect the shift in the power to set the rates from the Governor-General to the Commissioner.

Clause 165 amends section 138E to exclude discretionary use of tax pooling for voluntary disclosures from the disputes process.

Clause 166 amends section 226E to repeal subsection (3). This provision is redundant as it is covered by the Legislation Act 2019.

Clause 167 repeals section 227H as a consequence of the repeal of section 59BA.

Clause 168 inserts *new section 227I* to ensure that the Commissioner's paying rate and the taxpayer's paying rate that applied under the Taxation (Use of Money Interest Rates) Regulations 1998 immediately before their revocation continue to apply for the transitional period until the Commissioner sets new rates by determination under section 120H of the Tax Administration Act 1994.

Clause 169 amends schedule 7. *Subclause (1)* replaces clause 6 to allow Inland Revenue to disclose updated information to the New Zealand Police to ensure previously disclosed information for the purposes of establishing whether a prima facie case exists for civil recovery under the Criminal Proceeds (Recovery) Act 2009 remains accurate and up to date. *Subclauses (2) and (3)* replace clause 43(5)(a) and (b) to allow Inland Revenue to share contact details, including email addresses, of fines defaulters with the Ministry of Justice if the information exists.

Clause 170 inserts schedule 1, part B to make consequential amendments related to the repeal of certain sections in subpart RM of the Income Tax Act 2007.

Clause 171 inserts schedule 2, part B to make consequential amendments related to clarifying the Commissioner's requirements to publish.

Part 5

Amendments to other enactments

Amendments to KiwiSaver Act 2006

Clause 172 sets out the clauses that amend the KiwiSaver Act 2006.

Clause 173 amends section 4 to insert a new definition of *compulsory employer contribution*.

Clause 174 amends section 101A to replace an undefined term with the new defined term of *compulsory employer contribution*.

Clause 175 amends schedule 1 to delete redundant subclauses.

Amendments to Unclaimed Money Act 1971

Clause 176 sets out the clauses that amend the Unclaimed Money Act 1971.

Clause 177 amends section 2 to insert a new definition of *tax file number*.

Clause 178 amends section 5B to expand the information that holders are required to supply when transferring unclaimed money to Inland Revenue.

Clause 179 amends section 11 to reduce the period in which owners must claim any amounts owing to them from 25 years to 20 years.

Amendment to Student Loan Scheme Act 2011

Clause 180 amends schedule 1 of the Student Loan Scheme Act 2011 to replace out-dated references.

Amendment to Child Support Act 1991

Clause 181 amends section 180 of the Child Support Act 1991 to remove the requirement for payee uplifts to be in writing and signed and to allow for uplifts to be made in a way approved by the Commissioner.

Amendment to Criminal Proceeds (Recovery) Act 2009

Clause 182 amends section 98 of the Criminal Proceeds (Recovery) Act 2009 to enable Inland Revenue to share updated information with Police for civil recovery action. It replicates the drafting that amends the Tax Administration Act 1994.

Amendments to Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Act 2025

Clause 183 sets out the clauses that amend the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Act 2025.

Clause 184 amends section 2 to correct the commencement date of a provision.

Clause 185 amends section 196 to amend *new section 185U* of the Tax Administration Act 1994 to make it clear that a reference to a Partner Jurisdiction in the Crypto-Asset Reporting Framework is to be read as not including New Zealand.

Clause 186 amends the application provision in section 205(3). This ensures that the amendment made to the secondhand goods rule in section 3A of the Goods and Services Tax Act 1985 can be applied based on the date of use for taxable purposes, not just the acquisition date. For example, this means that land acquired before 30 March 2022 from an associated unregistered person can still qualify for a secondhand goods deduction if it starts being used for taxable supplies on or after 30 March 2022.

Amendment to Taxation (Budget Measures) Act 2025

Clause 187 amends section 22 of the Taxation (Budget Measures) Act 2025 to amend *new section 101D(4)(a)* of the KiwiSaver Act 2006 to allow employers of employees that are members of complying superannuation funds to reduce employer contributions to match reduced employee contributions if they choose.

Amendments to Tax Administration (Financial Statements—Domestic Trusts) Order 2022

Clause 188 sets out the clauses that amend the Tax Administration (Financial Statements—Domestic Trusts) Order 2022.

Clause 189 amends clause 3 to insert new definitions of *debt funding special purpose vehicle*, *exempt ESS*, *foreign trust*, *lines trust*, *Maori authority*, *tax charity*, and *widely-held superannuation fund*.

Clause 190 amends clause 4 as a consequence of the repeal of section 59BA of the Tax Administration Act 1994 to include the list of exclusions from the requirements of the Order that was previously found in that section.

Clause 191 makes a consequential amendment to clause 5 to remove a reference to section 59BA.

Revocations

Clause 192 revokes regulations as a consequence of the shift of the power to set certain rates from the Governor-General to the Commissioner.

Hon Simon Watts

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

Government Bill

Contents

	Page
1 Title	9
2 Commencement	9
Part 1	
Annual rates of income tax	
3 Annual rates of income tax for 2025–26 tax year	10
Part 2	
Amendments to Income Tax Act 2007	
4 Amendments to Income Tax Act 2007	10
5 Section CC 15 amended (New investment assets: change of use)	10
6 Section CD 36 amended (Foreign investment fund income)	10
7 Section CD 44 amended (Available capital distribution amount)	11
8 Section CE 1 amended (Amounts derived in connection with employment)	11
9 New section CE 1BA inserted (Reimbursement of employee expenditure for benefit)	12
CE 1BA Reimbursement of employee expenditure for benefit	12
10 Section CE 7B amended (Meaning of share scheme taxing date)	12
11 Section CF 1 amended (Benefits, pensions, compensation, and government grants)	13
12 Section CQ 5 amended (When FIF income arises)	13
13 Section CV 19 amended (Additional income for certain imputation credits)	13
14 Section CW 19 amended (Amounts derived during short-term visits)	13

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

15	New sections CW 22B and CW 22C inserted	13
	CW 22B Amounts derived by non-resident visitors during visits	13
	CW 22C Amounts derived by non-residents from non-resident visitors in New Zealand	14
16	Section CW 38 amended (Public authorities)	14
17	Section CW 38B amended (Public purpose Crown-controlled companies)	14
18	Section CW 39 amended (Local authorities)	14
19	New section CW 61B inserted (Income from supply of excess electricity from dwelling)	14
	CW 61B Income from supply of excess electricity from dwelling	14
20	Section CX 2 amended (Meaning of fringe benefit)	15
21	New section CX 16B inserted (Gift cards)	15
	CX 16B Gift cards	15
22	Section CX 26 amended (Non-liable payments)	15
23	Section CX 37 amended (Meaning of unclassified benefit)	15
24	Section CX 57B amended (Amounts derived during periods covered by calculation methods)	15
25	Section DE 1 amended (What this subpart does)	16
26	Section DE 2B amended (Election to use kilometre rate method or costs method)	16
27	Section DE 5 amended (Actual records)	16
28	Section DE 7 amended (Logbook requirements)	16
29	Section DE 9 amended (Inadequate logbook)	16
30	Section DE 10 amended (Variance during logbook term)	16
31	Section DE 11 amended (Replacement vehicles)	16
32	Section DE 12 amended (Kilometre rate method)	16
33	Section DI 2 amended (When this subpart applies and does not apply)	17
34	Section DI 3 replaced (Meaning of new asset transferee)	17
	DI 3 Meaning of new asset transferee	17
35	Section DI 6 amended (Relationship to cost, calculations, etc, in other provisions)	18
36	Section DN 5 amended (Foreign investment fund loss)	18
37	Section DN 6 amended (When FIF loss arises)	18
38	New section DN 8B inserted (Ring-fencing cap on deduction: revenue account method)	19
	DN 8B Ring-fencing cap on deduction: revenue account method	19
39	Section DV 27 amended (Employee share schemes)	19
40	New section EA 4B inserted (Deferred tax for unlisted employee share schemes)	19
	EA 4B Deferred tax for unlisted employee share schemes	19
41	Section EA 5 amended (Income from disposal of original shares under share-lending arrangements)	20

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

42	Section EE 38 amended (Items of low value)	20
43	Section EE 40 amended (Transfer of depreciable property on or after 24 September 1997)	21
44	Section EW 5 amended (What is an excepted financial arrangement?)	21
45	Section EW 57 amended (Thresholds)	21
46	Section EX 20B amended (Attributable CFC amount)	21
47	Section EX 29 amended (Attributing interests in FIFs)	21
48	New section EX 43B inserted (Exemption for share users in returning share transfers)	21
	EX 43B Exemption for share users in returning share transfers	21
49	Section EX 44 amended (Five calculation methods)	22
50	Section EX 46 amended (Limits on choice of calculation methods)	22
51	New section EX 46B inserted (Limits on choice of revenue account method)	22
	EX 46B Limits on choice of revenue account method	23
52	Section EX 48 amended (Default calculation method)	26
53	Section EX 51 amended (Comparative value method)	26
54	Section EX 53 amended (Fair dividend rate periodic method)	27
55	Section EX 55 amended (Deemed rate of return method)	27
56	New section EX 56B inserted (Revenue account method)	27
	EX 56B Revenue account method	27
57	Section EX 57 amended (Conversion of foreign currency amounts: most methods)	30
58	Section EX 58 amended (Additional FIF income or loss if CFC owns FIF)	30
59	Section EX 59 amended (Codes: comparative value method, deemed rate of return method, fair dividend rate method, and cost method)	30
60	New section EX 59B inserted (Ring-fencing RAM net losses)	31
	EX 59B Ring-fencing RAM net losses	31
61	Section EX 62 amended (Limits on changes of method)	31
62	Section EX 63 amended (Consequences of changes in method)	32
63	Section EX 64 amended (Migration of persons holding FIF interests)	33
64	Section EX 65 amended (Changes in application of FIF exemptions)	33
65	Section EX 68 amended (Measurement of cost)	33
66	Section EX 71 amended (Non-market transactions in FIF interests)	33
67	Section EY 11 amended (Superannuation schemes providing life insurance)	34
68	Section FB 1B amended (Meaning of settlement of relationship property and property)	34

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

69	Section FC 9 amended (Residential land transferred to executor, administrator, or beneficiary on death of person)	34
70	Section FO 2 amended (Amalgamation rules)	34
71	Section GC 4 amended (Disposals and acquisitions of FIF attributing interests)	34
72	Section HC 25 amended (Foreign-sourced amounts: non-resident trustees)	34
73	Section HL 10 amended (Further eligibility requirements relating to investments)	34
74	Section HM 12 amended (Income types)	35
75	Section HM 35 amended (Determining net amounts and taxable amounts)	35
76	Section IA 7 amended (Restrictions relating to ring-fenced tax losses)	35
77	Section LD 1 amended (Tax credits for charitable or other public benefit gifts)	35
78	Section LE 1 amended (Tax credits for imputation credits)	35
79	Section LJ 2 amended (Tax credits for foreign income tax)	35
80	New section MH 6 inserted (Orders in Council for FamilyBoost)	35
	MH 6 Orders in Council for FamilyBoost	35
81	Section MK 2 amended (Eligibility requirements)	36
82	Section RA 21 amended (Regulations)	36
83	Section RC 38 amended (Crediting income tax with early-payment discount)	36
84	Section RD 8 amended (Schedular payments)	36
85	New section RD 38B inserted (Gift cards)	37
	RD 38B Gift cards	37
86	Section RD 45 amended (Unclassified benefits)	37
87	Section RD 47 amended (Attribution of certain fringe benefits)	37
88	Section RD 49 amended (Application of thresholds to attributed benefits)	38
89	Section RD 50 amended (Employer’s liability for attributed benefits)	38
90	Section RD 53 amended (Pooling non-attributed benefits)	38
91	Section RD 64 amended (ESCT rules and their application)	38
92	Section RE 10B amended (Amounts withheld from distributions to holders of FIF attributing interests)	38
93	Section RL 1 amended (Residential land withholding tax)	38
94	New cross-heading and section RZ 17 inserted	39
	<i>Interest rate on employment-related loans</i>	
	RZ 17 Interest rate on employment-related loans: transitional provision	39
95	Section YA 1 amended (Definitions)	39
96	Section YA 2 amended (Meaning of income tax varied)	41

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

97	Section YD 1 amended (Residence of natural persons)	42
98	New section YD 1B inserted (Non-resident visitors)	42
	YD 1B Non-resident visitors	42
99	Section YD 2 amended (Residence of companies)	43
100	Section YD 3 amended (Country of residence of foreign companies)	43
101	Section YD 4B amended (Meaning of permanent establishment)	43
102	Schedule 5 amended (Fringe benefit values for motor vehicles)	44
103	Schedule 28 amended (Requirements for complying fund rules)	44
104	Schedule 32 amended (Recipients of charitable or other public benefit gifts)	45
105	Schedule 35 amended (Public purpose Crown-controlled companies)	45
106	Consequential amendments to Income Tax Act 2007 related to repeal of sections in subpart RM	45

Part 3

Amendments to Goods and Services Tax Act 1985

107	Amendments to Goods and Services Tax Act 1985	45
108	Section 2 amended (Interpretation)	46
109	Section 2A amended (Meaning of associated persons)	47
110	Section 3 amended (Meaning of term financial services)	47
111	Section 5 amended (Meaning of term supply)	47
112	Section 6 amended (Meaning of term taxable activity)	48
113	Section 10 amended (Value of supply of goods and services)	49
114	Section 11 amended (Zero-rating of goods)	49
115	Section 11A amended (Zero-rating of services)	49
116	Section 12 amended (Imposition of goods and services tax on imports)	49
117	Section 15D amended (When changes in basis of taxable periods take effect)	49
118	Section 19E amended (Definitions of types of record)	50
119	Section 19N amended (Supply correction information)	50
120	Section 20 amended (Calculation of tax payable)	50
121	Section 20F amended (Election that sections 11A(1)(q) and (r) and 20C apply)	50
122	Section 21B amended (Adjustments when person or partnership becomes registered after acquiring goods and services)	50
123	Section 21F amended (Treatment on disposal)	50
124	Section 51 amended (Persons making supplies in course of taxable activity to be registered)	51
125	Section 51B amended (Persons treated as registered)	51
126	Section 55B amended (Supplier group and issuing member)	51
127	Section 57 amended (Unincorporated bodies)	51
128	New section 57B inserted (Flow-through joint venture by election)	51

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

	57B	Flow-through joint venture by election	52
129		Section 75 amended (Keeping of records)	52
130		New section 78FB inserted (Liability for supplies between members of flow-through joint ventures)	52
	78FB	Liability for supplies between members of flow-through joint ventures	52
131		Section 90 amended (Transitional regulation-making power: legislative charges)	53
132		Section 91 amended (Certain private goods removed from tax base before 1 April 2025)	53
133		New sections 92, 93, and 94 inserted	53
	92	Unincorporated bodies electing to become flow-through joint ventures	53
	93	Joint ventures applying flow-through treatment before 1 April 2026	54
	94	Transitional rule for elective flow-through joint ventures	54
134		Consequential amendments to Goods and Services Tax Act 1985 to clarify Commissioner’s requirement to publish	55

Part 4

Amendments to Tax Administration Act 1994

135		Amendments to Tax Administration Act 1994	55
136		Section 3 amended (Interpretation)	55
137		Section 14 amended (Modes of communication: general provisions)	55
138		New cross-heading and section 14H inserted	55

Publishing

	14H	Publishing	56
139		Section 17C amended (Commissioner’s powers in relation to documents)	56
140		Section 17E amended (Information or documents treated as in persons’ knowledge, possession or control)	56
141		Section 17GB repealed (Commissioner may require information or production of documents for tax policy development)	56
142		Section 17H amended (Court may make order for provision of information)	56
143		New section 18HB inserted (Regular disclosure to government agency)	56
	18HB	Regular disclosure to government agency	56
144		Section 20 amended (Privilege for confidential communications between legal practitioners and their clients)	58
145		Section 20B amended (No requirement to disclose tax advice document)	58

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

146	Section 20D amended (Claim that document is tax advice document)	58
147	Section 20F amended (Person must disclose tax contextual information from tax advice document)	58
148	Section 22C amended (Outline of subpart)	59
149	Section 32M amended (Persons with approved issuer status)	59
150	Section 41A amended (Returns in relation to charitable or other public benefit gifts)	59
151	Section 42 amended (Returns by joint venturers, partners, and partnerships)	59
152	Section 59BA repealed (Annual return for trusts)	59
153	Section 59BAB repealed (Commissioner may require trust information for period after 2013–14 income year)	60
154	Section 68CB amended (Research and development tax credits: general approval)	60
155	Section 75 amended (Notification of amalgamation to Commissioner)	61
156	Section 79 amended (Other annual returns)	61
157	Section 80 amended (Commissioner may require other returns to be made)	61
158	New section 90B inserted (Determination on interest for employment-related loans)	61
	90B Determination on interest for employment-related loans	61
159	Cross-heading above section 91AAO amended	61
160	New section 91AAP inserted (Determination on deemed rate of return)	61
	91AAP Determination on deemed rate of return	61
161	Section 91EL amended (Applying for short-process ruling)	62
162	Section 120C amended (Definitions)	62
163	Section 120H replaced (Setting and varying interest rates)	62
	120H Setting and varying interest rates	62
164	Section 120OB amended (Variation to definitions for determining interest chargeable or payable to PAYE intermediaries)	63
165	Section 138E amended (Certain rights of challenge not conferred)	63
166	Section 226E amended (Application of changes to CRS standard)	63
167	Section 227H repealed (Transitional provision relating to annual return for trusts)	63
168	New section 227I inserted (Transitional provision relating to interest rates)	63
	227I Transitional provision relating to interest rates	63
169	Schedule 7 amended (Disclosure rules)	63
170	Consequential amendments to Tax Administration Act 1994 related to repeal of sections in subpart RM of Income Tax Act 2007	64

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

171	Consequential amendments to Tax Administration Act 1994 to clarify Commissioner’s requirement to publish	64
Part 5		
Amendments to other enactments and revocations		
<i>Amendments to KiwiSaver Act 2006</i>		
172	Amendments to KiwiSaver Act 2006	64
173	Section 4 amended (Interpretation)	65
174	Section 101A amended (General)	65
175	Schedule 1 amended (KiwiSaver scheme rules)	65
<i>Amendments to Unclaimed Money Act 1971</i>		
176	Amendments to Unclaimed Money Act 1971	65
177	Section 2 amended (Interpretation)	65
178	Section 5B amended (Obligations of holders)	65
179	Section 11 amended (Commissioner may make payment to claimant)	65
<i>Amendment to Student Loan Scheme Act 2011</i>		
180	Amendment to Student Loan Scheme Act 2011	65
<i>Amendment to Child Support Act 1991</i>		
181	Amendment to Child Support Act 1991	66
<i>Amendment to Criminal Proceeds (Recovery) Act 2009</i>		
182	Amendment to Criminal Proceeds (Recovery) Act 2009	66
<i>Amendments to Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Act 2025</i>		
183	Amendments to Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Act 2025	66
184	Section 2 amended (Commencement)	66
185	Section 196 amended (New cross-heading and section 185U inserted)	67
186	Section 205 amended (Section 3A amended (Meaning of input tax))	67
<i>Amendment to Taxation (Budget Measures) Act 2025</i>		
187	Amendment to Taxation (Budget Measures) Act 2025	67
<i>Amendments to Tax Administration (Financial Statements— Domestic Trusts) Order 2022</i>		
188	Amendments to Tax Administration (Financial Statements— Domestic Trusts) Order 2022	67
189	Clause 3 amended (Interpretation)	67
190	Clause 4 amended (Application)	68
191	Clause 5 amended (Minimum requirements for preparing financial statements)	68

Revocations

192	Revocations	68
	Schedule 1	69
	Consequential amendments related to repeal of sections in subpart RM of Income Tax Act 2007	
	Schedule 2	71
	Consequential amendments to clarify Commissioner’s requirements to publish	

The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Act **2025**.

