



15 December 2025

[Redacted]
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Dear [Redacted]

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

- *BN2025/423 Tax System Forum feedback on software issues paper*
- *BN2025/436 Notes for Going for Growth Ministers meeting 12 November*

Information being released

I am releasing document *BN2025/436 Notes for Going for Growth Ministers meeting 12 November* as **Appendix A**, with redactions under the OIA as applicable:

- 9(2)(a) - to protect the privacy of natural persons, and
- 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank
- expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty.

Information withheld

Your request document *BN2025/423 Tax System Forum feedback on software issues paper* is withheld under section 9(2)(f)(iv) of the OIA, to maintain the current constitutional conventions protecting the advice tendered by Ministers of the Crown and officials. 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 instance, I do not consider that to be the case.

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



Claire McLellan

Policy Lead – Business and Entity Taxation

Briefing note

Reference: BN2025/436

Date: 31/10/2025

To: Revenue Advisor, Minister of Revenue – Angela Graham
Private Secretary, Minister of Revenue – Melissa Zhen

From: Thomas McKay

Subject: **Notes for Going for Growth Ministers meeting 12 November**

Context

1. Minister Seymour is seeking input on what else can be done to make a difference for businesses and New Zealanders for the Going for Growth - Competitive Business Setting pillar meeting scheduled for 12 November.
2. While there are several ways taxes can be reduced that are likely to lead to an increase in economic growth, having a significant impact generally comes at significant economic cost. In the current fiscally constrained environment, it is important that the tax system continues to support fiscal consolidation while raising sufficient revenue to fund government expenditure. This means reductions in tax would likely need to be funded by reductions in expenditure (or other tax increases), and the benefit of that reduced expenditure weighed against the benefits of the lower tax.
3. This note gives suggestions to respond to the request for input while being mindful of fiscal constraints on new tax initiatives and the investment in tax initiatives already made through Budget 2025.

Budget 2025

4. Budget 25 was a substantial tax budget headlined by Investment Boost. Investment Boost has a fiscal cost of \$6.6 billion over the forecast period. Its main purpose is to drive economic growth by lowering the cost for businesses to invest in new capital assets. It is expected to contribute 1% to GDP and 1.5% to wages over the next 20 years.
5. Inland Revenue is currently undertaking work to monitor the economic effect of Investment Boost and to look for marginal improvements and refinements largely within the existing fiscal envelope. This includes undertaking a business survey in December this year to gather information on firms' self-reported response to the policy.
6. We have previously advised that increasing the rate of Investment Boost to 40% is likely to give rise to net economic benefits. However, based on Budget 25 costings,

this would come at a fiscal cost of approximately \$6.6 billion. There would be value in waiting for more evidence on the impacts of Investment Boost to become available before changing the rate and to then consider rate changes in future Budget cycles.

Existing measures on the Tax and Social Policy Work Programme

7. The Government has just published its refreshed Tax and Social Policy Work programme. This work is deliberately focused on initiatives which ensure tax settings are not a barrier to economic growth. The key initiatives being progressed are those with moderate fiscal costs which have been specifically raised by stakeholders as areas creating high economic cost for the revenue raised. These areas are focussed on attracting talent and investment. This includes:
 - Possible expansion of the foreign investment fund (FIF) revenue account method to apply more broadly, as well as other measures that could help attract migrants or retain existing talent (FIF stage 2).
 - Modernising and simplifying the Non-Resident Contractor Tax regime to reduce compliance costs for taxpayers by building on previous improvements made in previous and current tax bills.
 - Changes to the thin capitalisation rules for infrastructure with the aim of encouraging more foreign investment into New Zealand.
 - Continuing work on options to simplify fringe benefit tax with a view to reducing compliance costs for businesses and allowing them to focus on more important things than tax compliance such as growing the business. Officials are continuing to work through the options with stakeholders and consideration by Ministers.

Additional measures for consideration (PAYGO)

8. Inland Revenue is preparing a public consultation document on the Regulatory Framework for Intermediaries, due to be released in the first half of 2026. One part of that document seeks feedback on whether digital service providers could act as payment agents for their customers. This means that digital service providers would calculate and forecast projected income tax liabilities, based on methods approved by Inland Revenue.
9. This concept would be available for small business taxpayers and would allow them to make more regular payments towards their anticipated tax liabilities based on their cash flow. Taxpayers with more complicated tax affairs are not the target user of this policy.
10. This policy would lessen compliance costs for small businesses and better match tax obligations to cash flows. The feedback on this proposal from targeted consultation was mixed, some recommended further exploration while others noted similar outcomes are being achieved within the existing provisional tax options.
11. Specific talking points on this initiative as annexed to this note.
12. In the longer term where there may be less fiscal constraint, options for further advice on growth enhancing tax policy could include:
 - a comprehensive review of the tax settings of savings
 - an increase of the Investment Boost rate up to 40%
 - restoring depreciation to commercial buildings.

Consultation with the Treasury

13. The Treasury was informed about this briefing note.

Thomas McKay

Senior Policy Advisor

9(2)(a)

