



22 August 2025

[Redacted]
[Redacted]

Dear [Redacted]

Thank you for your request made under the Official Information Act 1982 (OIA), partially transferred to Inland Revenue from the office of the Minister of Finance, Hon Nicola Willis, on 12 August 2025. You requested the following:

1. *BN2025/243: 100% expensing*
2. *BN2025/244: Partial expensing costing assumptions*
3. *BN2025/247: Application of Investment Boost to Commercial Buildings*

Information being released

I am partially releasing document *BN2025/247: Application of Investment Boost to Commercial Buildings*, attached as **Appendix A**. Some information in this document has been withheld under section 9(2)(a) of the OIA, to protect the privacy of natural persons.

As required by section 9(1) of the OIA, I have considered whether the grounds for withholding the information requested is outweighed by the public interest. In this stance, I do not consider that to be the case.

Information publicly available

I am refusing the release of the remaining two documents under section 18(d) of the OIA, as the documents will soon be publicly available on Inland Revenue's tax policy website (taxpolicy.ird.govt.nz) as part of Inland Revenue's proactive release of Budget 2025 documents.

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



Felicity Barker
Policy Lead, Economics

Briefing note

Reference: BN2025/247

Date: 27 May 2025

To: Revenue Advisor, Minister of Finance – Emma Grigg
Revenue Advisor, Minister of Revenue – Angela Graham
Private Secretary, Minister of Revenue – Helen Kuy

From: Elly Ward

Subject: **Application of Investment Boost to Commercial Buildings**

General application

1. Investment Boost is available for new commercial and industrial buildings and assets which are new improvements to these buildings (e.g., earthquake strengthening, weather-proofing etc). It is not available for repairs and maintenance to existing capital assets however these costs are generally immediately fully deductible (i.e., receive a larger deduction than under Investment Boost).
2. Investment Boost is available for assets that are first available for use on or after 22 May 2025. A building is considered 'available for use' when it can be used for its intended purpose. A building is not available for use when it is still under construction. Consequently, buildings under construction before 22 May 2025 but completed on or after that date should be eligible for Investment Boost on the full build costs.

Property developers

3. A common business model is for a property developer to enter into a sale-and-purchase agreement prior to the completion of the building's construction. The Investment Boost deduction will be available to the ultimate purchaser of the building (assuming that the building is the property developer's trading stock and therefore not eligible for Investment Boost in their hands).
4. As under the existing depreciation rules, the asset can only be depreciated from the time at which the building becomes available for use by the purchaser. The existence of a sale and purchase agreement does not in itself mean that the asset is available for use.
5. Inevitably there will be borderline cases around the 22 May 2025 date. For example, there may be questions as to whether the building is 'available for use' before or after 22 May. This will depend on particular facts and circumstances of the case. Certainty can be obtained through the usual processes such as binding rulings.

Improvements

6. Capital improvements to buildings such as earthquake strengthening and weather-proofing should be eligible for Investment Boost and follow many of the same principles as the underlying asset they improve. If they are under construction (and therefore not available for use) on 22 May 2025 then they will be eligible for Investment Boost.
7. There may be boundary issues relating to the completion of multiple improvements in sections where some sections become available for use before others. The eligibility for Investment Boost will depend on the specific facts and circumstances of the scenario.
8. Where work is done on an existing building that is to merely restore the building to its original state there may not be an improvement (which would be eligible for Investment Boost). Instead, the work may be characterised as repairs and maintenance. Repairs and maintenance are typically expensed to revenue account, which is immediately fully deductible.
9. Expenditure characterised as repairs and maintenance is therefore not disadvantaged compared to expenditure characterised as being a new capital improvement as the owner of the underlying asset will receive a larger deduction than under Investment Boost.

Consultation with the Treasury

10. The Treasury was informed about this briefing note.

Elly Ward
Principal Policy Advisor
s 9(2)(a)