2 Commencement

5

- (1) This Act comes into force on the day after the date on which it receives the Royal assent, except as provided in this section.
- (2) **Sections 7, 25, 27, 28, 29, 30, 31, 32(1) and (3), 70, and 149(1)** come into force on 1 April 2008.
- (3) **Section 73** comes into force on 1 January 2009. 10
- (4) **Sections 74 and 95(24)** come into force on 1 April 2010.
- (5) **Section 149(2) and (3)** comes into force on 1 August 2010.
- (6) **Sections 108(6) and (13) and 112(1) and (3)** come into force on 1 April 2011.
- (7) **Sections 26 and 32(2) and (4)** come into force on 1 April 2017. 15
- (8) **Sections 50(1)(a) and 54** come into force on 1 July 2018.
- (9) **Section 151** comes into force on 1 April 2019.
- (10) **Section 186** comes into force on 30 March 2022.
- (11) **Section 86** comes into force on 1 April 2022.
- (12) **Section 104(2) and (3)** comes into force on 7 December 2022. 20
- (13) **Sections 108(2), 126, and 132(1)** come into force on 1 April 2023.
- (14) **Sections 69 and 93** come into force on 1 July 2024.
- (15) **Section 105** comes into force on 21 February 2025.
- (16) **Section 104(4)** comes into force on 5 March 2025.
- (17) **Sections 115 and 131** come into force on 30 March 2025. 25
- (18) **Sections 6, 8(2), 12(2), 13, 24, 36, 37(2), 38, 46, 49, 50(1)(b), (2), and (3), 51, 52, 56, 57, 58, 59, 60, 61, 62, 63, 64(2), (4), and (5), 65, 66,**

- 71, 76, 78, 79, 89, 92, 95(4), (9), (10), (19), (20), (21), (22), and (23), and 104(5)** come into force on 1 April 2025.
- (19) **Sections 8(1) and (3), 20, 21, 23, 85, 87, 88(1), and 95(3) and (12)** come into force on 16 April 2025.
- (20) **Sections 5, 33, 34, 35, 42, 43, and 95(26)** come into force on 22 May 2025. 5
- (21) **Section 150(3)** comes into force on the date of introduction of the Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill.
- (22) **Sections 185 and 187(2)** come into force on 31 March 2026. 10
- (23) **Sections 9, 10, 11, 12(1) and (3), 14, 15, 19, 22, 37(1) and (3), 39, 40, 41, 44, 45, 47, 48, 53, 64(1) and (3), 84, 88(2), 90, 91, 95(2), (5), (6), (7), (8), (11), (14), (15), (17), (25), (27), and (28), 97, 98, 99, 100, 101, 102, 103(1), 104(7), 108(2), (3), (4), (5), (7), (8), (9), (10), and (12), 109, 110, 111(1), (3), (4), (5), and (6), 112(2), 113, 114, 119, 120, 123, 124, 125, 127, 128, 129, 130, 133, 136(2), (3), (4), (7), and (8), 143, 152, 153, 154, 156, 157, 165, 167, 169, 177, 178, 179, 182(2), 189, 190, and 191** come into force on 1 April 2026. 15
- (24) **Section 103(2)** comes into force on 1 April 2028.

Part 1 20

Annual rates of income tax

- 3 Annual rates of income tax for 2025–26 tax year**
- Income tax imposed by section BB 1 (Imposition of income tax) of the Income Tax Act 2007 must, for the 2025–26 tax year, be paid at the basic rates specified in schedule 1 of that Act. 25

Part 2

Amendments to Income Tax Act 2007

- 4 Amendments to Income Tax Act 2007**
- This Part amends the Income Tax Act 2007.
- 5 Section CC 15 amended (New investment assets: change of use)** 30
- In section CC 15, in the example, replace “Investment Boost” with “new investment asset”.
- 6 Section CD 36 amended (Foreign investment fund income)**
- (1) After section CD 36(1)(b)(iv), insert:
- (v) the revenue account method; and 35

- (2) In section CD 36, list of defined terms, insert “revenue account method”.
- 7 Section CD 44 amended (Available capital distribution amount)**
- (1) In section CD 44(1), in the formula, replace “capital gains” with “net capital amount” and delete “– capital losses”.
- (2) Replace section CD 44(2)(c) with: 5
- (c) **net capital amount** is the total of the capital gain amounts less the capital loss amounts arising in the 1992–93 tax year or a later tax year that is available for distribution to shareholders in the company on liquidation but excluding any gain or loss occurring when the company distributes property to shareholders on the liquidation: 10
- (3) Repeal section CD 44(2)(f).
- (4) Replace section CD 44(8) with:
- Net capital gain: amalgamated company inheriting net capital gain*
- (8) An amalgamated company is treated as deriving, at the time of the amalgamation, an amount (the **net amount**) equal to the total of the capital gain amounts, less capital loss amounts arising in the 1992–93 tax year or a later tax year, of an amalgamating company to the extent to which— 15
- (a) the amalgamating company’s net amount was available for distribution at the time of the amalgamation; and
- (b) was not distributed to any person other than the amalgamated company. 20
- Exception when amalgamated and amalgamating company the same*
- (8BA) **Subsection (8)** does not apply to an amalgamated company if the amalgamated company is the same company as the amalgamating company.
- (5) Replace section CD 44(10)(a) with: 25
- (a) the total of the capital gain amounts arising after 31 March 1988 that are available for distribution to shareholders in the company on the liquidation, excluding any gain occurring when the company distributes property to a shareholder on the liquidation; and
- (6) **Subsections (1) to (5)** apply for the 2008–09 and later income years.
- 8 Section CE 1 amended (Amounts derived in connection with employment)** 30
- (1) After section CE 1(2), insert:
- Meaning of benefit in money*
- (2B) In this section, **benefit in money** does not include a gift card unless— 35
- (a) the employer chooses to treat the provision of a gift card to an employee as an amount derived in connection with their employment; or
- (b) the employer provides the gift card to the employee as a substitute for remuneration.

- (2) After section CE 1(3B), insert:
- Reimbursement of employee expenditure for benefit*
- (3C) For the treatment of a reimbursement payment made to an employee for incurring expenditure for a benefit, see **section CE 1BA**.
- (3) In section CE 1, list of defined terms, insert “benefit in money”, “employment”, and “gift card”. 5
- 9 New section CE 1BA inserted (Reimbursement of employee expenditure for benefit)**
- After section CE 1, insert:
- CE 1BA Reimbursement of employee expenditure for benefit** 10
- When this section applies*
- (1) This section applies when an employer pays an amount to reimburse an employee for expenditure the employee has incurred for a benefit that, if the employer provided it directly to the employee, would constitute an unclassified benefit under section CX 37 (Meaning of unclassified benefit). 15
- Employer election*
- (2) The amount paid by the employer is, at the employer’s election, either—
- (a) employment income of the employee under section CE 1; or
- (b) an unclassified benefit under section CX 37.
- Defined in this Act: amount, employee, employer, employment income, pay, unclassified benefit 20
- 10 Section CE 7B amended (Meaning of share scheme taxing date)**
- (1) In section CE 7B(1)(a), after “(beneficial ownership)”, insert “or the beneficiary has an unconditional right to presently receive the shares”.
- (2) In section CE 7B(1)(a)(i), after “no material risk that” insert “, once the shares are held by or for the benefit of the employee share scheme beneficiary,”. 25
- (3) After section CE 7B(2), insert:
- Meaning for employee deferred shares*
- (3) Despite subsections (1) and (2), if the shares are employee deferred shares under **section EA 4B** (Deferred tax for unlisted employee share schemes), the share scheme taxing date is the date of the liquidity event. 30
- (4) In section CE 7B, list of defined terms, insert “employee deferred shares”, “liquidity event”, and “share scheme taxing date”.
- (5) **Subsections (3) and (4)** apply to shares issued or transferred by a company under an employee share scheme on or after 1 April 2026.

11	Section CF 1 amended (Benefits, pensions, compensation, and government grants)	
(1)	In section CF 1(2), in the definition of pension , paragraph (a), replace “in return for services that the person” with “or a trustee of their estate if that person” and replace “provided to” with “provided services to”.	5
(2)	In section CF 1(2), in the definition of pension , replace paragraph (b) with:	
	(b) does not include a payment made to—	
	(i) the person because of, and within 1 year after, the death of that parent, child, spouse, civil union partner or de facto partner, former spouse, civil union partner or de facto partner, or dependant:	10
	(ii) a trustee of the person’s estate because of, and within 1 year after, the person’s death.	
12	Section CQ 5 amended (When FIF income arises)	
(1)	After section CQ 5(1)(c)(xiv), insert:	
	(xivb) the exemption for share users in returning share transfers in section EX 43B (Exemption for share users in returning share transfers):	15
(2)	In section CQ 5(1)(g), replace “EX 56” with “ EX 56B ”.	
(3)	In section CQ 5, list of defined terms, insert “returning share transfer” and “share user”.	20
13	Section CV 19 amended (Additional income for certain imputation credits)	
(1)	After section CV 19(2)(b), insert:	
	(c) the revenue account method.	
(2)	In section CV 19, list of defined terms, insert “revenue account method”.	
14	Section CW 19 amended (Amounts derived during short-term visits)	25
	In section CW 19(3), after “section”, insert “and sections CW 22B and CW 22C ”.	
15	New sections CW 22B and CW 22C inserted	
	After section CW 22, insert:	
	CW 22B Amounts derived by non-resident visitors during visits	30
	<i>Exempt income</i>	
(1)	Income a non-resident visitor derives from performing personal or professional services in New Zealand during a visit is exempt income if—	
	(a) the services are performed for or on behalf of a person who is not resident in New Zealand; and	35

(b)	the amount derived from the personal or professional services is chargeable in the country or territory in which the non-resident visitor is resident with a tax that is substantially the same as income tax imposed under this Act.	
	<i>Exclusion</i>	5
(2)	This section does not apply to the income of a public entertainer. Defined in this Act: amount, exempt income, income, income tax, New Zealand, non-resident, non-resident visitor, public entertainer, resident in New Zealand, tax	
CW 22C	Amounts derived by non-residents from non-resident visitors in New Zealand	10
	<i>Exempt income</i>	
(1)	An amount of income derived by a non-resident person that has a source in New Zealand under section YD 4(2) or (3) (Classes of income treated as having New Zealand source) is exempt income if—	
(a)	the income has a source in New Zealand because a person who is a non-resident visitor is physically present in New Zealand; and	15
(b)	the amount derived is chargeable in the country or territory in which the non-resident person is resident with a tax that is substantially the same as income tax imposed under this Act.	
	<i>Exclusion</i>	20
(2)	This section does not apply to the income of a public entertainer. Defined in this Act: amount, exempt income, income, income tax, New Zealand, non-resident, non-resident visitor, public entertainer, tax	
16	Section CW 38 amended (Public authorities) Repeal section CW 38(3).	25
17	Section CW 38B amended (Public purpose Crown-controlled companies) Repeal section CW 38B(3).	
18	Section CW 39 amended (Local authorities) Repeal section CW 39(3).	
19	New section CW 61B inserted (Income from supply of excess electricity from dwelling)	30
(1)	After section CW 61, insert:	
CW 61B	Income from supply of excess electricity from dwelling	
	<i>Exempt income</i>	
(1)	An amount derived by a natural person from the supply of excess electricity generated at a dwelling is exempt income.	35

	<i>Meaning of excess electricity</i>	
(2)	For the purposes of this section, excess electricity means electricity generated at a dwelling that is not consumed at the dwelling and is supplied to an electricity retailer.	
	Defined in this Act: amount, dwelling, excess electricity, exempt income, natural person	5
(2)	Subsection (1) applies for the 2026–27 and later income years.	
20	Section CX 2 amended (Meaning of fringe benefit)	
	In section CX 2(1)(b)(i), replace “CX 16” with “ CX 16B ”.	
21	New section CX 16B inserted (Gift cards)	
	After section CX 16, insert:	10
	CX 16B Gift cards	
	<i>When fringe benefit arises</i>	
(1)	A fringe benefit arises when an employer provides a gift card to an employee, unless the employer chooses to treat it as an amount derived in connection with the employee’s employment under section CE 1 (Amounts derived in connection with employment).	15
	<i>Gift card as substitute for remuneration</i>	
(2)	Despite subsection (1) , if the employer provides a gift card to the employee as a substitute for remuneration, the value of the benefit is an amount derived in connection with the employee’s employment under section CE 1.	20
	Defined in this Act: amount, employee, employer, employment, fringe benefit, gift card	
22	Section CX 26 amended (Non-liable payments)	
(1)	After section CX 26(2), insert:	
	<i>Benefits provided to non-resident visitors</i>	
(3)	A benefit received by an employee who is a non-resident visitor is not a fringe benefit.	25
(2)	In section CX 26, list of defined terms, insert “non-resident visitor” and replace “resident” with “resident in New Zealand”.	
23	Section CX 37 amended (Meaning of unclassified benefit)	
	In section CX 37(a), replace “CX 16” with “ CX 16B ”.	30
24	Section CX 57B amended (Amounts derived during periods covered by calculation methods)	
	In section CX 57B(1), replace “and cost method” with “cost method, and revenue account method”.	

- 25 Section DE 1 amended (What this subpart does)**
- (1) In section DE 1(1), replace “business purposes and partly for other purposes” with “business use and partly for other uses”.
- (2) **Subsection (1)** applies for the 2008–09 and later income years.
- 26 Section DE 2B amended (Election to use kilometre rate method or costs method)** 5
- (1) In section DE 2B(1)(c), replace “business purposes” with “business use”.
- (2) **Subsection (1)** applies for the 2017–18 and later income years.
- 27 Section DE 5 amended (Actual records)**
- (1) In section DE 5, replace “a motor vehicle for business purposes” with “the motor vehicle for business use” 10
- (2) **Subsection (1)** applies for the 2008–09 and later income years.
- 28 Section DE 7 amended (Logbook requirements)**
- (1) In section DE 7(1), replace “business purposes” with “business use”.
- (2) **Subsection (1)** applies for the 2008–09 and later income years. 15
- 29 Section DE 9 amended (Inadequate logbook)**
- (1) In section DE 9(1), after “proportion of business use”, insert “of a motor vehicle”.
- (2) In section DE 9(1), replace “use of a motor vehicle for business purposes” with “business use of the motor vehicle”. 20
- (3) In section DE 9(2)(a), replace “use of the motor vehicle for business purposes” with “business use of the motor vehicle”.
- (4) **Subsections (1), (2), and (3)** apply for the 2008–09 and later income years.
- 30 Section DE 10 amended (Variance during logbook term)**
- (1) In section DE 10, replace “average use of the motor vehicle for business purposes” with “average business use of the motor vehicle”. 25
- (2) **Subsection (1)** applies for the 2008–09 and later income years.
- 31 Section DE 11 amended (Replacement vehicles)**
- (1) In section DE 11(a), replace “business purposes” with “business use”.
- (2) **Subsection (1)** applies for the 2008–09 and later income years. 30
- 32 Section DE 12 amended (Kilometre rate method)**
- (1) In section DE 12(2), replace “business purposes” with “business use”.
- (2) In section DE 12(3)(b), replace “business purposes and other purposes” with “business use and other uses”.

- (3) **Subsection (1)** applies for the 2008–09 and later income years.
- (4) **Subsection (2)** applies for the 2017–18 and later income years.

