



8 August 2025

[REDACTED]
[REDACTED]

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 18 July 2025. You requested the following:

- 1. In the development of this policy, what concerns were raised by advisors about the implementation of this policy.*
- 2. The page listed above has examples of people buying shares for reasons other than to sell them. What other examples were discussed when drafting this page. If ethical considerations can be a determining factor, what guidance do the decision makers have on making these decisions. Does such an ethical decision need to match the decision maker's. Is there a test of reasonableness. Does the taxpayer need to prove they hold any claimed views in earnest? Can a broad consideration like helping entrepreneurs be sufficient?*
- 3. Who makes the determination on whether the tax should be paid? Do they have any training in psychology, ethics, or economics?*
- 4. What research has been undertaken or reviewed about motivations for buying shares? What percentage of people buy shares for reasons other than selling them? Are there share collectors in the same way that there are stamp or coin collectors?*
- 5. What discussion has there been of simply taxing all share capital gains?*
- 6. What discussion has there been of providing an objective measure of whether these gains should be taxed.*
- 7. Have policy advisors expressed embarrassment about this policy? Are they embarrassed now?*
- 8. What is the benefit of not having clear standards such as time limits? If the concern is people closely sticking to these to minimise their tax burden, how does this minimisation differ to every other tax policy?*
- 9. Would someone consulting an accountant prior to purchasing shares be problematic as it indicates the desire to minimise their tax burden?*
- 10. Is the distinction between how share capital gains and other capital gains principled? How does it compare to similar jurisdictions? Do foreign tax policy analysts seek to emulate our model, or have they been critical of it?*

Information not in scope of the OIA

Several parts of your request do not constitute a request for official information under the OIA, rather they are requests for an opinion. Official Information is any information currently held by an agency subject to the OIA. This includes:

- Documents, reports, memoranda, letters, emails and drafts
- Non-written information such as video or tape recordings
- The reasons for any decisions that been made about you
- Manuals that set out internal rules, principles, policies or guidelines for decision-making
- Agendas and minutes of meetings, including those not open to the public.

Responding to these parts your request would require Inland Revenue to engage in debate or to create justifications or explanations. The OIA does not require agencies such as Inland Revenue to do that (see the Ombudsman's website).¹

Therefore, I will not be responding to the following parts of your request:

- The second part of **Item 3**,
- The second part of **Item 4**,
- All of **Item 7**,
- The second part of **Item 8**, and
- All of **Item 9**.

Items 1 and 2

The tests outlined in the fact sheets on Inland Revenue's website are rooted in common law which has been developed by the courts. You can find more information in Inland Revenue's interpretation statement on share investments, and the aforementioned fact sheets, which can be found via the following link: [Income tax – Share investments](#). Accordingly, your request for this information is refused under section 18(d) of the OIA, as the information requested is publicly available.

Item 3

New Zealand has a self-assessment system, and the onus is on the taxpayer to determine their tax obligations in accordance with the Inland Revenue Acts (see Schedule 1 of the Tax Administration Act 1994). Inland Revenue can review taxpayer assessments under the law. When and how income tax arises is set out under the Income Tax Act 2007 and the Tax Administration Act 1994 and is primarily a legal question. These Acts are interpreted using the standard statutory interpretation principles established by New Zealand courts.

Item 4

No research has been undertaken by Inland Revenue regarding individual's motivation for purchasing shares.

¹ [Your ability to request official information | Ombudsman New Zealand](#)

Item 5

The Tax Working Group recommended a comprehensive capital gains tax in their final report in 2019, which can be found via the following link: [Future of Tax: Final Report | The Tax Working Group](#). However, there has been no recent discussion of taxing all share capital gains in the absence of a general capital gains tax.

Item 6

There has been no discussion of creating a brightline rule for taxing gains on shares. However, the Government is proposing to introduce a new optional FIF calculation method for certain foreign shares so that FIF income is calculated using the dividends received and gains on sale. You can find the announcement of this on the Government's website via the following link: [INVESTMENT SUMMIT: Tax change for incoming talent to boost growth | Beehive.govt.nz](#), and further details can be found on Inland Revenue's website via the following link: [Proposed foreign investment fund changes - Fact sheet](#).

While this proposal is currently only targeted at new migrants, the Government has expressed interest in looking at how the FIF rules impact New Zealand residents and will have more to say later in 2025.

Item 8

There would be some benefit to having a clearer standard, such as a time limit. However, the benefit of having more general, principle-based rules is that they allow more flexibility so that it does not inadvertently exclude or include situations and can respond to particular circumstances. This allows the law greater flexibility to remain relevant as new circumstances emerge. It also reduces the amount of legislation required.

Item 10

While New Zealand does not have a capital gains tax, gains from shares are taxed under certain circumstances. This is based on a fundamental distinction in our current tax law between "capital gains" - which are not taxed, and "revenue gains" - which are taxed. In particular, share gains are taxed under the ordinary income rules when the shares are held on "revenue" account, for instance if you are buying and selling shares as part of a business or if you have purchased these shares with the dominant or main purpose of selling them. This principle is not internationally unusual and has historically been developed by the courts. Other asset types are generally subject to the same rules, so our treatment of share gains is not generally different from gains on other property types.

Right of review

If you disagree with my decision on your OIA request, you have the right to ask the Ombudsman to investigate and review my decision under section 28(3) of the OIA. You can contact the office of the Ombudsman by email at: info@ombudsman.parliament.nz.

Publishing of OIA response

We intend to publish our response to your request on Inland Revenue's website (ird.govt.nz) as this information may be of interest to other members of the public. This letter, with your personal details removed, may be published in its entirety. Publishing responses increases the availability of information to the public and is consistent with the OIA's purpose of enabling more effective participation in the making and administration of laws and policies and promoting the accountability of officials.

Thank you again for your request.

Yours sincerely



Sam Rowe

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