



13 February 2026

[REDACTED]
[REDACTED]
[REDACTED]

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 14 January 2026. You requested the following documents (numbered for ease of response):

1. *BN2025/426 Microsoft 365 Copilot rollout*
2. *BN2025/433 Update on Investment Boost*
3. *25SR37 Weekly Status Report*
4. *IR2025/431 Financial arrangement rules - options to support new migrants*
5. *IR2025/430 Quarterly performance report and quarterly debt report Q1 2025/26*
6. *IR2025/398 Policy options to reduce tax debt*
7. *25SR38 Weekly Status Report*
8. *IR2025/444 Tax monitoring report: Collections to October 2025*
9. *IR2025/457 Approach to Budget 2026 and the 2026 Performance Plan*
10. *BN2025/471 Meeting with Tax Justice Aotearoa*
11. *25SR39 Weekly Status Report*
12. *25SR32 Weekly Status Report*
13. *25SR33 Weekly Status Report*
14. *25SR34 Weekly Status Report*
15. *IR2025/394 Update on GST officials' issues paper*
16. *IR2025/374 Tax monitoring report: Collections to September 2025*
17. *25SR35 Weekly Status Report*
18. *25SR36 Weekly Status Report*
19. *IR2025/352 Tax monitoring report: Collections to July 2025 and near-final Revenue for the year to June 2025*
20. *25SR28 Weekly status report*
21. *25SR29 Weekly status report*
22. *25SR30 Weekly status report*
23. *IR2025/373 Tax monitoring report: Collections to August 2025*
24. *25SR31 Weekly status report*

Information being released

I am releasing documents 1 to 5, 7, 8, and 10 to 24, attached as **Appendix A**. Some information has been withheld or refused under the following sections of the OIA:

- 6(a) – to avoid prejudice to the security or defence of New Zealand or the international relations of the government,

- 6(c) – to avoid prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial,
- 6(b)(ii) – to avoid prejudice to the entrusting of information to the Government of New Zealand on a basis of confidence by any international organisation,
- 9(2)(a) – to protect the privacy of natural persons,
- 9(2)(f)(iv) – to maintain the constitutional conventions for the time being which protect confidentiality of the advice tendered by Ministers of the Crown and officials,
- 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,
- 9(2)(h) – to maintain legal professional privilege,
- 9(2)(j) – to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations), and
- 18(c)(i) – where making the requested information available would be contrary to the provisions of a specified enactment, namely Inland Revenue’s confidentiality obligations in section 18(1) of the Tax Administration Act 1994 (TAA). Further, section 18(3) (in conjunction with section 143C(1)(a) of the TAA) prevents the Commissioner of Inland Revenue from disclosing any item of revenue information if the release of the information would adversely affect the integrity of the tax system or prejudice the maintenance of the law.

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.

Information withheld

I am withholding in full documents 6 and 9 under section 9(2)(f)(iv) of the OIA, to maintain the constitutional conventions for the time being which protect confidentiality of the advice tendered by Ministers of the Crown and officials.

Information publicly available

I am refusing the attachment to document 10 under section 18(d) of the OIA, as the information is publicly available on Inland Revenue’s website here [Multinational Enterprises - Compliance Focus 2024](#).

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



Josh Green

Domain Lead - Ministerial Services



Briefing note

Reference: BN2025/426
Date: 05 November 2025
To: Revenue Advisor, Minister of Revenue – Angela Graham
Private Secretary, Minister of Revenue – Anna McGuinness
From: Patrick O’Doherty, Enterprise Leader, Data, Analytics and Insights
Subject: **Microsoft 365 Copilot rollout**

Purpose

1. The purpose of this briefing note is to provide more information about our rollout of Microsoft 365 (M365) Copilot across Inland Revenue.