33 Section DI 2 amended (When this subpart applies and does not apply)

- (1) Replace section DI 2(1), other than the heading, with:
 - (1) This subpart applies for a person and a new investment asset acquired by them if, subject to **subsection (1B)**, the following conditions are met:
 - (a) if the asset is depreciable property, it first becomes available for use in New Zealand by the person on or after 22 May 2025; and
 - (b) if the asset is not depreciable property, the person incurs expenditure in relation to it on or after 22 May 2025; and
 - (c) the asset has never previously been used or available for use in New Zealand by any person for any purpose; and
 - (d) the person has chosen to apply this subpart to the asset in a return of income for the income year.

Asset not used or available for use
 - (1B) For the purposes of **subsection (1)**, an asset is not considered to have been used or available for use if the asset has only been—
 - (a) held as trading stock; or
 - (b) used in a manner necessary to prepare the asset for sale or exchange.
- (2) In section DI 2(2), replace “an asset” with “a new investment asset”.

34 Section DI 3 replaced (Meaning of new asset transferee)

Replace section DI 3 with:

- DI 3 Meaning of new asset transferee**
- New asset transferee** means a person who—
- (a) acquires an asset by way of transfer from another person (**person A**) who has previously chosen to apply this subpart and been allowed a deduction under section DI 5 for the asset; and
 - (b) is treated as having been allowed the pre-transfer deductions that person A is allowed for amounts of depreciation loss under another provision of this Act, including—
 - (i) section FB 21 (Depreciable property):
 - (ii) section FM 15(7) (Amortising property and revenue account property):
 - (iii) section FO 16(4) (Amortising property).

35 Section DI 6 amended (Relationship to cost, calculations, etc, in other provisions)

In section DI 6, replace the Examples with:

Example 1

ABC company purchases a new investment asset (**Asset A**) for \$10,000 on 1 October 2025. Asset A is depreciable property and has a DV rate of 10%. Asset A is used for 6 months in the income year ending 31 March 2026. In the 2025–26 income year, ABC company is allowed the following deduction for the new investment asset under section DI 5:

$$0.2 \times \$10,000 = \$2,000.$$

Section DI 6(1)(a) ensures that the cost base for the asset for depreciation purposes is reduced by the amount of the deduction under section DI 5, that is, \$10,000 – \$2,000 = \$8,000. Depreciation for the asset is then calculated for the 2025–26 income year as follows:

$$10\% \times 6/12 \times \$8,000 = \$400.$$

The total deduction for Asset A in the 2025–26 income year is \$2,400. The adjusted tax value of the asset for the 2026–27 income year will be \$7,600 (\$8,000 – \$400).

Example 2

ABC Company is in a consolidated group with DEF Company. At the end of the 2025–26 income year, ABC Company transfers Asset A to DEF Company. Section FM 15(7) applies to treat DEF Company as if it has claimed the \$400 depreciation loss already claimed by ABC Company. Section DI 6 operates to transfer the \$2,000 new investment asset deduction claimed by ABC Company to DEF Company for the purposes of the item **new investment asset amount** in section EE 48(1B) and (1C) and also operates to ensure the opening value of Asset A for DEF Company for depreciation purposes is \$7,600. This means that if DEF Company were to dispose of Asset A at a later date for more than this amount, DEF Company would have depreciation recovery income.

36 Section DN 5 amended (Foreign investment fund loss)

(1) After section DN 5(2), insert:

Ring-fencing rule for loss calculated under revenue account method

(2B) The deduction for a FIF loss calculated under the revenue account method is subject to the ring-fencing rule in **section DN 8B**.

(2) In section DN 5, list of defined terms, insert “revenue account method”.

37 Section DN 6 amended (When FIF loss arises)

(1) After section DN 6(1)(c)(xiv), insert:

(xivb) the exemption for share users in returning share transfers in **section EX 43B** (Exemption for share users in returning share transfers):

(2) In section DN 6(1)(g), replace “EX 56” with “**EX 56B**”.

- (3) In section DN 6, list of defined terms, insert “returning share transfer” and “share user”.

38 New section DN 8B inserted (Ring-fencing cap on deduction: revenue account method)

After section DN 8, insert:

5

DN 8B Ring-fencing cap on deduction: revenue account method

When this section applies

- (1) This section applies when a person has an amount of FIF loss under **section EX 56B(3)(b)** (Revenue account method) for an income year.

Amount of deduction

10

- (2) The amount of deduction the person is allowed in the income year for the FIF loss is limited to the amount of FIF income of the person under **section EX 56B(3)(a)** in the income year.

*Relationship with **section EX 59B***

- (3) Any excess FIF loss not able to be deducted because of **subsection (2)** is a RAM net loss able to be carried forward and used under **section EX 59B** (Ring-fencing RAM net losses).

15

Defined in this Act: amount, deduction, FIF income, FIF loss, income year, RAM net loss, revenue account method

39 Section DV 27 amended (Employee share schemes)

20

- (1) In section DV 27(6), after “or loss”, insert “, arising on the share scheme taxing date,”.

- (2) In section DV 27, list of defined terms, insert “share scheme taxing date”.

40 New section EA 4B inserted (Deferred tax for unlisted employee share schemes)

25

- (1) After section EA 4, insert:

EA 4B Deferred tax for unlisted employee share schemes

When this section applies

- (1) This section applies to shares issued or transferred under an employee share scheme by a company that is not—

30

(a) a listed company;

(b) a member of a group of companies where at least 1 member is a listed company.

Designation

- (2) The employer may, at the time the shares are issued or transferred, designate the shares as employee deferred shares. If the employer makes that designation,

35

the employer must notify both the Commissioner and the employee share scheme beneficiary of that designation.

Consequences of deferral

- (3) If the employer chooses to designate shares as employee deferred shares under **subsection (2)**, the share scheme taxing date for those shares is deferred to the date of the liquidity event in accordance with **section CE 7B(3)** (Meaning of share scheme taxing date). 5

Meaning of liquidity event

- (4) **Liquidity event** means the earliest of the following dates:
- (a) if a dividend is declared by the company in relation to the shares, the date before the day on which the shares, if traded, would not carry the right to receive that dividend; and 10
 - (b) the date on which the company that issued or transferred the shares under the employee share scheme referred to in **subsection (1)** becomes a listed company; and 15
 - (c) the date the employee share scheme beneficiary sells or transfers the shares to a person who is not associated with a beneficiary described in section CE 7(a)(i) or (ii) (Meaning of employee share scheme); and
 - (d) the date the shares are cancelled, including by the company ceasing to exist. 20

Defined in this Act: company, deduction, dividend, employee deferred shares, employee share scheme, employee share scheme beneficiary, employer, group of companies, liquidity event, listed company, share, share scheme taxing date

- (2) **Subsection (1)** applies to shares issued or transferred by a company under an employee share scheme on or after 1 April 2026. 25

41 Section EA 5 amended (Income from disposal of original shares under share-lending arrangements)

- (1) In the heading to section EA 5, replace “share-lending arrangements” with “returning share transfers”. 30
- (2) In section EA 5(1)(a) and (b), replace “share-lending arrangement” with “returning share transfer”.
- (3) In section EA 5, list of defined terms, delete “share-lending arrangement” and insert “returning share transfer”.
- (4) **Subsections (1), (2), and (3)** apply to a returning share transfer entered into on or after 1 April 2026. 35

42 Section EE 38 amended (Items of low value)

After section EE 38(1), insert:

<i>Cost not reduced by section DI 6</i>	
(1B)	For the purposes of subsection (1)(a), section DI 6 (Relationship to cost, calculations, etc, in other provisions) does not apply to reduce the cost of the item.
43	Section EE 40 amended (Transfer of depreciable property on or after 24 September 1997) 5
	In section EE 40(7)(b)(ii), after “person.”, insert “For the avoidance of doubt, section DI 6 (Relationship to cost, calculations, etc, in other provisions) does not apply to reduce the cost of the item.”
44	Section EW 5 amended (What is an excepted financial arrangement?) 10
(1)	In section EW 5(25), replace “50,000” with “100,000”.
(2)	Subsection (1) applies for the 2026–27 and later income years.
45	Section EW 57 amended (Thresholds) 15
(1)	In section EW 57(1), replace “100,000” with “200,000”.
(2)	In section EW 57(2), replace “1,000,000” with “2,000,000”.
(3)	In section EW 57(3), replace “40,000” with “100,000”.
(4)	Subsections (1), (2), and (3) apply for the 2026–27 and later income years.
46	Section EX 20B amended (Attributable CFC amount) 20
(1)	After section EX 20B(10)(d), insert: (e) the revenue account method.
(2)	In section EX 20B, list of defined terms, insert “revenue account method”.
47	Section EX 29 amended (Attributing interests in FIFs) 25
	In section EX 29(1)(b), replace “EX 43” with “ EX 43B ”.
48	New section EX 43B inserted (Exemption for share users in returning share transfers) 30
(1)	After section EX 43, insert: EX 43B Exemption for share users in returning share transfers <i>When this section applies</i> (1) This section applies when a share user— (a) acquires an original share under a returning share transfer; and (b) disposes of the original share to a person other than the share supplier or a person associated with the share supplier; and (c) acquires an identical share to return to the share supplier under the returning share transfer.

<i>Exemption</i>	
(2) The share user’s rights in the original share and the identical share are not attributing interests in a FIF in an income year.	
<i>Exclusion</i>	
(3) Subsection (2) does not apply if—	5
(a) the share user is related to the share supplier:	
(b) the returning share transfer is, or is part of, a structured arrangement.	
Defined in this Act: associated, attributing interest, FIF, identical share, income year, original share, related, returning share transfer, share supplier, share user, structured arrangement	
(2) Subsection (1) applies to a returning share transfer entered into on or after 1 April 2026.	10
49 Section EX 44 amended (Five calculation methods)	
(1) In the heading to section EX 44, replace “ Five ” with “ Six ”.	
(2) After section EX 44(1)(f), insert:	
(g) the revenue account method.	15
(3) In section EX 44(2), after “EX 46,”, insert “ EX 46B ,”.	
(4) In section EX 44, list of defined terms, insert “revenue account method”.	
50 Section EX 46 amended (Limits on choice of calculation methods)	
(1) In section EX 46(1)(b),—	
(a) after “EX 47,”, insert “EX 47B,”; and	20
(b) after “or section”, insert “ EX 46B ,”.	
(2) After section EX 46(9), insert:	
<i>Revenue account method</i>	
(9B) A person may use the revenue account method to calculate FIF income or loss from an attributing interest in a FIF only if section EX 46B provides that the person may use the revenue account method.	25
(3) In section EX 46, list of defined terms,—	
(a) insert “revenue account method”; and	
(b) delete “accounting profits method”, “generally accepted accounting practice”, “grey list company”, “IFRS 9”, “PIE”, “share supplier”, and “shareholder”.	30
51 New section EX 46B inserted (Limits on choice of revenue account method)	
After section EX 46, insert:	

EX 46B Limits on choice of revenue account method

What this section does

- (1) This section sets out when a person may choose to use the revenue account method to calculate FIF income or loss from an attributing interest in a FIF for an income year. 5

Revenue account method

- (2) A person may use the revenue account method to calculate FIF income or loss from an attributing interest in a FIF only if—
- (a) either—
 - (i) the person is a RAM taxpayer and the interest is a RAM interest; or 10
 - (ii) the person is an extended RAM taxpayer and the interest is an extended RAM interest; and
 - (b) the person chooses to use the revenue account method for the income year in which the person first meets the tests in section CQ 5 (When FIF income arises) or DN 6 (When FIF loss arises) for a RAM interest or extended RAM interest, as applicable, and for each later income year; and 15
 - (c) the person uses the revenue account method to calculate FIF income or loss for all their RAM interests or extended RAM interests, as applicable. 20

Revenue account method for previously held interests

- (3) Despite **subsection (2)**, a person may also use the revenue account method to calculate FIF income or loss from an attributing interest in a FIF if—
- (a) the person is a New Zealand resident but not a transitional resident (a **returning resident**); and 25
 - (b) the person was non-resident before becoming a returning resident; and
 - (c) immediately before the person became non-resident, the person was a RAM taxpayer; and
 - (d) when the person was a RAM taxpayer, the interest was a RAM interest for which the person chose to use the revenue account method to calculate FIF income or loss; and 30
 - (e) the interest is a RAM interest; and
 - (f) the person chooses to use the revenue account method for the income year in which the person first meets the tests in section CQ 5 or DN 6 after the person becomes a returning resident and for each later income year; and 35
 - (g) the person uses the revenue account method to calculate FIF income or loss for—

	(i)	all interests that satisfy this subsection; and	
	(ii)	all other interests for which the person may choose to use the revenue account method, if any.	
		<i>Revenue account method for certain transferred interests</i>	
(4)		Despite subsection (2) , a person may also use the revenue account method to calculate FIF income or loss from an attributing interest in a FIF if—	5
	(a)	the person is a natural person; and	
	(b)	the person acquires the interest from a RAM taxpayer or an extended RAM taxpayer in circumstances to which subpart FB (Transfers of relationship property) or section FC 3 (Property transferred to spouse, civil union partner, or de facto partner) apply; and	10
	(c)	the interest was a RAM interest for the RAM taxpayer or an extended RAM interest for the extended RAM taxpayer, as applicable; and	
	(d)	the RAM taxpayer or extended RAM taxpayer, as applicable, chose to use the revenue account method to calculate FIF income or loss for the interest; and	15
	(e)	if the interest was a RAM interest for a RAM taxpayer, the interest satisfies the criteria set out in paragraph (a) of the definition of RAM interest in subsection (5) , ignoring subparagraph (ii) .	
		<i>Meaning of RAM interest</i>	20
(5)		RAM interest , for a person,—	
	(a)	means an attributing interest in a FIF if—	
	(i)	the interest is a share in a foreign company; and	
	(ii)	the share was acquired by the person before, or as the result of a contract entered into before, they became a New Zealand resident, including a transitional resident; and	25
	(iii)	the share is not listed on a recognised exchange; and	
	(iv)	no redemption facility for market value is available to the person for the share; and	
	(v)	the foreign company does not derive 80% or more of its value from shares that would not satisfy subparagraph (iii) or (iv) ; and	30
	(b)	includes an attributing interest in a FIF that satisfies the criteria set out in paragraph (a) , ignoring subparagraph (ii) , if—	
	(i)	the person was an extended RAM taxpayer; and	35
	(ii)	the interest was an extended RAM interest of the person; and	
	(iii)	the person ceased to be an extended RAM taxpayer; and	
	(iv)	the person continues to hold the interest.	

Meaning of extended RAM interest

- (6) **Extended RAM interest**, for a person who is an extended RAM taxpayer, means an attributing interest in a FIF—
- (a) that is a share in a foreign company; and
 - (b) any disposal of which is chargeable with tax under the laws of the country or territory outside New Zealand in which the person is liable to tax on the basis of citizenship or a right to work or live in that country or territory, being a country or territory with which New Zealand has a double tax agreement.

5

Meaning of RAM taxpayer

10

- (7) **RAM taxpayer** means—
- (a) a natural person who—
 - (i) was non-resident for a continuous period of at least 5 years immediately before becoming New Zealand resident; and
 - (ii) became New Zealand resident on or after 1 April 2024 or became New Zealand resident before that date but was a transitional resident and only stopped being a transitional resident on or after that date; and
 - (iii) is New Zealand resident but is not a transitional resident; or
 - (b) the trustee of a trust that—
 - (i) has no gifting settlor who is not a natural person or deceased person; and
 - (ii) at all times in the income year, is a complying trust for a distribution made at the time; and
 - (iii) is mainly for the benefit of 1 or more natural persons for whom the gifting settlors of the trust have natural love and affection (or had natural love and affection when alive) or is mainly for the benefit of an organisation or trust with income that is exempt income under section CW 41 or CW 42 (which relate to the income of charities); and
 - (iv) is not a superannuation scheme; and
 - (v) has a principal settlor that satisfies the criteria set out in **paragraph (a)** at the time the trust chooses to use the revenue account method in accordance with **subsection (2)(b)**.

15

20

25

30

Meaning of extended RAM taxpayer

35

- (8) **Extended RAM taxpayer** means—
- (a) a natural person who—

(i)	was non-resident for a continuous period of at least 5 years immediately before first becoming New Zealand resident in accordance with subparagraph (ii) ; and	
(ii)	became New Zealand resident on or after 1 April 2024 or became New Zealand resident before that date but was a transitional resident and only stopped being a transitional resident on or after that date; and	5
(iii)	is liable to tax in a country or territory outside New Zealand on the basis of citizenship or a right to work or live in that country or territory, being a country or territory with which New Zealand has a double tax agreement; or	10
(b)	the trustee of a trust that—	
(i)	satisfies the criteria set out in paragraph (b)(i) to (iv) of the definition of RAM taxpayer in subsection (7) ; and	
(ii)	has a principal settlor that satisfies the criteria set out in paragraph (a) of this definition.	15
	Defined in this Act: amount, attributing interest, complying trust, double tax agreement, exempt income, extended RAM interest, extended RAM taxpayer, FIF, FIF income, foreign company, gifting settlor, income, income year, loss, natural person, New Zealand, New Zealand resident, non-resident, principal settlor, RAM interest, RAM taxpayer, recognised exchange, revenue account method, share, superannuation scheme, tax, transitional resident, trustee	20

52 Section EX 48 amended (Default calculation method)

In section EX 48(1)(b), after “EX 46,”, insert “**EX 46B**,”.

53 Section EX 51 amended (Comparative value method)

- | | | |
|-----|---|----|
| (1) | After section EX 51(8), insert: | 25 |
| | <i>Treatment of attributing interests subject to returning share transfer</i> | |
| (9) | For a person using the comparative value method to calculate FIF income for an attributing interest in a FIF that is an original share subject to a returning share transfer, the attributing interest is treated as being held by the share supplier, except if— | 30 |
| (a) | the share user is related to the share supplier: | |
| (b) | the returning share transfer is, or is part of, a structured arrangement. | |
| (2) | In section EX 51, list of defined terms, insert “original share”, “related”, “returning share transfer”, “share supplier”, “share user”, and “structured arrangement”. | 35 |
| (3) | Subsections (1) and (2) apply to a returning share transfer entered into on or after 1 April 2026. | |

54 Section EX 53 amended (Fair dividend rate periodic method)

- (1) In section EX 53(16C), replace “fair dividend rate annual method” with “fair dividend rate periodic method”.
- (2) In section EX 53, list of defined terms, delete “fair dividend rate annual method”.
- (3) **Subsections (1) and (2)** apply for income years beginning on or after 1 July 2018.

5

55 Section EX 55 amended (Deemed rate of return method)

- (1) Replace section EX 55(4)(b) with:
 - (b) **deemed rate** is the rate set by a determination made under **section 91AAP** of the Tax Administration Act 1994 for this section for the relevant income year.
- (2) Replace section EX 55(6)(c) with:
 - (c) **deemed rate** is the rate set by a determination made under **section 91AAP** of the Tax Administration Act 1994 for this section for the relevant income year:
- (3) Repeal section EX 55(15).

10

15

56 New section EX 56B inserted (Revenue account method)

After section EX 56, insert:

EX 56B Revenue account method

20

When this section applies

- (1) This section applies if a person is using the revenue account method to calculate FIF income or loss from an attributing interest in a FIF for an income year.

Dividend income

- (2) The amount of any dividends received by the person from the interest in the income year, including any foreign withholding tax or other amount that the person is allowed as a credit under section LE 1 (Tax credits for imputation credits) or LJ 2 (Tax credits for foreign income tax) in relation to those dividends, is FIF income of the person for the income year.

25

FIF income or loss on disposal

30

- (3) If the person disposes of the interest in the income year, the amount (the **net disposal amount**) calculated under **subsection (4) or (10)** is—
 - (a) FIF income of the person if the amount is a positive number:
 - (b) FIF loss of the person if the amount is a negative number.

Net disposal amount: standard calculation

35

- (4) The net disposal amount is the amount calculated using the formula—

$$(\text{disposal proceeds} - \text{cost} - \text{foreign accruals}) \times 0.7.$$

*Definition of items in formula in **subsection (4)***

- (5) In the formula in **subsection (4)**,—
- (a) **disposal proceeds** is the amount received by the person from disposing, or being treated as disposing, of the interest, including any foreign withholding tax or other amount that the person is allowed as a credit under section LJ 2 in relation to that amount received, determined under **subsection (6)**: 5
- (b) **cost** is the amount of the expenditure the person incurs in acquiring the interest: 10
- (c) **foreign accruals** is the total amount of any gains or losses from the interest determined under **subsections (7) and (8)** for periods when the person held the interest as a non-resident. 10

Disposal proceeds

- (6) For the purposes of **subsections (5)(a) and (11)(a)**, the disposal proceeds is,— 15
- (a) if the person has disposed of the interest during the income year, the amount received by the person from disposing of the interest, unless section GC 4 (Disposals and acquisitions of FIF attributing interests) applies; or
- (b) if the person has not disposed of the interest but is treated as having disposed of the interest during the income year, including under any of **section EX 63(6), (7), or (8)**, EX 64(2), EX 65(6), or GC 4, the amount the person is treated as having received for the disposal under the relevant section. 20

Foreign accruals

- (7) For the purpose of **subsection (5)(c)**, the foreign accruals for an interest for a period the person held the interest as a non-resident is,— 25
- (a) if the period is the period in which the person acquired the interest before first becoming a New Zealand resident but not a transitional resident, the market value of the interest on the date (the **first residence date**) the person first becomes a New Zealand resident less the cost of the interest; or 30
- (b) if the period is any other period in which the person is a non-resident between periods of being a New Zealand resident but not a transitional resident, the market value of the interest on the date (the **residence date**) the person becomes a New Zealand resident at the end of that period of non-residence less the market value of the interest on the date (the **non-residence date**) the person became a non-resident at the beginning of that period. 35

When market value must be obtained

- (8) For the purpose of **subsection (7)**, the market value of the interest must be obtained before the later of—
- (a) the due date of the return for the income year in which the first residence date, the residence date, or the non-residence date, as applicable, falls; 5
and
 - (b) 12 months from the first residence date, the residence date, or the non-residence date, as applicable.

*When **subsection (10)** applies*

- (9) Despite **subsection (4)**, the net disposal amount is the amount calculated 10
using the formula in **subsection (10)** if—
- (a) the person is unable to obtain a market value of the interest before the relevant date in **subsection (8)**; or
 - (b) the market value of an interest cannot be determined except by independent valuation and the person chooses not to obtain an independent 15
valuation.

Net disposal amount: time-based apportionment

- (10) The net disposal amount is the amount calculated using the formula—
 $((\text{disposal proceeds} - \text{cost}) \div \text{ownership period} \times \text{FIF period}) \times 0.7.$

*Definition of items in formula in **subsection (10)*** 20

- (11) In the formula in **subsection (10)**,—
- (a) **disposal proceeds** is the amount received by the person from disposing, or being treated as disposing, of the interest, including any foreign withholding tax or other amount that the person is allowed as a credit under section LJ 2 in relation to that amount received, determined under **subsection (6)**: 25
 - (b) **cost** is the amount of the expenditure the person incurs in acquiring the interest:
 - (c) **ownership period** is the number of days in the period that starts on the day the person acquires the interest and ends on the day the person disposes of the interest: 30
 - (d) **FIF period** is the number of days in the period that starts on the day the person first meets the tests in section CQ 5 (When FIF income arises) or DN 6 (When FIF loss arises) and ends on the day the person disposes of the interest, excluding the number of days in that period on which the 35
person is a non-resident.

*When **subsections (13) and (14)** apply*

- (12) **Subsections (13) and (14)** apply if the person has an amount of FIF income or loss under **subsection (3)** for an income year that arises because the person is treated as having disposed of the interest under section EX 64(2).

Suspended recognition of FIF income or loss

- (13) The amount of FIF income or loss under **subsection (3)** is an amount of income or loss under section CQ 5 (When FIF income arises) or DN 6 (When FIF loss arises) for the person when the person disposes of the interest if the interest is disposed of within 3 years from the date the person ceased to be resident in New Zealand.

Deemed disposal ignored if no actual disposal

- (14) For the purposes of **subsection (3)**, the person is not treated as having disposed of the interest under section EX 64(2) if the person does not dispose of the interest before the earlier of—
- (a) the date the person becomes New Zealand resident; and
 - (b) the date that is 3 years from the date the person ceased to be New Zealand resident.

Defined in this Act: amount, attributing interest, dividend, FIF, FIF income, FIF loss, foreign withholding tax, income year, market value, New Zealand resident, non-resident, resident in New Zealand, return, revenue account method, transitional resident

57 Section EX 57 amended (Conversion of foreign currency amounts: most methods)

- (1) After section EX 57(1)(b)(iv), insert:

(v) the revenue account method.

- (2) In section EX 57, list of defined terms, insert “revenue account method”.

58 Section EX 58 amended (Additional FIF income or loss if CFC owns FIF)

In section EX 58(4)(c), replace “section DN 8 (Ring-fencing cap on deduction: attributable FIF income method)” with “section DN 8 or **DN 8B** (which relate to ring-fencing caps on deductions for the attributable FIF income method and revenue account method)”.

59 Section EX 59 amended (Codes: comparative value method, deemed rate of return method, fair dividend rate method, and cost method)

- (1) In the heading to section EX 59, replace “**and cost method**” with “**cost method, and revenue account method**”.

- (2) After section EX 59(1)(d), insert:

(e) the revenue account method.

- (3) In section EX 59, list of defined terms, insert “revenue account method”.

60 New section EX 59B inserted (Ring-fencing RAM net losses)

After section EX 59, insert:

EX 59B Ring-fencing RAM net losses

When this section applies

- (1) This section applies when a person has an amount of RAM net loss for an income year under **section DN 8B** (Ring-fencing cap on deduction: revenue account method). 5

Loss carried forward

- (2) The amount of RAM net loss is carried forward to the next tax year as the person’s RAM loss balance. 10

Use of RAM loss balance

- (3) A person’s RAM loss balance for a tax year must—
- (a) first be subtracted from their FIF income under **section EX 56B(3)(a)**, to the extent of that FIF income, for the tax year; and
 - (b) second, to the extent of a remaining RAM loss balance, be carried forward to the following tax year. 15

Defined in this Act: amount, FIF income, income year, RAM loss balance, RAM net loss, tax year

61 Section EX 62 amended (Limits on changes of method)

- (1) In section EX 62(1), replace “(9)” with “(8C)”. 20

- (2) After section EX 62(2)(g), insert:

(h) in the case of the revenue account method, **section EX 46B(2)** prevents its continued use.

- (3) After section EX 62(8), insert:

Change from revenue account method

- (8B) A person who uses the revenue account method to calculate FIF income or loss for the person’s attributing interests that are RAM interests or extended RAM interests may choose to change to another calculation method for an income year and all future income years. An election under this subsection is irrevocable. 25

Change to revenue account method 30

- (8C) A person may choose to change from another calculation method to the revenue account method for an attributing interest in a FIF only if—
- (a) the interest was not previously a RAM interest; and
 - (b) at the time of the election, the interest satisfies all the criteria for a RAM interest set out in **section EX 46B(2)**; and 35
 - (c) the election is made for the first income year in which the interest satisfies **paragraph (b)**; and

- (d) the person has never held an attributing interest in a FIF for which the person could have chosen to use the revenue account method under **section EX 46B(2)** and for which the person chose not to use that method.
- (4) Repeal section EX 62(9) and (10).
- (5) In section EX 62, list of defined terms,— 5
- (a) insert “extended RAM interest”, “RAM interest”, and “revenue account method”; and
- (b) delete “accounting profits method” and “branch equivalent method”.
- 62 Section EX 63 amended (Consequences of changes in method)**
- (1) In section EX 63(1)(a) and (b), replace “4” with “5”. 10
- (2) In section EX 63(1)(a), replace “or the cost method” with “the cost method, or the revenue account method”.
- (3) After section EX 63(5), insert:
- Change from revenue account method to other cost-based methods*
- (6) If a person holding an attributing interest in a FIF chooses to change from the revenue account method to 1 of the other cost-based calculation methods for calculating the FIF income or loss from the interest, the person is treated as having— 15
- (a) disposed of the interest to an unrelated person immediately before the end of the income year in which the person makes the election to change to the new method; and 20
- (b) reacquired the interest at the start of the following income year; and
- (c) received for the disposal and paid for the reacquisition an amount equal to the market value of the interest at the time of the disposal.
- Change from revenue account method for ineligible RAM interest* 25
- (7) If a person holds an attributing interest in a FIF that is a RAM interest for which they use the revenue account method to calculate the FIF income or loss of the interest and that interest ceases to be a RAM interest, the person is treated as having—
- (a) disposed of the interest to an unrelated person on the day the interest ceases to be a RAM interest; and 30
- (b) reacquired the interest on the day after the day referred to in **paragraph (a)**; and
- (c) received for the disposal and paid for the reacquisition an amount equal to the market value of the interest at the time of the disposal. 35
- Loss of extended RAM taxpayer status*
- (8) If a person who is an extended RAM taxpayer ceases to be an extended RAM taxpayer, the person is treated as having—

- (a) disposed of all the person’s extended RAM interests that do not satisfy 1
or more of the criteria set out in **section EX 46B(5)(a)(iii), (iv), and**
(v) to an unrelated person on the day before the person ceases to be an
extended RAM taxpayer; and
- (b) reacquired those interests on the day after the day referred to in **para-** 5
graph (a); and
- (c) received for the disposal and paid for the reacquisition an amount equal
to the market value of those interests at the time of the disposal.
- (4) In section EX 63, list of defined terms, insert “extended RAM interest”,
“extended RAM taxpayer”, “RAM interest”, and “revenue account method”. 10
- 63 Section EX 64 amended (Migration of persons holding FIF interests)**
- (1) After section EX 64(1)(c)(iv), insert:
(v) the revenue account method.
- (2) After section EX 64(3)(d)(iv), insert:
(v) the revenue account method. 15
- (3) In section EX 64, list of defined terms, insert “revenue account method”.
- 64 Section EX 65 amended (Changes in application of FIF exemptions)**
- (1) In section EX 65(1)(b)(i), replace “EX 43” with “**EX 43B**”.
- (2) In section EX 65(2), replace “or the cost method” with “the cost method, or the
revenue account method”. 20
- (3) In section EX 65(5)(b)(i), replace “EX 43” with “**EX 43B**”.
- (4) In section EX 65(6), replace “fair dividend rate method, or cost method” with
“the fair dividend rate method, the cost method, or the revenue account
method”.
- (5) In section EX 65, list of defined terms, insert “revenue account method”. 25
- 65 Section EX 68 amended (Measurement of cost)**
- (1) After section EX 68(1)(e), insert:
(f) the revenue account method.
- (2) In section EX 68, list of defined terms, insert “revenue account method”.
- 66 Section EX 71 amended (Non-market transactions in FIF interests)** 30
- (1) In section EX 71, replace “or the cost method” with “the cost method, or the
revenue account method”.
- (2) In section EX 71, list of defined terms, insert “revenue account method”.

- 67 Section EY 11 amended (Superannuation schemes providing life insurance)**
- (1) In section EY 11(2), replace “(3) to (9)” with “(3) to (8)”.
- (2) After section EY 11(5)(a), insert:
- (ab) a fund approved by the Financial Markets Authority for the purposes of this subsection as providing benefits solely to those who (in the absence of a transfer under section 179 of the Financial Markets Conduct Act 2013) would otherwise be members or beneficiaries of a restricted scheme (within the meaning of section 6(1) of the Financial Markets Conduct Act 2013) that meets the requirements of paragraph (a):
- (3) Repeal section EY 11(9) and (12).
- 68 Section FB 1B amended (Meaning of settlement of relationship property and property)**
- In section FB 1B(a)(i), replace “:” with “; and”.
- 69 Section FC 9 amended (Residential land transferred to executor, administrator, or beneficiary on death of person)**
- In section FC 9(2), replace “CB 6A(5)(c)” with “CB 6A(5)(b)(iii)”.
- 70 Section FO 2 amended (Amalgamation rules)**
- (1) In section FO 2(b), after “CD 44(8)”, insert “and **(8BA)**”.
- (2) **Subsection (1)** applies for the 2008–09 and later income years.
- 71 Section GC 4 amended (Disposals and acquisitions of FIF attributing interests)**
- (1) In section GC 4(1)(b) and (3)(b), replace “or the cost method” with “the cost method, or the revenue account method”.
- (2) In section GC 4, list of defined terms, insert “market value” and “revenue account method”.
- 72 Section HC 25 amended (Foreign-sourced amounts: non-resident trustees)**
- Repeal section HC 25(2)(c).
- 73 Section HL 10 amended (Further eligibility requirements relating to investments)**
- After section HL 10(2)(b)(vii), insert:
- (viib) an amount derived from validating cryptoasset transactions through a proof of stake consensus mechanism or otherwise using cryptoassets to generate a reward in the form of new or additional cryptoassets:

74	Section HM 12 amended (Income types)	
	After section HM 12(1)(b)(ix), insert:	
	(ixb) an amount derived from validating cryptoasset transactions through a proof of stake consensus mechanism or otherwise using cryptoassets to generate a reward in the form of new or additional cryptoassets.	5
75	Section HM 35 amended (Determining net amounts and taxable amounts)	
	In section HM 35(8)(b), replace “makes” with “make”.	
76	Section IA 7 amended (Restrictions relating to ring-fenced tax losses)	
(1)	After section IA 7(6), insert:	10
	<i>RAM net losses</i>	
(6B)	The general rules do not apply to a RAM net loss. The provision that deals with this loss is section EX 59B (Ring-fencing RAM net losses).	
(2)	In section IA 7, list of defined terms, insert “RAM net loss”.	
77	Section LD 1 amended (Tax credits for charitable or other public benefit gifts)	15
	In section LD 1(3), replace “year.” with “year, limited to the amount of the person’s taxable income for that tax year.”	
78	Section LE 1 amended (Tax credits for imputation credits)	
	In section LE 1(4B), replace “and cost method” with “cost method, and revenue account method”.	20
79	Section LJ 2 amended (Tax credits for foreign income tax)	
	In section LJ 2(6), replace “and cost method” with “cost method, and revenue account method”.	
80	New section MH 6 inserted (Orders in Council for FamilyBoost)	25
	After section MH 5, insert:	
	MH 6 Orders in Council for FamilyBoost	
	<i>Purpose</i>	
(1)	The purpose of subsection (2) is to provide a power to expand eligibility to, or increase the amount of, the FamilyBoost tax credit payable to a person under this subpart.	30
	<i>What may be done by Order in Council</i>	
(2)	The Governor-General may, by Order in Council made on the recommendation of the Minister of Revenue,—	