Background

2. Artificial Intelligence (AI) is not a new phenomenon. IR has been investing in and using forms of AI for a number of years, including as part of its business transformation programme which ran from 2016 to 2022. We use AI to help us improve the services we provide and the productivity of our people. Many of the systems we use have integrated rules and models to support productivity and efficiency. Business rules enable us to automate business processes and analytical models allow us to better target our resources to the highest value work. Machine learning algorithms work across large data sets to provide advanced analytics, decision support and predictive modelling. All uses of AI are carefully managed and scrutinised with stringent human oversight.
3. As a result of the business transformation programme, the quality of the information and data IR holds is very high. This positions us very well to take full advantage of advances in digital technology that rely on good quality data. This includes the latest forms of AI.
4. Since late 2023, we’ve been exploring how we can use generative AI to work more efficiently and deliver better outcomes for New Zealanders. To ensure we do this safely and retain the confidence of the public we have put in place:
 - A staff use policy which sets out the requirements for using AI products and services at IR.
 - AI fluency training to help our people confidently support the adoption of AI in IR. This has been used as the foundation for AI literacy training for the public sector.
 - An AI oversight group to provide additional checks and balances over decisions about which AI tools we will use and how we will use them.
 - An AI application register. Only business tools that have been approved can be used on IR work devices.
 - We are investigating approaches to ensure that our public content and information remain highly trusted by New Zealanders and can be used in an efficient and effective manner by AI tools and services available to the public.
 - We are constantly reviewing our information security posture and solutions to ensure there is no inadvertent use of unapproved tools or leaking of sensitive information.

5. Customers have also begun using AI for tax advice. We have developed guidance for our customer-facing people to help them respond to customer questions about using tax advice sourced from AI services. Our staff reinforce that our website is what customers should rely on for tax advice, or they should consult with an accountant or qualified Tax professional.
6. In November 2024, we began rolling out Microsoft Copilot. Microsoft Copilot uses information from the internet to create content and summarise information. People interact with it through a chat interface, and it does not automatically access internal files or emails. Before being given access, our people had to complete an eLearn module and knowledge check. This is to ensure they use the tool appropriately.

Microsoft 365 Copilot

7. Following on from the successful rollout of Microsoft Copilot and the confidence we have gained through the AI groundwork put into place so far, earlier this year we piloted M365 Copilot.
8. Where M365 Copilot differs from Microsoft Copilot is that it is built into Microsoft 365 apps like Word, Excel, Outlook, PowerPoint, SharePoint, and Teams and has access to data IR staff have access to. This includes emails, documents and calendars. It uses individual access privileges to ensure individual staff members don't get access to information they otherwise don't have access to. It can help our people to work more efficiently and effectively inside these apps:
 - In Word it can draft documents based on prompts or information from other files.
 - In Excel it can analyse data, create formulas, and generate charts.
 - In Outlook it can summarize emails or suggest replies.
 - In Teams it can recap meetings or track action items.
9. Selected teams from Policy and the Tax Counsel Office explored how it could support complex, high-trust work. The M365 pilot with these groups was successful and laid the groundwork for a staged rollout. It helped shape the support model to ensure our people feel confident and supported by refining learning resources, onboarding, and security processes.
10. From 13 October 2025, a staged rollout to our people has been underway. We will proceed cautiously making sure each group we rollout to has confidence in how to use this new tool well and safely. There will be around six roll out groups in total with the aim of giving all our people access by mid-2026.
11. A key focus is on realising the benefits of AI. Feedback from the pilot group was that M365 Copilot boosted their productivity, reduced overload, and improved their confidence using digital tools. Some examples of what our people used it for are creating draft documents, summarising meetings and emails, and automating routine tasks.