<ul style="list-style-type: none"> (a) increase the percentage of licensed early childhood service fees able to be claimed as a FamilyBoost tax credit in section MH 3(2): (b) increase the maximum tax credit amount in section MH 3(2) and (3): (c) change the rate of abatement in section MH 5(2): (d) increase the abatement amount under section MH 5(3): (e) increase the threshold for a person’s tax credit income in a tax credit quarter in section MH 5(3): (f) increase the tax credit income threshold at which the abatement begins under sections MH 3(3) and MH 5(2). 	<p>5</p>	
<i>Application of Order in Council</i>		
<p>(3) An Order in Council made under subsection (2) applies to tax credit quarters starting on or after the first day of a quarter and cannot apply earlier than the quarter in which the order is made.</p>	<p>10</p>	
<i>Secondary legislation</i>		
<p>(4) An Order in Council made under subsection (2)—</p> <ul style="list-style-type: none"> (a) is secondary legislation (<i>see</i> Part 3 of the Legislation Act 2019 for publication requirements); and (b) commences in accordance with subsection (3), even if it is not yet published. 	<p>15</p>	
<p>Defined in this Act: FamilyBoost tax credit, licensed early childhood service fees, quarter, tax credit income, tax credit quarter</p>		<p>20</p>
81 Section MK 2 amended (Eligibility requirements)		
<p>In section MK 2(1)(cb), replace “clause 12B of the KiwiSaver scheme rules” with “schedule 1, clause 12B of the KiwiSaver Act 2006”.</p>		
82 Section RA 21 amended (Regulations)		
<ul style="list-style-type: none"> (1) In section RA 21(1)(c), replace “class or persons” with “class of persons”. (2) Repeal section RA 21(3) and (4). (3) In section RA 21, list of defined terms, delete “employment-related loan”, “interest”, “prescribed rate of interest”, and “quarter”. 	<p>25</p>	
83 Section RC 38 amended (Crediting income tax with early-payment discount)		
<p>In section RC 38(4)(a), replace “an Order in Council” with “a determination”.</p>		
84 Section RD 8 amended (Schedular payments)		
<p>(1) After section RD 8(1)(b)(vi), insert:</p> <ul style="list-style-type: none"> (vii) an amount of exempt income of a non-resident visitor under section CW 22B (Amounts derived by non-resident visitors during visits); or 	<p>35</p>	

- (viii) an amount of exempt income of a non-resident under **section CW 22C** (Amounts derived by non-residents from non-resident visitors in New Zealand).
- (2) In section RD 8, list of defined terms, insert “exempt income”, “non-resident”, and “non-resident visitor”. 5
- 85 New section RD 38B inserted (Gift cards)**
- After section RD 38, insert:
- RD 38B Gift cards**
- The value of a benefit that an employer provides to their employee by way of a gift card is the amount loaded on the card. 10
- Defined in this Act: employee, employer, gift card
- 86 Section RD 45 amended (Unclassified benefits)**
- (1) In section RD 45(2)(b), delete “unclassified”.
- (2) In section RD 45(3)(b), delete “unclassified”.
- (3) Replace section RD 45(4)(c) with: 15
- (c) benefits provided by the employer to employees of persons associated, at any time in the relevant period, with the employer when the benefits would be unclassified benefits if provided to an employee of the employer:
- (4) Replace section RD 45(4)(d) with: 20
- (d) if the employer is a company, benefits provided by other companies, which are, at any time in the relevant period, part of the same group of companies as the employer, to employees of those other companies when the benefits would be unclassified benefits if provided to an employee of the employer. 25
- (5) In section RD 45(5)(b), delete “unclassified”.
- (6) **Subsections (1) to (5)** apply for the 2022–23 and later income years. However, **subsections (1) to (5)** do not apply to a person in relation to a tax position taken by the person—
- (a) in the period that starts on the first day of the 2022–23 income year and ends on the date of introduction of the Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill; and 30
- (b) relying on section RD 45 as it was before the amendments made by **subsections (1) to (5)**.
- 87 Section RD 47 amended (Attribution of certain fringe benefits)** 35
- (1) After section RD 47(1)(d), insert:

- (e) providing a fringe benefit to an employee under **section CX 16B** (Gift cards) with a taxable value of \$2,000 or more in a year.
- (2) In section RD 47, list of defined terms, insert “gift card”.
- 88 Section RD 49 amended (Application of thresholds to attributed benefits)**
- (1) In section RD 49(2), replace “RD 47(1)(c) and (d)” with “RD 47(1)(c), (d), or **(e)**”. 5
- (2) After section RD 49(3), insert:
- Exception for specified insurance premiums paid for all employees*
- (3B) Despite section RD 47(1)(c)(v), if the employer pays a specified insurance premium or makes a contribution to the insurance fund of a friendly society for the benefit of an employee under section CX 16 (Contributions to life or health insurance) with a taxable value over the threshold, they may pool the value of the benefit under section RD 53 if all their employees have the same or a similar entitlement to the benefit. 10
- 89 Section RD 50 amended (Employer’s liability for attributed benefits)** 15
- (1) In section RD 50(6)(b)(ii), replace “129,681” with “130,724”.
- (2) **Subsection (1)** applies for the 2025–26 and later income years.
- 90 Section RD 53 amended (Pooling non-attributed benefits)**
- After section RD 53(1)(e), insert:
- (f) payment of an insurance premium or contribution to an insurance fund to which **section RD 49(3B)** applies. 20
- 91 Section RD 64 amended (ESCT rules and their application)**
- (1) After section RD 64(2), insert:
- Exception for non-resident visitors*
- (3) Despite subsection (2), the ESCT rules do not apply to an employer of, or a person who makes an employer’s superannuation cash contribution for the benefit of, a person who is a non-resident visitor. 25
- (2) In section RD 64, list of defined terms, insert “non-resident visitor”.
- 92 Section RE 10B amended (Amounts withheld from distributions to holders of FIF attributing interests)** 30
- In section RE 10B(1)(b), replace “and cost method” with “cost method, and revenue account method”.
- 93 Section RL 1 amended (Residential land withholding tax)**
- In section RL 1(2)(a), replace “CB 6A(5)(a)” with “CB 6A(5)(b)(i)”.

94 New cross-heading and section RZ 17 inserted

After section RZ 16, insert:

Interest rate on employment-related loans

RZ 17 Interest rate on employment-related loans: transitional provision

- (1) This section applies for the period commencing on the date the Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Act **2025** comes into force and ending on the day before the date a rate of interest for employment-related loans determined by the Commissioner under **section 90B** of the Tax Administration Act 1994 first applies. 5
- (2) For the purposes of the definition of prescribed rate of interest in section YA 1 (Definitions), the **prescribed rate of interest** means the rate applying under the Income Tax (Fringe Benefit Tax, Interest on Loans) Regulations 1995 immediately before their revocation by the Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Act **2025**. 10

95 Section YA 1 amended (Definitions) 15

- (1) This section amends section YA 1.
- (2) In the definition of **attributing interest**, replace “EX 43” with “**EX 43B**”.
- (3) Insert, in appropriate alphabetical order:
 - benefit in money** is defined in **section CE 1(2B)** (Amounts derived in connection with employment) for the purposes of that section 20
- (4) In the definition of **calculation method**, replace “and the cost method” with “the cost method, and the revenue account method”.
- (5) In the definition of **civil union partner**,—
 - (a) replace “section” with “sections”; and
 - (b) after “earners)”, insert “and **YD 1B** (Non-resident visitors)”. 25
- (6) Replace the definition of **contract activity or service** with:
contract activity or service, for a non-resident contractor,—
 - (a) means—
 - (i) performing any work in New Zealand:
 - (ii) rendering a service of any kind in New Zealand: 30
 - (iii) providing the use of, or right to use, in New Zealand, any personal property or services of a person other than the non-resident contractor:
 - (b) does not include—
 - (i) the operation of aircraft or ships by a non-resident, except when they load or ship cargo or embark or transport passengers in New Zealand for delivery or disembarkation in New Zealand: 35

- (ii) the provision of software as a service, platform as a service, or infrastructure as a service, except to the extent to which the service involves infrastructure or personnel located in New Zealand
- (7) Insert, in appropriate alphabetical order:
employee deferred shares means shares issued or transferred to an employee share scheme beneficiary under an employee share scheme by a company that, in accordance with **section EA 4B(2)** (Deferred tax for unlisted employee share schemes), an employer has chosen to designate as employee deferred shares 5
- (8) Insert, in appropriate alphabetical order:
excess electricity is defined in **section CW 61B** (Income from supply of excess electricity from dwelling) for the purposes of that section 10
- (9) Insert, in appropriate alphabetical order:
extended RAM interest is defined in **section EX 46B(6)** (Limits on choice of revenue account method) 15
- (10) Insert, in appropriate alphabetical order:
extended RAM taxpayer is defined in **section EX 46B(8)** (Limits on choice of revenue account method)
- (11) In the definition of **fixed establishment**, after paragraph (c)(ii), insert:
(iii) a fixed place of business of a person who is a non-resident visitor 20
- (12) Insert, in appropriate alphabetical order:
gift card means any form of pre-paid card that is redeemable for goods or services, but does not include a short-term charge facility as defined in section CX 25(3) (Benefits provided by charitable organisations)
- (13) Replace the definition of **imputation credit** with:
imputation credit means a credit referred to in section OA 5(2) (Credits) 25
- (14) Insert, in appropriate alphabetical order:
liquidity event is defined in **section EA 4B** (Deferred tax for unlisted employee share schemes)
- (15) Insert, in appropriate alphabetical order:
non-resident visitor is defined in **section YD 1B** (Non-resident visitors) 30
- (16) In the definition of **prescribed rate of interest**, replace “declared by regulations made under section RA 21(3) (Regulations)” with “determined by the Commissioner under **section 90B** of the Tax Administration Act 1994”.
- (17) In the definition of **public entertainer**, after “of that section”, insert “and **sections CW 22B and CW 22C** (which relate to amounts derived from and by non-resident visitors during visits)”. 35
- (18) Insert, in appropriate alphabetical order:

- publish**, as a requirement for the Commissioner, has the meaning set out in **section 14H** of the Tax Administration Act 1994
- (19) Insert, in appropriate alphabetical order:
RAM interest is defined in **section EX 46B(5)** (Limits on choice of revenue account method) 5
- (20) Insert, in appropriate alphabetical order:
RAM loss balance, for a tax year, means the sum of all RAM net losses arising in an earlier tax year and carried forward under **section EX 59B(2)** (Ring-fencing RAM net losses) to the tax year to the extent the losses have not been used under **section EX 59B(3)** 10
- (21) Insert, in appropriate alphabetical order:
RAM net loss, for a person and for an income year in which the person has a FIF loss under **section EX 56B(3)(b)** (Revenue account method), means the part of the FIF loss for which the person is denied a deduction because of **section DN 8B** (Ring-fencing cap on deduction: revenue account method) 15
- (22) Insert, in appropriate alphabetical order:
RAM taxpayer is defined in **section EX 46B(7)** (Limits on choice of revenue account method)
- (23) Insert, in appropriate alphabetical order:
revenue account method means the method of calculating FIF income or loss in **section EX 56B** (Revenue account method) 20
- (24) In the definition of **schedular income**, repeal paragraph (e).
- (25) In the definition of **spouse**, after “families)”, insert “and **section YD 1B** (Non-resident visitors)”.
- (26) In the definition of **trading stock**,— 25
(a) in paragraph (a), after “(b),”, insert “**(ca)**,”:
(b) before paragraph (c), insert:
(ca) in **section DI 2** (When this subpart applies and does not apply), means property that is trading stock under section EB 2, ignoring section EB 2(3)(a): 30
- (27) In the definition of **trust rules**, in paragraph (h), delete “59BA, 59BAB,”.
- (28) **Subsection (27)** applies for the 2026–27 and later income years.
- 96 Section YA 2 amended (Meaning of income tax varied)**
- (1) Repeal section YA 2(1)(a).
- (2) In section YA 2(1)(c), replace “107A to 108B” with “107A and 108”. 35
- (3) Replace section YA 2(2) with:

(2)	The term income tax includes a tax that is prescribed in a tax recovery agreement made under Part 10A of the Tax Administration Act 1994 in section BH 1 (Double tax agreements).	
(4)	Repeal section YA 2(3)(a).	
97	Section YD 1 amended (Residence of natural persons)	5
(1)	After section YD 1(12), insert:	
	<i>Treatment of non-resident visitors</i>	
(13)	Despite subsection (3), if a person is a non-resident visitor, they are treated as a non-resident for the period they are a non-resident visitor unless section YD 1B(3) applies.	10
	<i>Treatment on ending non-resident visitor status</i>	
(14)	Despite subsection (4), if a person who is a non-resident visitor stops being a non-resident visitor under section YD 1B(4) and satisfies the requirement in subsection (3), the person is only treated as a resident from the first day the person stops being a non-resident visitor.	15
(2)	In section YD 1, list of defined terms, insert “non-resident” and “non-resident visitor”.	
98	New section YD 1B inserted (Non-resident visitors)	
	After section YD 1, insert:	
	YD 1B Non-resident visitors	20
	<i>What this section does</i>	
(1)	This section contains the rules for determining when a person is a non-resident visitor and when they cease to be a non-resident visitor.	
	<i>Meaning of non-resident visitor</i>	
(2)	A person who visits New Zealand is a non-resident visitor if—	25
(a)	they are a natural person; and	
(b)	their visit is for 275 or fewer days, counting the days of arrival and departure as a whole day each; and	
(c)	they are personally present in New Zealand for 275 or fewer days in total in an 18-month period that includes the period of the visit; and	30
(d)	immediately before the first day they are personally present, they were not resident in New Zealand and were not a transitional resident; and	
(e)	they are not undertaking work that—	
(i)	is for a New Zealand resident or a New Zealand branch of a non-resident; or	35
(ii)	is offering goods or services in New Zealand for income from persons or businesses in New Zealand; or	

- (iii) requires the person to be physically present in New Zealand; and
- (f) they, or their spouse, civil union partner, or de facto partner, are not receiving an entitlement under the family scheme; and
- (g) they are lawfully present in New Zealand under the Immigration Act 2009; and 5
- (h) they are tax resident in a country or territory that imposes a tax that is substantially the same as income tax imposed under this Act.
- Ending non-resident visitor status: unlawful presence*
- (3) If a person who is a non-resident visitor ceases to be lawfully present in New Zealand, the person stops being a non-resident visitor and is treated as if they were never a non-resident visitor for the purposes of section YD 1. 10
- Ending non-resident visitor status: other requirements*
- (4) Subject to **subsection (3)**, if a person who is a non-resident visitor ceases to satisfy 1 or more of the requirements in **subsection (2)**, the person stops being a non-resident visitor on the date the cessation occurs. 15
- Defined in this Act: business, civil union partner, de facto partner, family scheme, income, income tax, natural person, New Zealand, New Zealand resident, non-resident, non-resident visitor, resident in New Zealand, spouse, tax, transitional resident
- 99 Section YD 2 amended (Residence of companies)**
- (1) After section YD 2(1B), insert: 20
- Treatment of non-resident visitors: centre of management and director control*
- (1C) For the purposes of subsection (1)(c) and (d) and section YD 3(4)(c) and (d), and for a foreign company, the activities in New Zealand of a non-resident visitor are disregarded if the foreign company is tax resident in a country or territory that imposes a tax that is substantially the same as income tax imposed under this Act. 25
- (2) In section YD 2, list of defined terms, insert “income tax”, “New Zealand”, and “non-resident visitor”.
- 100 Section YD 3 amended (Country of residence of foreign companies)**
- In section YD 3(4), replace “The company” with “Subject to **section YD 2(1C)**, the company”. 30
- 101 Section YD 4B amended (Meaning of permanent establishment)**
- (1) After section YD 4B(4), insert:
- Exception*
- (5) For the purposes of subsections (2) to (4) and determining if an enterprise has a permanent establishment in New Zealand, the activities in New Zealand of a non-resident visitor are disregarded. 35
- (2) In section YD 4B, list of defined terms, insert “non-resident visitor”.

102 Schedule 5 amended (Fringe benefit values for motor vehicles)

- (1) This section amends schedule 5.
- (2) In clauses 1, 2, 6, 7, 7C, 8, 9, 10, 12 and 13, replace “tax value” with “adjusted tax value” in each place.
- (3) In clause 3, replace “a motor vehicle’s tax value in a quarter” with “a motor vehicle’s taxable value in a quarter” 5
- (4) In clause 3(a), replace “the value of the vehicle” with “the adjusted tax value of the vehicle”.
- (5) Replace clause 4 with:
- 4 For the purposes of clause 3, the taxable value of the vehicle is the adjusted tax value it would have been under subpart EE at the beginning of the tax year or income year, or at the time of the acquisition in the year, treating the cost of the vehicle on acquisition as the amount determined under— 10
- (a) clause 5, if—
- (i) the cost price was last used by person A or person B for the vehicle under clause 1: 15
- (ii) clause 1 did not apply to the vehicle in the 2-year period referred to in clause 3(c) and neither person A nor person B has used the adjusted tax value for the vehicle under clause 1:
- (b) clause 6, if person A did not own the vehicle and person B last used the adjusted tax value of the vehicle under clause 1: 20
- (c) clause 7, if person A did not own the vehicle and the adjusted tax value was last used for the vehicle under clause 1.
- (6) After clause 7C, insert:
- 7D For the purposes of this schedule, if a person who owns a motor vehicle to which this schedule applies has been allowed a deduction for the vehicle under section DI 5,— 25
- (a) the cost or cost price of the vehicle to the person on the first acquisition of it by them is the cost price before the deduction is taken into account; and 30
- (b) when determining the adjusted tax value of the vehicle under subpart EE, the cost for the purposes of section EE 57 is not reduced by the deduction under section DI 5.

103 Schedule 28 amended (Requirements for complying fund rules)

- (1) In schedule 28, clause 7, replace “3%” with “3.5%” and replace “2006)” with “2006), unless the employee has directed the trustee or agreed as a term of membership that the rate will be 3%.” 35
- (2) In schedule 28, clause 7, replace “3.5%” with “4%”.

- 104 Schedule 32 amended (Recipients of charitable or other public benefit gifts)**
- (1) This section amends schedule 32.
 - (2) Delete “New Zealand for UNHCR (United Nations High Commissioner for Refugees)”. 5
 - (3) Insert, in appropriate alphabetical order, “Aotearoa New Zealand for UNHCR”.
 - (4) Insert, in appropriate alphabetical order, “Engineers Without Borders New Zealand”.
 - (5) Insert, in appropriate alphabetical order,— 10
 - (a) “Days for Girls NZ”; and
 - (b) “EduTech Nepal Foundation”; and
 - (c) “Revive Afghanistan NZ”; and
 - (d) “UN Women Aotearoa New Zealand”.
 - (6) Delete— 15
 - (a) “Greater Mekong Subregion Tertiary Education Consortium Trust”; and
 - (b) “Register of Engineers for Disaster Relief New Zealand”.
 - (7) Delete—
 - (a) “Engineers Without Borders New Zealand Incorporated”; and
 - (b) “UN Women Aotearoa New Zealand Incorporated”.
- 105 Schedule 35 amended (Public purpose Crown-controlled companies)** 20
- (1) This section amends schedule 35.
 - (2) Delete “Crown Infrastructure Partners Limited”.
 - (3) Delete “Rau Paenga Limited”.
 - (4) Insert, in appropriate alphabetical order, “National Infrastructure Funding and Financing Limited”. 25
 - (5) Insert, in appropriate alphabetical order, “Crown Infrastructure Delivery Limited”.
- 106 Consequential amendments to Income Tax Act 2007 related to repeal of sections in subpart RM**
- The Income Tax Act 2007 is amended as set out in **schedule 1, part A.** 30

Part 3

Amendments to Goods and Services Tax Act 1985

107 Amendments to Goods and Services Tax Act 1985

This Part amends the Goods and Services Tax Act 1985.

108 Section 2 amended (Interpretation)

- (1) This section amends section 2(1).
- (2) Insert, in appropriate alphabetical order:
elective flow-through joint venture means a joint venture for which an election has been made under **section 57B(1)** 5
- (3) Insert, in appropriate alphabetical order:
flow-through joint venture—
 - (a) means—
 - (i) an output-sharing joint venture; or
 - (ii) an elective flow-through joint venture; and 10
 - (b) does not include—
 - (i) a partnership; or
 - (ii) an ordinary joint venture
- (4) Insert, in appropriate alphabetical order:
joint venture property means assets jointly owned and rights jointly held by members of a joint venture for the purposes of the joint venture 15
- (5) In the definition of **land**, in the words before the paragraphs, after “land rules”, insert “and in **section 11(1)(md)**”.
- (6) Insert, in appropriate alphabetical order:
non-integral deductions means, for goods (the **main goods**), deductions for other goods or services that—
 - (a) did not make a substantial improvement to the main goods; and
 - (b) did not become an integral part of the main goods without which the main goods would be incomplete or unable to function 20
- (7) Insert, in appropriate alphabetical order: 25
non-resident visitor has the same meaning as in section YA 1 of the Income Tax Act 2007
- (8) Insert, in appropriate alphabetical order:
ordinary joint venture means a joint venture that is not a partnership or a flow-through joint venture 30
- (9) Insert, in appropriate alphabetical order:
output-sharing joint venture means a joint venture—
 - (a) that is entered into to obtain discrete benefits for each party in the form of a share of the output of the arrangement; and
 - (b) for which there is no general purpose or intention by members to make— 35
 - (i) joint or collective supplies:

- (ii) supplies that are made by an agent, or by 1 of the members, on behalf of other members
- (10) Replace the definition of **person** with:
- person**—
- (a) includes a company, an unincorporated body of persons, a public authority, and a local authority; and 5
- (b) does not include a flow-through joint venture
- (11) Insert, in appropriate alphabetical order:
- publish**, as a requirement for the Commissioner, has the meaning set out in **section 14H** of the Tax Administration Act 1994 10
- (12) Replace the definition of **unincorporated body** with:
- unincorporated body**—
- (a) means an unincorporated body of persons; and
- (b) includes a partnership, the trustees of a trust, and an ordinary joint venture; and 15
- (c) does not include a flow-through joint venture
- (13) **Subsection (6)** applies to supplies made on or after 1 April 2011. However, **subsection (6)** does not apply to supplies for which an assessment has been made before 30 August 2022.
- 109 Section 2A amended (Meaning of associated persons) 20**
- (1) Replace section 2A(1)(db) with:
- (db) an ordinary joint venture and a member of the ordinary joint venture:
- (2) After section 2A(1)(db), insert:
- (dc) 2 members of an ordinary joint venture or of a flow-through joint venture when they transact in their capacity as members of the joint venture: 25
- (3) In section 2A(8), replace “subsection (1)(c)” with “subsection (1)(c) or (db)”.
- 110 Section 3 amended (Meaning of term financial services)**
- In section 3(2), in the definition of **participatory security**, replace “or a cheque” with “a cheque, or an interest in a flow-through joint venture”.
- 111 Section 5 amended (Meaning of term supply) 30**
- (1) After section 5(15)(d), insert:
- (e) a supply of land, to the extent to which the land has been used to make exempt supplies.
- (2) Replace section 5(16)(a)(i) with:
- (i) claimed a deduction under section 20(3) for the goods or services, excluding non-integral deductions; or 35

- (3) Replace section 5(16)(a)(ii) and (iii) with:
- (ii) acquired goods or services that were zero-rated under section 11(1)(m), (mb), **(mc)**, or **(md)**; and
- (4) After section 5(23B), insert:
- (23C) **Subsection (23D)** applies if— 5
- (a) **section 11(1)(mc)** is treated as applying to a taxable supply of goods and services in a return provided by the supplier; and
- (b) after the date on which the supply is made, the recipient or the Commissioner finds that **section 11(1)(mc)** does not apply.
- (23D) The recipient of the supply of the goods and services referred to in **subsection (23C)** is treated as if they were a supplier making a taxable supply of the goods and services on the date on which the error referred to in **subsection (23C)(b)** is found. 10
- (23E) **Subsection (23F)** applies if—
- (a) **section 11(1)(md)** is treated as applying to a taxable supply of goods and services in a return provided by the supplier; and 15
- (b) after the date on which the supply is made, the supplier or the Commissioner finds that **section 11(1)(md)** does not apply; and
- (c) the recipient of the goods and services did not provide the supplier with correct or sufficient information under **section 78FB** to enable the supplier to determine whether the supply should be zero-rated. 20
- (23F) The recipient of the supply of the goods and services referred to in **subsection (23E)** is treated as if they were a supplier making a taxable supply of the goods and services on the date on which the error referred to in **subsection (23E)(b)** is found. 25
- (5) After section 5(29), insert:
- (30) Any supply of goods and services made jointly by members of a flow-through joint venture is treated as being divided into separate supplies made by each of the members.
- (6) **Subsection (1)** applies to supplies made on or after 1 April 2026. 30
- 112 Section 6 amended (Meaning of term taxable activity)**
- (1) Replace section 6(3)(e)(i) with:
- (i) the person has not previously claimed a deduction under section 20(3) for the goods before the goods are sold, excluding non-integral deductions; and 35
- (2) In section 6(3)(e)(iv), replace “or (mb)” with “, (mb), **(mc)**, or **(md)**”.
- (3) **Subsection (1)** applies to supplies made on or after 1 April 2011. However, **subsection (1)** does not apply to supplies for which an assessment has been made before 30 August 2022.

- 113 Section 10 amended (Value of supply of goods and services)**
- (1) In section 10(7A), replace “or section 5(16C)(b) applies” with “or if sections 5(16C)(b) or **57(2)(dd)** apply”.
- (2) In section 10(7B), replace “5(23B),” with “5(23B), (23D) or (23F),”.
- 114 Section 11 amended (Zero-rating of goods)** 5
- (1) After section 11(1)(mb), insert:
- (mc) the supply of goods and services by an unincorporated body, if the supply is—
- (i) to a registered person who acquires the goods and services with the intention of using them for making taxable supplies; and 10
- (ii) made under **section 57(2)(dd)**; or
- (md) the supply of an interest in joint venture property by a member of a flow-through joint venture to a new or existing member if, at the time of supply,—
- (i) both the supplier and the recipient are registered persons; and 15
- (ii) the recipient acquires the interest with the intention of using it for making taxable supplies; and
- (iii) the supply does not consist wholly or partly of land; or
- (2) **Subsection (1)** applies to supplies made on or after 1 April 2026.
- 115 Section 11A amended (Zero-rating of services)** 20
- In section 11A(1)(k)(ii), replace “ or (i)” with “, (i), or (iba)”.
- 116 Section 12 amended (Imposition of goods and services tax on imports)**
- In section 12(4)(e), replace “75” with “71”.
- 117 Section 15D amended (When changes in basis of taxable periods take effect)** 25
- (1) After section 15D(2), insert:
- (2BA) Despite subsection (2), the change in taxable period under subsection (1)(a) or (b) takes effect on the date of the person’s registration in the case of a registered person who applies to change the basis on which their taxable period is set before the earlier of— 30
- (a) 7 days after the due date of the return that corresponds with their first taxable period, being the taxable period first chosen by the taxpayer; and
- (b) the due date of the first return that corresponds with their intended taxable period, being the taxable period they applied to change to.
- (2) In section 15D(3), replace “subsection (2)” with “subsections (2) and **(2BA)**”. 35

- 118 Section 19E amended (Definitions of types of record)**
In section 19E(2)(a)(ii), after “the recipient”, insert “, if the recipient is a registered person”.
- 119 Section 19N amended (Supply correction information)**
After section 19N(7)(c), insert: 5
- (d) if the supply was not zero-rated, because **section 11(1)(md)** was incorrectly applied to the supply, the date that is 7 years from the date the supply was made.
- 120 Section 20 amended (Calculation of tax payable)**
- (1) In section 20(3J), replace “or (mb)” with “, (mb), **(mc), or (md)**”. 10
- (2) Replace section 20(4B) with:
- (4B) A person who is treated under section 5(23B), **(23D), or (23F)** as a supplier of goods or services under section 11(1)(mb), **(mc), or (md)** is denied a deduction under subsection (3) in relation to the supply. However, this subsection does not apply to a person who is required to account for tax under section 5(23B), **(23D), or (23F)** who is either a registered person or later becomes a registered person and uses the relevant goods or services for making taxable supplies. 15
- 121 Section 20F amended (Election that sections 11A(1)(q) and (r) and 20C apply)** 20
- Replace section 20F, other than the heading, with:
- A person may choose to apply the rules in sections 11A(1)(q) and (r) and 20C in relation to certain supplies of financial services. The person makes the election by doing either or both of the following:
- (a) taking a tax position in a return for the taxable period: 25
- (b) notifying the Commissioner before the end of the taxable period in which they first choose to apply the rules.
- 122 Section 21B amended (Adjustments when person or partnership becomes registered after acquiring goods and services)**
- (1) In section 21B(1)(b), replace “the goods” with “the goods or services”. 30
- (2) Replace section 21B(5) with:
- (5) For the purposes of determining the amount of input tax under section 3A for a supply of secondhand goods, the person is treated as if they had been a registered person at the time the goods were acquired, and the tax fraction applying is the tax fraction that would have applied at that time. 35
- 123 Section 21F amended (Treatment on disposal)**
In section 21F(6)(a), replace “or (mb)” with “, (mb), **(mc), or (md)**”.

- 124 Section 51 amended (Persons making supplies in course of taxable activity to be registered)**
- (1) After section 51(1C), insert:
- (1D) For the purposes of determining the liability of a person who is a non-resident visitor to be registered under subsection (1), the value of a supply of services to which section 11A(1)(k) applies is not included in the total value of supplies made in New Zealand by the person. 5
- (2) After section 51(5B), insert:
- (5C) If members of an elective flow-through joint venture are jointly carrying on a taxable activity and the total value of supplies made in New Zealand by the members in the course or furtherance of that taxable activity exceeds the threshold for registration in subsection (1), each member of the joint venture is liable to be registered with effect from when the threshold was exceeded. 10
- 125 Section 51B amended (Persons treated as registered)**
- (1) In section 51B(4), delete “either”. 15
- (2) In section 51B(4), (5), and (6), replace “or (23B)” with “, (23B), (23D), or (23F)” in each place.
- 126 Section 55B amended (Supplier group and issuing member)**
- (1) In section 55B(1), replace “each supply” with “agreed taxable supplies”.
- (2) In section 55B(2)(a)(i), replace “each supply” with “agreed taxable supplies”. 20
- (3) In section 55B(2)(a)(ii), replace “by the member” with “when the members of the supplier group have agreed that the information will be provided by the issuing member”.
- (4) **Subsections (1), (2), and (3)** apply for taxable periods starting on or after 1 April 2023. 25
- 127 Section 57 amended (Unincorporated bodies)**
- After section 57(2)(d), insert:
- (dd) any goods and services forming part of the assets of a taxable activity carried on by the body are treated, in the event of cancellation of the body’s registration, as being supplied by the body to its members in the course of that taxable activity immediately before it ceases to be registered, unless the taxable activity is carried on by another person that is treated as a registered person under section 58; and 30
- 128 New section 57B inserted (Flow-through joint venture by election)**
- After section 57, insert: 35

57B Flow-through joint venture by election

- (1) An ordinary joint venture that has not previously been registered may choose to become an elective flow-through joint venture if—
- (a) each member agrees in writing to become an elective flow-through joint venture; and 5
 - (b) the joint venture notifies the Commissioner in the prescribed form within 21 days of the date of the agreement.
- (2) An election under **subsection (1)** takes effect on the date of the agreement and cannot be revoked.
- (3) Goods or services that the ordinary joint venture acquired and that are being used by a member of the elective flow-through joint venture for making taxable supplies are treated as if the member acquired the goods or services for the purposes of sections 21 to 21H. 10
- (4) Within 21 days of any change in membership, a member of an elective flow-through joint venture must notify the Commissioner of— 15
- (a) the name of any person who is no longer a member;
 - (b) the name and tax file number of any person who is a new member;
 - (c) the date that the change occurred.

129 Section 75 amended (Keeping of records)

After section 75(3B), insert: 20

- (3BB) For the purposes of **section 11(1)(md)**, the supplier must maintain sufficient records to enable the following particulars in relation to the supply to be ascertained at the time of supply:
- (a) the name and contact details of the recipient; and
 - (b) the registration number of the recipient; and 25
 - (c) a description of the goods and services; and
 - (d) the consideration for the supply.

130 New section 78FB inserted (Liability for supplies between members of flow-through joint ventures)

After section 78F, insert: 30

78FB Liability for supplies between members of flow-through joint ventures

- (1) This section applies to a supply to which **section 11(1)(md)** applies.
- (2) At or before the time of supply, the recipient is required to notify the supplier whether, at the time of supply,—
- (a) they are, or expect to be, a registered person; and 35
 - (b) they are acquiring the supply of the interest in joint venture property with the intention of using it for making taxable supplies.

(3)	For the purposes of subsection (2)(a) , a recipient who is a registered person, or who expects to be a registered person, must provide their registration number to the supplier at or before the time of supply.	
(4)	The supplier may rely on the information provided as required by subsection (2) in determining the tax treatment of the supply.	5
(5)	For the purposes of section 5(2), the notice referred to in subsection (2) must be provided to the second person referred to in section 5(2).	
131	Section 90 amended (Transitional regulation-making power: legislative charges)	
	In section 90(1), replace “the schedule” with “schedule 1”.	10
132	Section 91 amended (Certain private goods removed from tax base before 1 April 2025)	
(1)	Replace section 91(4) with:	
(4)	If, after returning output tax under subsection (3), the person has claimed no deduction under section 20(3) for the goods, excluding non-integral deductions, then any future disposal of the goods is not a taxable supply.	15
(2)	Replace section 91(4) with:	
(4)	Any future disposal of the goods is not a taxable supply if, after returning output tax under subsection (3), the person has not—	
(a)	claimed a deduction under section 20(3) for the goods, excluding non-integral deductions; and	20
(b)	used the goods for the principal purpose of making taxable supplies.	
133	New sections 92, 93, and 94 inserted	
	After section 91, insert:	
92	Unincorporated bodies electing to become flow-through joint ventures	25
(1)	This section applies to an unincorporated body that is—	
(a)	a joint venture and not a partnership; and	
(b)	registered before 1 April 2026.	
(2)	Despite section 57B(1) applying to an ordinary joint venture, the unincorporated body may, before 1 April 2027, request the Commissioner to cancel its registration and make an election to become an elective flow-through joint venture under section 57B(1) if—	30
(a)	each member agrees in writing to become an elective flow-through joint venture; and	
(b)	the joint venture notifies the Commissioner in the prescribed form.	35

- (3) If **subsection (2)** applies, each member is liable to be registered in accordance with **section 51(5C)**. This subsection overrides the specific requirements of section 52(1) about the value of the person’s taxable supplies.
- (4) Despite **section 57B(2)**, an election under **section 57B(1)** in accordance with **subsection (2)** takes effect on the date of cancellation and cannot be revoked. 5
- 93 Joint ventures applying flow-through treatment before 1 April 2026**
- (1) **Subsection (3)** applies to a joint venture that is not a partnership if, before 1 April 2026, the following criteria are met:
- (a) the members of the joint venture have consistently adopted a tax position treating the supply and acquisition of goods and services by the joint venture as separate supplies and acquisitions made by the members; and 10
- (b) the joint venture is not registered; and
- (c) each member of the joint venture is registered if the total value of supplies made by the joint venture in the course or furtherance of carrying on all taxable activities exceeds the threshold for registration in section 51(1). 15
- (2) For a joint venture that is not an output-sharing joint venture, in addition to the criteria set out in **subsection (1)**, **subsection (3)** applies only if the joint venture chooses to become an elective flow-through joint venture under **section 57B(1)** before 1 April 2027. Despite **section 57B(2)**, such an election takes effect on 1 April 2026 and cannot be revoked. 20
- (3) For taxable periods starting before 1 April 2026, the joint venture is not treated as a person under section 2(1), and section 57 does not apply to the joint venture. 25
- 94 Transitional rule for elective flow-through joint ventures**
- (1) An ordinary joint venture that has not previously been registered may, before 1 April 2027, choose to become an elective flow-through joint venture under **section 57B(1)** if—
- (a) each member agrees in writing to become an elective flow-through joint venture; and 30
- (b) the joint venture notifies the Commissioner in the prescribed form.
- (2) The timeframes set out in **section 57B(1)(b) and (2)** do not apply for the purposes of this section.
- (3) An election under **section 57B(1)** takes effect on 1 April 2026, or a later date notified by the joint venture, and cannot be revoked. 35

- 134 Consequential amendments to Goods and Services Tax Act 1985 to clarify Commissioner’s requirement to publish**
The Goods and Services Tax Act 1985 is amended as set out in **schedule 2, part A**.