Implications for other agencies

12. The Government Chief Digital Officer has published an [AI framework](#) and [guidance](#) to help support the responsible, safe and transparent use of AI across the public sector. IR was consulted and provided feedback. While not binding, the framework and guidance do set out what agencies should consider before rolling out AI tools. IR's adoption of AI is consistent with the framework and guidance.
13. Drawing on international experience, we will roll out M365 Copilot through clearly defined, high value use cases, supported by role based training and strong security guardrails, with people kept firmly in the loop to manage risk and quality. Consistent with best practice AI literacy guidance, this approach is designed to lift productivity without always assuming workforce reductions, instead reskilling where appropriate. We also note emerging evidence that AI rollouts need a focus on disciplined prompt and

model use, expert oversight, and measured change management to ensure business benefits are realised and to avoid low quality output as well as erosion of institutional knowledge and value.

14. IR's successful adoption of AI is the result of a significant investment in both technology and a capability building programme. For the M365 Copilot rollout we are working on developing a range of resources including tailored learning and support, practical guidance, and hands-on support to build confidence and make using AI part of our everyday work.
15. IR is not the only agency using M365 Copilot. However, we understand we may be the only large agency rolling it out to all its people. The guardrails we have in place such as security and training have given us the confidence to do this. And we are happy to share our learnings with other agencies as we progress.

Patrick O'Doherty

Enterprise Leader – Data, Analytics and Insights

s 9(2)(a)



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Briefing note

Reference: BN2025/433

Date: 6 November 2025

To: Revenue Advisor, Minister of Revenue – Angela Graham
Private Secretary, Minister of Revenue – Anna McGuinness

From: Matt Pilkinton – Senior Policy Advisor

Subject: **Update on Investment Boost**

Purpose

1. The Minister of Revenue has asked for an update on Investment Boost including:
 - The remedial amendments included in the Taxation (Annual Rates for 2025-26, Compliance Simplification, and Remedial Measures) Bill (the “Compliance Simplification Bill”);
 - Feedback from stakeholders on Investment Boost; and
 - s 9(2)(f)(iv) [REDACTED]

Matters included in the Compliance Simplification Bill

2. The Compliance Simplification Bill currently includes four Investment Boost remedial amendments:
 - Restoring the original \$1,000 threshold for immediately deducting the cost of low-value assets, ensuring it is based on the asset’s full cost rather than its reduced cost after applying the Investment Boost deduction.
 - Limiting the transfer of the Investment Boost deduction to cases where the recipient is deemed to have inherited the transferor’s depreciation loss, ensuring the deduction only applies when the transferee steps into the shoes of the original owner.
 - Confirming that when depreciable assets are sold between associated persons, the purchaser’s depreciation loss is limited to the vendor’s original cost, calculated before any Investment Boost deduction is applied.
 - Clarifying the scope of the secondhand exclusion under the Investment Boost policy to ensure:
 - Only assets genuinely new to New Zealand are eligible for the deduction;
 - Use of a new asset that is necessary for sale does not prevent the purchaser from claiming the deduction; and
 - Commercial buildings held as trading stock remain eligible for the deduction once sold.

Feedback from stakeholders on Investment Boost

5. It is still too early to determine how Investment Boost has impacted businesses' investment plans. However, Inland Revenue has heard generally positive feedback about Investment Boost from stakeholders such as National Tax Liaison Group and tax advisors that some of their clients seem to be making higher investments due to Investment Boost.
6. Stakeholders have also identified potential impediments to claiming Investment Boost, including accounting software that is not yet configured to accommodate the requirements of the Investment Boost policy.
7. Inland Revenue has published guidance to assist stakeholders interpret Investment Boost legislation. In response to feedback around implementation issues, we have also provided some more practical guidance around how to claim Investment Boost deductions.
8. Feedback on the remedial amendments in the Compliance Simplification Bill has also been generally supportive. Some stakeholders have requested further guidance or legislative amendments to provide clarity on the availability of Investment Boost for certain edge cases. For example, confirming that a commercial building which has been developed with the intention of being sold can be tenanted before sale without impacting the availability of Investment Boost for the first purchaser of the building.