Part 4

5

Amendments to Tax Administration Act 1994

135 Amendments to Tax Administration Act 1994

This Part amends the Tax Administration Act 1994.

136 Section 3 amended (Interpretation)

- (1) This section amends section 3(1). 10
- (2) In the definition of **government agency**, after paragraph (b), insert:
(c) is defined in **section 18HB** for the purposes of that section
- (3) Repeal the definitions of **nil value distribution**, **nil value settlement**, **non-cash distribution**, and **non-cash settlement**.
- (4) Replace the definition of **personal information** with: 15
personal information—
(a) is defined in **schedule 7, part A, clause 6** for the purposes of that clause:
(b) is defined in schedule 7, part C, subpart 2, clause 45(7) for the purposes of that clause 20
- (5) Insert, in appropriate alphabetical order:
publish, as a requirement for the Commissioner, has the meaning set out in **section 14H**
- (6) In the definition of **tax**, paragraph (a)(xii), delete “is”.
- (7) Insert, in appropriate alphabetical order: 25
updated information is defined in **schedule 7, part A, clause 6** for the purposes of that clause
- (8) **Subsection (3)** applies for the 2026–27 and later income years.
- 137 Section 14 amended (Modes of communication: general provisions)**
After section 14(4), insert: 30
(5) **Section 14H** sets out the requirements to be satisfied for the Commissioner to publish information.
- 138 New cross-heading and section 14H inserted**
After section 14G, insert:

Publishing**14H Publishing**

- (1) This section applies for the purposes of this Act, the Income Tax Act 2007, and the Goods and Services Tax Act 1985, unless the context requires otherwise.
- (2) A requirement in these Acts for the Commissioner to publish means the Commissioner must make the information accessible and available to the public, including by providing the information on an internet site maintained by or on behalf of the Inland Revenue Department.

5

139 Section 17C amended (Commissioner’s powers in relation to documents)

In section 17C(1), delete “17GB,”.

10

140 Section 17E amended (Information or documents treated as in persons’ knowledge, possession or control)

- (1) In section 17E(1), delete “17GB(1),”.
- (2) In section 17E(2), delete “, 17GB(1),”.

141 Section 17GB repealed (Commissioner may require information or production of documents for tax policy development)

Repeal section 17GB.

15

142 Section 17H amended (Court may make order for provision of information)

In section 17H(1), delete “or 17GB”.

20

143 New section 18HB inserted (Regular disclosure to government agency)

After section 18H, insert:

18HB Regular disclosure to government agency

- (1) Despite section 18, the Commissioner may disclose sensitive revenue information on an ongoing basis to the chief executive of a government agency to assist the agency in carrying out 1 or more of the following functions:
- (a) determining entitlement to, or eligibility for, government assistance:
 - (b) the detection, investigation, prosecution, or punishment of suspected or committed crimes punishable by terms of imprisonment of 2 years or more:
 - (c) removing the financial benefit of crime.
- (2) A disclosure to the government agency must be in accordance with a written agreement entered into by—
- (a) the Minister of Revenue; and
 - (b) the Minister responsible for the government agency.

25

30

35

- (3) Before entering a written agreement under this section, or varying any such agreement, the Ministers must—
- (a) be satisfied that—
 - (i) the disclosure is reasonable and practical; and
 - (ii) the disclosure will not undermine the integrity of the tax system; 5
and
 - (iii) the disclosure will support the maintenance of voluntary compliance; and
 - (iv) adequate safeguards exist to protect the privacy of individuals and the commercial confidentiality of information, including sufficient 10
compliance and audit requirements for the use, disclosure, and retention of the information; and
 - (v) appropriate procedures for the disclosure and retention are included in the agreement; and
 - (b) consult the Privacy Commissioner and consider any comments received. 15
- (4) A written agreement must specify—
- (a) the type or class of information to be disclosed; and
 - (b) the purpose for which the information is disclosed; and
 - (c) the function being carried out by the government agency for which the information is required; and 20
 - (d) how the information will assist with the carrying out of that function; and
 - (e) the form or manner in which the information is to be disclosed; and
 - (f) the positions or designations of the persons in the government agency to whom the information may be disclosed; and 25
 - (g) the safeguards for protecting personal or commercially sensitive information; and
 - (h) the requirements for storage and disposal of the information; and
 - (i) the circumstances, if any, in which the information may be disclosed by the agency to another agency, and how that disclosure may be made; and 30
 - (j) the requirements for reviewing the agreement.
- (5) Information obtained by compulsion under section 17I or 17J cannot be disclosed under an agreement made under this section.
- (6) The Commissioner must publish on an internet site maintained by or on behalf of the Inland Revenue Department the following information in relation to each agreement made under this section: 35
- (a) the name of the agreement; and
 - (b) the parties to the agreement; and

- (c) the purpose of the information disclosure; and
- (d) the classes of information to be disclosed; and
- (e) the intended use of the information by the government agency.
- (7) The Commissioner must publish, in the department’s annual report, information on the ongoing performance of the agreement. 5
- (8) After an agreement under this section has been entered into, the Privacy Commissioner may raise any concerns about the agreement or its operation directly with—
- (a) the Minister of Revenue:
- (b) the Minister responsible for the government agency that is a party to the agreement. 10
- (9) In this section, **government agency** means—
- (a) a department named in Part 1 of Schedule 2 of the Public Service Act 2020:
- (b) the New Zealand Police: 15
- (c) the Accident Compensation Corporation:
- (d) Kāinga Ora—Homes and Communities:
- (e) Health New Zealand:
- (f) New Zealand Transport Agency:
- (g) National Emergency Management Agency: 20
- (h) Ministry for Ethnic Communities:
- (i) Office of the Privacy Commissioner.
- 144 Section 20 amended (Privilege for confidential communications between legal practitioners and their clients)**
- (1) In section 20(1), replace “17GB to 17I” with “17H, 17I”. 25
- (2) In section 20(4), replace “17GB to 17I” with “17H, 17I”.
- 145 Section 20B amended (No requirement to disclose tax advice document)**
- In section 20B(1), replace “17E and 17GB to 17I” with “17E, 17H and 17I”.
- 146 Section 20D amended (Claim that document is tax advice document)**
- In section 20D(4)(b), delete “or 17GB”. 30
- 147 Section 20F amended (Person must disclose tax contextual information from tax advice document)**
- In section 20F(2)(b), delete “or 17GB”.

148 Section 22C amended (Outline of subpart)

In section 22C(3)(b), replace “family assistance credits” with “the family scheme”.

149 Section 32M amended (Persons with approved issuer status)

(1) In section 32M(1B), replace “is eligible to elect to pay approved issuer levy in relation to a security” with “may apply to the Commissioner to have approved issuer status”.

(2) In section 32M(1B), replace “may apply to the Commissioner to have approved issuer status” with “is eligible to elect to pay approved issuer levy in relation to a security”.

(3) In section 32M(2), replace “subsection (1)” with “subsections (1) and **(1B)**”.

150 Section 41A amended (Returns in relation to charitable or other public benefit gifts)

(1) Repeal section 41A(3) and (4).

(2) In section 41A(9), replace “subsections (2) and (3)” with “section LD 1 of that Act”.

(3) Replace section 41A(13) with:

(13) A refund under subsection (1) is recoverable as an excess tax credit under section 142D to the extent to which—

(a) it is more than the correct amount of refund; or

(b) the charitable or other public benefit gift to which the refund relates has subsequently been returned to the person who made the gift or an associated person.

(4) **Subsection (3)** applies to gifts returned on or after the date of introduction of the Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill.

151 Section 42 amended (Returns by joint venturers, partners, and partnerships)

(1) After section 42(3)(c), insert:

(cb) a partner cannot make an election under paragraph (c) for an income year if the partnership has a research and development tax credit under section LY 4 of the Income Tax Act 2007 for the corresponding tax year:

(2) **Subsection (1)** applies for the 2019–20 and later income years.

152 Section 59BA repealed (Annual return for trusts)

(1) Repeal section 59BA.

(2) **Subsection (1)** applies for the 2026–27 and later income years.

- 153 Section 59BAB repealed (Commissioner may require trust information for period after 2013–14 income year)**
- (1) Repeal section 59BAB.
 - (2) **Subsection (1)** applies for the 2026–27 and later income years.
- 154 Section 68CB amended (Research and development tax credits: general approval) 5**
- (1) Replace section 68CB(2) with:
 - (2) The Commissioner may, in accordance with this section, approve a person's research and development activities for 1 or more of the following:
 - (a) the income year to which the application relates (the **first income year**): 10
 - (b) up to 2 income years immediately following the first income year:
 - (c) the income year immediately before the first income year, but only to the extent the activity is a supporting research and development activity described in section LY 5(1)(ab)(i) of the Income Tax Act 2007.
 - (2B) The person must apply in accordance with subsection (3) on or before the last day of the third month after the end of the first income year. However, if the person has a balance date of 30 September, the application must be made on or before 15 January following the end of the first income year. 15
 - (2) Replace section 68CB(7) and (7B) with:
 - (7) The Commissioner may vary an approval, upon application, if— 20
 - (a) the variation application meets the requirements in subsection (1)(a); and
 - (b) the variation applied for meets the requirements of subsection (4); and
 - (c) the application is made on or before the last day of the third month after the end of the relevant income year, except if the person has a balance date of 30 September, in which case the application must be made on or before 15 January following the end of the relevant income year. 25
 - (7B) The Commissioner may vary an approval, upon application, to the extent to which the variation application relates solely to a supporting research and development activity for the income year immediately following the relevant income year, as provided by section LY 5(1)(ab)(ii) of the Income Tax Act 2007, if— 30
 - (a) the variation application meets the requirements in subsection (1)(a); and
 - (b) the variation applied for meets the requirements of subsection (4); and
 - (c) the application is made on or before the last day of the 15th month after the end of the relevant income year, except if the person has a balance date of 30 September, in which case the application must be made on or before 15 January of the second income year following the relevant income year. 35

(7BB) If the Commissioner accepts the variation under **subsection (7) or (7B)**, the Commissioner must notify the person in accordance with subsection (5).

155 Section 75 amended (Notification of amalgamation to Commissioner)

Repeal section 75(b).

156 Section 79 amended (Other annual returns)

5

(1) In section 79, delete “59BA,”.

(2) **Subsection (1)** applies for the 2026–27 and later income years.

157 Section 80 amended (Commissioner may require other returns to be made)

(1) In section 80, delete “59BA,”.

(2) **Subsection (1)** applies for the 2026–27 and later income years.

10

158 New section 90B inserted (Determination on interest for employment-related loans)

After section 90A, insert:

90B Determination on interest for employment-related loans

(1) The Commissioner may, from time to time, determine the rate of interest applying to employment-related loans.

15

(2) When a determination is made under **subsection (1)**, the rate of interest is to be set at the Reserve Bank of New Zealand floating first mortgage new customer housing interest rate.

(3) When a determination is made under **subsection (1)**, it applies to quarters starting from a date at least 1 month after the date the determination is made. A determination that reduces the rate of interest from the rate that applies at the time may apply for a quarter if made at least 1 month before that quarter ends.

20

(4) A determination under this section is secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements).

25

159 Cross-heading above section 91AAO amended

In the cross-heading above section 91AAO, delete “*using fair dividend rate method*”.

160 New section 91AAP inserted (Determination on deemed rate of return)

After section 91AAO, insert:

30

91AAP Determination on deemed rate of return

(1) For the purposes of **section EX 55** of the Income Tax Act 2007 and for an income year, the Commissioner must determine the deemed rate of return used to calculate FIF income or loss under the deemed rate of return method.

- (2) The rate is to be set at the 5-year government stock rate for the income year plus 400 basis points.
- (3) For the purposes of **subsection (2)**, the 5-year government stock rate is calculated as the average of the rates on 30 June, 30 September, 31 December, and 31 March in the income year. If a rate is not available on 1 of those dates, the rate on the first day a rate is available after that date is to be used in the calculation for that date. 5
- (4) A determination under this section is secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements).
- 161 Section 91EL amended (Applying for short-process ruling)** 10
- After section 91EL(4)(d), insert:
- (e) if the person applying is a non-resident,—
- (i) the reference to annual gross income is treated as a reference to the person’s income, including any foreign-sourced income, and excluding any exempt or excluded income: 15
- (ii) the reference to the tax year is treated as a reference to the person’s most recently completed financial year.
- 162 Section 120C amended (Definitions)**
- In section 120C(1), in the definitions of **Commissioner’s paying rate** and **taxpayer’s paying rate**, replace “established and notified” with “set” and replace “an Order in Council” with “a determination”. 20
- 163 Section 120H replaced (Setting and varying interest rates)**
- Replace section 120H with:
- 120H Setting and varying interest rates**
- (1) The Commissioner may, from time to time, determine the Commissioner’s paying rate and taxpayer’s paying rate. 25
- (2) When a determination is made under **subsection (1)**, the Commissioner’s paying rate is to be set at the higher of—
- (a) the Reserve Bank of New Zealand 90-day bank bill rate less 100 basis points; and 30
- (b) 0%.
- (3) When a determination is made under **subsection (1)**, the taxpayer’s paying rate is to be set at the Reserve Bank of New Zealand floating first mortgage new customer housing rate plus 250 basis points.
- (4) A determination under this section is secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements). 35

- 164 Section 120OB amended (Variation to definitions for determining interest chargeable or payable to PAYE intermediaries)**
 In section 120OB(2), in the definitions of **Commissioner’s paying rate** and **taxpayer’s paying rate**, replace “established and notified” with “set” and replace “an Order in Council” with “a determination”. 5
- 165 Section 138E amended (Certain rights of challenge not conferred)**
 In section 138E(1)(e)(iii), replace “and RM 10” with “RM 10, and RP 17B(13)”.
- 166 Section 226E amended (Application of changes to CRS standard)**
 Repeal section 226E(3). 10
- 167 Section 227H repealed (Transitional provision relating to annual return for trusts)**
 (1) Repeal section 227H.
 (2) **Subsection (1)** applies for the 2026–27 and later income years.
- 168 New section 227I inserted (Transitional provision relating to interest rates)** 15
 After section 227H, insert:
- 227I Transitional provision relating to interest rates**
- (1) This section applies for the period commencing on the date the Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Act **2025** comes into force and ending on the day before the date the rates set by the Commissioner by a determination made under **section 120H** first apply. 20
- (2) For the purposes of **sections 120C(1) and 120OB(2)** and **section RC 38(4)** of the Income Tax Act 2007, the Commissioner’s paying rate and the taxpayer’s paying rate are the rates applying under the Taxation (Use of Money Interest Rate) Regulations 1998 immediately before their revocation by the Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Act **2025**. 25
- 169 Schedule 7 amended (Disclosure rules)**
- (1) In schedule 7, part A, replace clause 6, other than the heading, with: 30
- (1) Despite section 18, the Commissioner may disclose to an authorised person, as defined in section 98(1) of the Criminal Proceeds (Recovery) Act 2009, either or both of the following:
- (a) information about a person (**person A**) for the purpose specified in section 98(2)(b)(i) of that Act: 35
- (b) updated information for the purposes of ensuring the information disclosed under **paragraph (a)** remains accurate and up to date.

- (2) In this clause, **updated information** means information that—
- (a) relates to the information previously disclosed under **subclause (1)(a)**; and
 - (b) is readily available to the Commissioner; and
 - (c) does not include information about any person not referred to in the disclosure under **subclause (1)(a)**, unless—
 - (i) that person is person A’s employer or financial services provider; and
 - (ii) the Commissioner has previously disclosed information related to person A’s employment or financial services provider relationship; and
 - (iii) the information is personal information.
- (3) In this clause, **personal information** means the following information about a person:
- (a) information that identifies the person;
 - (b) their date of birth (if applicable);
 - (c) their contact details.
- (2) Replace schedule 7, part C, clause 43(5)(a) with:
- (a) the last known contact details of the fines defaulter, including postal and email addresses, telephone number, and any other information that may be used to contact the fines defaulter; and
- (3) Repeal schedule 7, part C, clause 43(5)(b).
- 170 Consequential amendments to Tax Administration Act 1994 related to repeal of sections in subpart RM of Income Tax Act 2007**
- The Tax Administration Act 1994 is amended as set out in **schedule 1, part B**.
- 171 Consequential amendments to Tax Administration Act 1994 to clarify Commissioner’s requirement to publish**
- The Tax Administration Act 1994 is amended as set out in **schedule 2, part B**.

Part 5

Amendments to other enactments and revocations

Amendments to KiwiSaver Act 2006

- 172 Amendments to KiwiSaver Act 2006**
- Sections 173 to 175** amend the KiwiSaver Act 2006.

173 Section 4 amended (Interpretation)

In section 4(1), insert, in appropriate alphabetical order:

compulsory employer contribution means, for an employee, the amount of employer contribution calculated under section 101D

174 Section 101A amended (General)

5

In section 101A(1), replace “an amount of employer contribution (a **compulsory employer contribution**) calculated under section 101D” with “a compulsory employer contribution”.

175 Schedule 1 amended (KiwiSaver scheme rules)

(1) In schedule 1, clause 4(2), replace “Subject to subclauses (4) to (6), a” with “A”. 10

(2) In schedule 1, repeal clause 4(4) to (6).

Amendments to Unclaimed Money Act 1971

176 Amendments to Unclaimed Money Act 1971

Sections 177 to 179 amend the Unclaimed Money Act 1971.

15

177 Section 2 amended (Interpretation)

In section 2, insert, in appropriate alphabetical order:

tax file number has the same meaning as in section YA 1 of the Income Tax Act 2007

178 Section 5B amended (Obligations of holders)

20

(1) After section 5B(2)(a), insert:

(aa) the full name, date of birth, and tax file number of the owner:

(ab) the address and contact details of the owner:

(2) In section 5B(2)(b), delete “identity and”.

(3) After section 5B(2)(c), insert:

25

(d) where applicable, the number of the account where the money is held, the date the account was opened, and the date of the owner’s last interaction with the account.

179 Section 11 amended (Commissioner may make payment to claimant)

In section 11(6)(a), replace “25” with “20”.

30

Amendment to Student Loan Scheme Act 2011

180 Amendment to Student Loan Scheme Act 2011

(1) This section amends the Student Loan Scheme Act 2011.

- (2) In schedule 1, clauses 7(2), 8(1)(a)(iii), and 9(a)(iii), replace “New Zealand Register of Quality Assured Qualifications” with “New Zealand Qualifications and Credentials Framework”.

Amendment to Child Support Act 1991

- 181 Amendment to Child Support Act 1991** 5
- (1) This section amends the Child Support Act 1991.
- (2) In section 180(1), delete “written” and “signed by the payee”.
- (3) In section 180(2)(a), replace “beneficiary” with “beneficiary”.
- (4) In section 180(3), delete “under subsection (1)”.
- (5) After subsection (4), insert: 10
- (5) A notice of election under subsection (1) must be given using an approved form or in another way approved by the Commissioner.

Amendment to Criminal Proceeds (Recovery) Act 2009

- 182 Amendment to Criminal Proceeds (Recovery) Act 2009**
- (1) This section amends the Criminal Proceeds (Recovery) Act 2009. 15
- (2) Replace section 98(2)(b) with:
- (b) an authorised person referred to in paragraph (a) of the definition of authorised person in subsection (1) from disclosing information permitted to be disclosed by **Schedule 7, part A, clause 6** of the Tax Administration Act 1994 about a person whose name is supplied under paragraph (a) of this subsection to an authorised person referred to in paragraph (b) of that definition who requires the information for the purposes of— 20
- (i) establishing whether a prima facie case exists for taking civil recovery action under this Act; or 25
- (ii) ensuring the information disclosed under **subparagraph (i)** remains accurate and up to date.

Amendments to Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Act 2025

- 183 Amendments to Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Act 2025** 30
- Sections 184 to 186** amend the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Act 2025.
- 184 Section 2 amended (Commencement)**
- In section 2(36), delete “(58),”. 35

185 Section 196 amended (New cross-heading and section 185U inserted)

In section 196, after new section 185U(4)(g), insert:

- (h) despite Section IV, paragraph F, subparagraph 1, the term “Partner Jurisdiction” means any jurisdiction, other than New Zealand, that has put in place equivalent legal requirements and that is included in a list published by New Zealand.

5

186 Section 205 amended (Section 3A amended (Meaning of input tax))

In section 205(3), replace “to goods acquired by a person on and after 30 March 2022” with “to taxable periods starting on or after 30 March 2022”.

Amendment to Taxation (Budget Measures) Act 2025

10

187 Amendment to Taxation (Budget Measures) Act 2025

- (1) This section amends the Taxation (Budget Measures) Act 2025.
- (2) In section 22(1), new section 101D(4)(a), replace “subpart 3B and” with “subpart 3B or, if the employee is a member of a complying superannuation fund, the employee has a contribution rate of 3% in accordance with **clause 7 of schedule 28** of the Income Tax Act 2007 and, in either case,”.

15

Amendments to Tax Administration (Financial Statements—Domestic Trusts) Order 2022

188 Amendments to Tax Administration (Financial Statements—Domestic Trusts) Order 2022

20

Sections 189 to 191 amend the Tax Administration (Financial Statements—Domestic Trusts) Order 2022.

189 Clause 3 amended (Interpretation)

- (1) In clause 3(1), insert, in appropriate alphabetical order:

debt funding special purpose vehicle has the meaning given to it by section YA 1 of the Income Tax Act 2007

25

exempt ESS has the meaning given to it by section YA 1 of the Income Tax Act 2007

foreign trust has the meaning given to it by section YA 1 of the Income Tax Act 2007

30

lines trust has the meaning given to it by section YA 1 of the Income Tax Act 2007

Maori authority has the meaning given to it by section YA 1 of the Income Tax Act 2007

tax charity has the meaning given to it by section YA 1 of the Income Tax Act 2007

35

widely-held superannuation fund has the meaning given to it by section YA 1 of the Income Tax Act 2007.

- (2) **Subsection (1)** applies for the 2026–27 and later income years.

190 Clause 4 amended (Application)

- (1) Replace clause 4, other than the heading, with: 5
- 4 This order applies to a trustee of a trust who is required to file a return, unless—
- (a) the trustee is excluded from the requirement to make a return by section 43B of the Act:
 - (b) the trust is a foreign trust: 10
 - (c) the trust is a foreign exemption trust:
 - (d) the trustees of the trust are incorporated as a board under the Charitable Trusts Act 1957:
 - (e) the trust is a tax charity registered under the Charities Act 2005:
 - (f) the trustee is eligible under section HF 2 of the Income Tax Act 2007 to choose under section HF 11 of that Act to become a Maori authority: 15
 - (g) the trust is a widely-held superannuation fund:
 - (h) the trust is an exempt ESS:
 - (i) the trustee is a debt funding special purpose vehicle:
 - (j) the trustee is a lines trust established under the Energy Companies Act 1992. 20

- (2) **Subsection (1)** applies for the 2026–27 and later income years.

191 Clause 5 amended (Minimum requirements for preparing financial statements)

- (1) In clause 5(2)(a), delete “under section 59BA of the Act”. 25
- (2) **Subsection (1)** applies for the 2026–27 and later income years.

Revocations

192 Revocations

The following regulations are revoked:

- (a) Income Tax (Fringe Benefit Tax, Interest on Loans) Regulations 1995 (SR 1995/41): 30
- (b) Taxation (Use of Money Interest Rates Setting Process) Regulations 1997 (SR 1997/7):
- (c) Taxation (Use of Money Interest Rates) Regulations 1998 (SR 1998/105). 35

Schedule 1
Consequential amendments related to repeal of sections in
subpart RM of Income Tax Act 2007

ss 106, 170

Part A
Amendments to Income Tax Act 2007

5

Section CD 40 amended (Adjustment if dividend recovered by company)

In section CD 40(4), replace “RM 2 to RM 5” with “RM 2 and RM 4” and delete “and RM 18 to RM 21 (which relate to limits on refunds), but subject to the other provisions of this Act”.

10

Section CD 41 amended (Adjustment if amount repaid later)

In the heading to section CD 41(5), replace “*RM 2 to RM 5*” with “*RM 2 and RM 4*”.
In section CD 41(5), replace “RM 2 to RM 5” with “RM 2 and RM 4”.

Section OB 71 amended (Imputation additional tax on leaving group of companies)

15

In section OB 71(5), replace “sections RM 2, RM 4, and RM 5” with “section RM 2 or RM 4”.

Section OB 72 amended (Imputation additional tax on joining wholly-owned group)

In section OB 72(6), replace “sections RM 2, RM 4, and RM 5” with “section RM 2 or RM 4”.

20

Section OB 72B amended (Limit on using entitlement to refund after joining wholly-owned group)

In section OB 72B(3)(a)(ii) replace “sections RM 2, RM 4, and RM 5” with “section RM 2 or RM 4”.

25

In section OB 72B(6) replace “sections RM 2, RM 4, and RM 5” with “section RM 2 or RM 4”.

Section OP 6 amended (Provisions applying to consolidated imputation groups)

In section OP 6(7), replace “, RM 4, or RM 5” with “or RM 4”.

Section RM 10 amended (Using refund to satisfy tax liability)

30

In section RM 10(1), replace “sections RM 2, RM 4, and RM 5” with “section RM 2 or RM 4”.

Section RM 13 amended (Limits on refunds for ICA companies)

In section RM 13(1)(a), replace “sections RM 2, RM 4, and RM 5” with “section RM 2 or RM 4”.

Section RM 17 amended (Treatment of further income tax paid)

In section RM 17(1), replace “, RM 4, and RM 5” with “and RM 4”.

5

Section RM 22 amended (Limits on refunds for Maori authorities)

In section RM 22(1), replace “sections RM 2, RM 4, and RM 5” with “section RM 2 or RM 4”.

Section RM 23 amended (Limits on refunds when Maori authority stops being Maori authority)

10

In section RM 23(1), replace “, RM 4, or RM 5” with “or RM 4”.

Section RM 26 amended (Treatment of further income tax paid)

In section RM 26(1), replace “, RM 4, and RM 5” with “and RM 4”.

Section RM 33 amended (Limits on refunds for certain unit trusts and group investment funds)

15

In section RM 33(1)(a), replace “, RM 4, or RM 5” with “or RM 4”.

Schedule 1 amended (Basic tax rates: income tax, ESCT, RSCT, RWT, and attributed fringe benefits)

In schedule 1, part E, delete “RM 21,”.

Part B

20

Amendments to Tax Administration Act 1994**Section 184 amended (Refund of tax paid on income subsequently exempted by Order in Council)**

In section 184, delete “RM 5,”.

Section 184AA amended (Refund of tax: deductible amounts of interest)

25

In section 184AA(3)(a), replace “RM 2 to RM 6” with “RM 2 and RM 4”.

Schedule 2
**Consequential amendments to clarify Commissioner’s requirements
to publish**

ss 134, 171

Part A

5

Amendments to Goods and Services Tax Act 1985

Section 20 amended (Calculation of tax payable)

In section 20(3CG)(c), replace “available to them in a publication by the Commissioner” with “published by the Commissioner and is available to them”.

Section 21 amended (Adjustments for apportioned supplies)

10

In section 21(4B)(c), delete “in that publication”.

Section 75 amended (Keeping of records)

In section 75(7)(d), replace “give public” with “publish” and delete “, in a publication chosen by the Commissioner”.

Part B

15

Amendments to Tax Administration Act 1994

Section 7AAAA amended (Administration of final-year fees-free scheme)

In section 7AAAA(3), delete “, on an internet site administered by the Commissioner,”.

Section 7AAA amended (Administration of cost of living payments scheme)

20

In section 7AAA(3), delete “, on an internet site administered by the Commissioner,”.

Section 7AAB amended (Authorisation to make COVID-19 support payments)

In section 7AAB(3)(c), delete “, on an internet site administered by the Commissioner,”.

Section 22 amended (Keeping of business and other records)

25

In section 22(9)(d), replace “give public” with “publish” and delete “, in a publication chosen by the Commissioner”.

Section 37 amended (Dates by which annual returns to be furnished)

Replace section 37(2) with:

- (2) The Commissioner must publish the dates by which returns are required to be furnished. A failure to publish the dates does not affect a person’s obligation to furnish a return within the time prescribed by this section.

Section 41A amended (Returns in relation to charitable or other public benefit gifts)

In section 41A(14), delete “ in a publication chosen by the Commissioner.”

Section 68CE amended (Research and development tax credits: publication of details)

5

In section 68CE(1), delete “, in a publication chosen by the Commissioner.”

Section 90A amended (Determinations in relation to apportionment of interest costs)

In section 90A(7), delete “, in a publication chosen by the Commissioner and”.

Section 91AA amended (Determinations in relation to standard-cost household service)

10

In section 91AA(6), delete “, in a publication chosen by the Commissioner”.

Section 91AAB amended (Determinations relating to types and diminishing values of listed horticultural plants)

Replace section 91AAB(6) with:

15

- (6) Within 30 days of issuing a determination under this section, the Commissioner must publish the determination.

Section 91AABB amended (Determinations relating to monetary threshold in extended model reporting standard for digital platforms)

In section 91AABB(6), replace “a notice in a publication chosen by the Commissioner setting out the New Zealand dollar equivalent that is the subject of the determination, any necessary amendment caused by exchange rate fluctuations, and the periods for which the threshold is to apply” with “the determination”.

20

Section 91AAG amended (Determination on special rates and provisional rates)

In section 91AAG(7), replace “of publication of the *Gazette* in which notification” with “the Commissioner publishes the notice of revocation” and delete “is made”.

25

Section 91AAI amended (Effect on special rate of change in circumstances)

Replace section 91AAI(4)(b) with:

- (b) if the notice is published by the Commissioner, on the day after it is published.

30

Section 91AAM amended (Applications for determinations)

Replace section 91AAM(4) with:

- (4) Within 30 days of issuing a determination under section 91AAG(4) or revoking a determination under section 91AAG(7) that is expressed to apply to a class of

Section 91AAM amended (Applications for determinations)—*continued*

persons, the Commissioner must publish the determination or notice of revocation.

Section 91AAN amended (Determinations on rates for diminishing value of environmental expenditure)

Replace section 91AAN(9) with:

5

(9) Within 30 days of issuing a determination under subsection (1) that is expressed to apply to a class of persons, the Commissioner must publish the determination.

Section 91AAO amended (Determination on type of interest in FIF and use of fair dividend rate method)

10

Replace section 91AAO(5) with:

(5) The Commissioner must publish the determination within 30 days of making the determination.

Section 91AAQ amended (Determination on insurer as non-attributing active CFC)

15

In section 91AAQ(8), delete “in a publication chosen”.

Section 91AAS amended (Declaration of emergency event for purposes of family scheme income)

In section 91AAS(4), delete “in a publication chosen by the Commissioner”.

Section 91AAT amended (Determinations relating to certain employment expenditure)

20

Replace section 91AAT(7) with:

(7) Within 30 days of issuing or changing a determination under this section, the Commissioner must publish the new or changed determination.

Section 91AAX amended (Accounting and rate determinations relating to AIM method)

25

In section 91AAX(4), replace “The Commissioner must give at least 120 days notice of the implementation date of that later determination, in a publication chosen by the Commissioner.” with “The Commissioner must publish the implementation date of that later determination at least 120 days before that date.”

30

Section 91AAY amended (Class of taxpayers that must not use AIM method)

In section 91AAY(4), replace “The Commissioner must give at least 120 days notice of the implementation date of that later determination, in a publication chosen by the Commissioner.” with “The Commissioner must publish the implementation date of that later determination at least 120 days before that date.”

35

Section 91AAZ amended (AIM method information)

In section 91AAZ(4), replace “The Commissioner must give at least 120 days notice of the implementation date of that later determination, in a publication chosen by the Commissioner.” with “The Commissioner must publish the implementation date of that later determination at least 120 days before that date.”

5

Section 91DA amended (Content and notification of a public ruling)

In the heading to section 91DA, replace “notification” with “publication”.

Repeal section 91DA(2) and (3).

In section 91DA(4), delete “, in full, in a publication of the department”.

Section 91DD amended (Extension of a public ruling)

10

In section 91DD(1), delete “in a publication chosen by the Commissioner”.

Section 91DE amended (Withdrawal of a public ruling)

Replace section 91DE(2) with:

- (2) The Commissioner must publish a notice of the withdrawal with adequate notice.

15

In section 91DE(3), replace “given” with “published”.

Section 91FH amended (Content and notification of a product ruling)

In the heading to section 91FH, replace “notification” with “publication”.

Replace section 91FH(4) and (5) with:

- (4) If the applicant applies for earlier publication, the Commissioner must publish the product ruling as soon as possible.
- (5) After the 2-month period has ended, the Commissioner must publish each product ruling.

20

Section 91FJ amended (Withdrawal of a product ruling)

Replace section 91FJ(2) with:

25

- (2) The Commissioner must publish a notice of the withdrawal with adequate notice.

In section 91FJ(3), replace “given” with “published”.

Section 91GG amended (Notification of status ruling)

In the heading to section 91GG, replace “Notification” with “Publication”.

30

Replace section 91GG(2) with:

- (2) In the case of a status ruling on a product ruling, the Commissioner must also publish the status ruling.

In section 91GG(3), delete “notify the making of and”.

Section 124ZC amended (Publication of approval or revocation)

In section 124ZC, delete “in a publication chosen by the Commissioner”.

Section 124ZH amended (Approved research providers)

In section 124ZH(6), delete “, in a publication chosen by the Commissioner”.

Section 124ZI amended (Certificates for research and development)

5

In section 124ZI(5) and (6), delete “in a publication chosen by the Commissioner”.

Section 185F amended (Permitted choices in relation to FATCA agreement)

In section 185F(4), delete “in a publication chosen by the Commissioner”.

Schedule 7 amended (Disclosure rules)

In clause 18, replace “listed by the Commissioner in a publication chosen” with “pub- 10
lished in a list”.

In clause 33(8), delete “, in a publication chosen by the Commissioner,”.

Replace clause 33(10)(c) with:

(c) has had its name published by the Commissioner.