Investment Boost survey

9. Inland Revenue will be undertaking a survey of firms by the end of 2025 to understand how investment plans have changed due to Investment Boost (IR2025/327 refers). This will provide qualitative information on whether firms are utilising Investment Boost.
10. We will report to Ministers on the results of this survey in the first quarter of 2026.

Consultation with the Treasury

16. The Treasury was informed about this briefing note.

Matt Pilkinton
Senior Policy Advisor

s 9(2)(a)



Inland Revenue
Te Tari Taake

25SR37 Status Report

Weekly update for the Minister of Revenue

Week ending: Friday 14 November 2025

Date issued: Thursday 6 November 2025

Bills

Bill title	
Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill	
Current status	
The Bill was introduced on 26 August. First reading and referral to the Finance and Expenditure Committee took place on 11 September 2025. Committee has given permission for officials to consult potential submitters. The period for written submissions ended on 23 October. Officials briefed FEC on the Bill on 22 October; this briefing will be completed on 3 November	
Key upcoming dates	
By 10/03/2026	Bill reported back by FEC
By 31/03/2026	Bill enacted

s 9(2)(f)(iv)

Upcoming Cabinet papers

Minister(s)	Paper	Meeting	Expected meeting date
MoR	Draft Cabinet paper: Increasing the Minimum Family Tax Credit threshold and CPI indexation of Family Tax Credit and Best Start Tax Credit payment rates	LEG	13/11/2025
MoR	Tax Administration (Research and Development Tax Incentive General Approvals Application Due Date for Businesses with a September Balance Date for the 2024-25 Income Tax Year) Extension Order 2025	LEG ECO	13/11/2025 17/11/2025
MoR, MoF, MCCA	Cabinet paper - Approval for the proposed information sharing agreement between Inland Revenue and the Ministry of Business, Innovation and Employment	ECO	19/11/2025
MoR, MoF	Decrease in FBT prescribed rate of interest	LEG	20/11/2025
s 9(2)(f)(iv)			
MoR, MoF	Use of money interest rates review	LEG	11/12/2025

Upcoming reports

Policy

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					
IR2025/419	MoR: Note	Update on e-Invoicing	This report provides an update on Inland Revenue's approach and perspective on e-Invoicing, following a meeting between MoR and the Minister of Small Business and Manufacturing.		14/11/2025
s 9(2)(f)(iv)					

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/431	MoR: Agree MoF: Refer	Financial arrangement rules - options to support new migrants	This report responds to commissioning for options to lower the barrier to immigration that the financial arrangement rules pose. Outlines issues identified with the current rules and provides options for change. These include specific and targeted options, and larger scale reform options. Provides initial recommendations on which options should be progressed and seeks agreement on next steps.		07/11/2025 14/11/2025
IR2025/437	MoR: Agree, Authorise MoF: Agree	Use of money interest rates review	This report seeks agreement to update the UOMI rates via Order in Council as the criteria for a rate change have been triggered.	LEG 11/12/2025	14/11/2025
BN2025/441	MoR: Note	Decrease in FBT prescribed rate of interest	Speaking notes for Cabinet Legislation Committee on 20 November 2025.		14/11/2025
IR2025/445	MoR: Note, Refer to MoF	Tax forecasts for 2025 Half Year Economic and Fiscal Update	Details of Treasury's tax forecasts for 2025 Half Year Economic and Fiscal Update		14/11/2025
IR2025/398		Policy options to reduce tax debt	s 9(2)(f)(iv)		21/11/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/446	MoR: Agree	Draft submission to Cabinet Legislation Committee for bids on the 2026 Legislation Programme	Ministers must submit bids to the Cabinet Legislation Committee for bills to be given places on the 2026 Legislation Programme. Ministers and departments are asked to consider legislative priorities for the 2026 Parliamentary year. This will assist the government in prioritising and enabling delivery of those priorities before the 2026 general election.		21/11/2025
s 9(2)(f)(iv)					
IR2025/444	MoR: Note, Refer to MoF	Tax monitoring report: Collections to October 2025	Tax outturn monitoring report for October 2025 with variances reported against BEFU2025		28/11/2025
IR2025/TBC	MoR: Agree MoF: Agree	International developments update	This is a report to you and the Minister of Finance on international developments in tax, especially with reference to Pillar Two.		14/11/2025 28/11/2025
IR2025/422	MoR: Agree MoF: Agree	Thin capitalisation settings for infrastructure - final policy recommendations	s 9(2)(f)(iv)		05/12/2025 12/12/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					

Enterprise and Integrity Services (E&IS), CCS-I, CCS-B and TCO

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Legal requirement (yes or no, if yes when)	Due to Minister (Week ending)
IR2025/401	MoSIT: Refer to MoF, cc MoR	Vote Revenue: 2025 Half-year Economic and Fiscal Update submission for the Research and Development Tax Incentive appropriation	2025 Half-year Economic and Fiscal Update submission for Vote Revenue covering the Research and Development Tax Incentive appropriation.	Treasury requirement	MoSIT: 14/11/2025 MoF: 21/11/2025
IR2025/405	MoR: Refer to MoF	Vote Revenue: 2025 Half-year Economic and Fiscal Update for non-departmental expenditure appropriations	2025 Half-year Economic and Fiscal Update submission for Vote Revenue covering non-departmental appropriations.	Treasury requirement	14/11/2025
IR2025/430	MoR: Note	Quarterly performance report and quarterly debt report Q1 2025/26	Regular reporting on IR's performance for Q1, and a copy of the debt report prior to public release.	No	21/11/2025
s 9(2)(f)(iv)					
MoE reference TBC	MfU: Cc MoR	Annual report for Student Loan Scheme	Student Loan Scheme annual report prepared by MoE, Inland Revenue and MSD. Published by MoE and presented to the House by the Minister for Universities.	No	21/11/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Legal requirement (yes or no, if yes when)	Due to Minister (Week ending)
MoE reference TBC	MfU: Cc MoR	Quarterly Student Loan Scheme report for Q1 2025/26	Quarterly Student Loan Scheme report for Q1 2025/26.	No	28/11/2025

Upcoming meetings/events

Date	Meeting/Events title
10/11/2025	Joint Ministers' meeting
11/11/2025	Minister of Revenue meeting
12/11/2025	Meeting with Law Society- Tax Law Committee members
12/11/2025	Going for Growth Ministerial Group: Competitive Business Settings Group

Official Information Act requests

CIR OIAs – For Minister's office to note or consultation

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
26OIA1463	31/10/2025	03/11/2025	s 9(2)(a) New Zealand Taxpayers' Union	Copies of modelling, forecasts, internal reports, and reports to Ministers, produced in relation to the costings of capital expensing
26OIA1348	Extended to: 07/11/2025	Extended to: 14/11/2025	Member of the Public	Information about the tax treatment of carry (commonly referred to as carried interest or earnout), including all policy documents, all internal IR correspondence and any other information IR has which relates to the tax treatment of carry
26OIA1528	12/11/2025	18/11/2025	s 9(2)(a) NZ Herald	Expected revenue from GST compliance improvements
26OIA1530	18/11/2025	19/11/2025	s 9(2)(a) NZ Herald	All documents related to efforts to increase repayment of Small Business Cash Flow Loans, including total debt, repayment likelihood, and business insolvencies linked to loan default from March 1 to 21 October 2025
26OIA1536	Received	24/11/2025	s 9(2)(a) Newsroom	Copies of IR2025/327, IR2025/336 & BN2025/366
26OIA1565	27/11/2025	28/11/2025	s 9(2)(a) New Zealand Taxpayers' Union	Number of staff investigated for accessing taxpayer records without authorisation and outcomes
26OIA1568	27/11/2025	28/11/2025	s 9(2)(a) TinTax	Costings of charities proposals following Ministerial decisions
26OIA1571	27/11/2025	28/11/2025	s 9(2)(a) The Post	Follow up questions about the rollout of AI and specific programmes and applications



POLICY

Tax policy report: **Financial arrangements rules – options to support new migrants**

Date:	11 November 2025	Priority:	Medium
Security level:	In Confidence	Report number:	IR2025/431

Action sought

	Action sought	Deadline
Minister of Revenue	Agree to recommendations Refer to the Minister of Finance	25 November 2025

Contact for telephone discussion (if required)

Name	Position	Telephone	Suggested first contact
Fiona Wellgreen	Principal Policy Advisor, Policy Inland Revenue	s 9(2)(a) [REDACTED] [REDACTED]	<input type="checkbox"/>
Dan Doughty	Senior Policy Advisor, Policy Inland Revenue	s 9(2)(a) [REDACTED]	<input checked="" type="checkbox"/>

Financial arrangements rules – options to support new migrants

Purpose

- 1. This report provides an overview of how the financial arrangements (FA) rules may be creating barriers that prevent some highly skilled individuals from immigrating to New Zealand, and discusses options to reduce these barriers.
- 2. We seek your approval to progress policy options targeting specific issues identified by officials, including those proactively raised with us by stakeholders. Alternatively, we seek your decision to expand the scope of this project to allow for a more fundamental review of the FA rules.

Executive summary

- 3. In March of this year, Cabinet commissioned advice on how to lower tax barriers to attract highly skilled migrants. The FA rules have been identified by stakeholders as imposing disproportionately high costs on migrants. As a result, you included targeted changes to the FA rules on the refreshed Tax and Social Policy Work Programme – announced on 29 October.
- 4. Work to-date (including limited conversations with stakeholders) has identified that the FA rules are highly complex when applied to arrangements (such as, loans, bonds) denominated in foreign currencies. Migrants are more likely to be party to these types of arrangements. The rules can also result in unrealised gains on these arrangements being subject to tax.
- 5. Our initial view is that low-cost, bespoke policy solutions could be implemented to mitigate the issues caused by foreign currency arrangements. However, given the complexity of the FA rules, we need to consult more widely with stakeholders to:
 - confirm that the proposed solutions would not result in unforeseen issues when applied in practice, and
 - ensure that any other areas of the FA rules that are imposing disproportionately high costs on migrants are identified and included in this review.
- 6. We recommend that you approve Inland Revenue undertaking targeted consultation on the proposed policy options in this report. Following consultation, Officials will report back to you in early 2026 with updated policy proposals. This report only covers the issues we have identified to date so we expect that consultation will raise further low-cost, bespoke solutions, which we will also include in further reporting.
- 7. **s 9(2)(g)(i)**
[Redacted text]
- 8. A broader review of the FA rules is not within the current scope of this project. Given the likely fiscal costs and resourcing requirements we would not recommend expanding the scope of this project to accommodate such a review. Instead, we recommend a focus on targeted changes that will have a tangible benefit for taxpayers and can be progressed quickly.

Problem definition and project scope

9. The Government is seeking to incentivise more highly skilled individuals to migrate to New Zealand to support its economic strategy. To achieve that objective, Cabinet has commissioned advice on options to address tax barriers to attracting and retaining these migrants (CAB-25-MIN-0061 refers).
10. The FA rules impose disproportionately high costs on migrants (relative to non-migrants). This unequal treatment may be disincentivising some migrants with FAs from moving to New Zealand. The scope of this policy project is therefore to identify which aspects of the FA rules are causing these disproportionate costs, and to provide policy options that equalise the outcomes for migrants with the outcomes for non-migrants.
11. The FA rules are also an inherently complex area of law that impose high costs on anyone who must comply with them. The rules will likely still disincentivise some migrants even if their treatment is made the same as non-migrants. Addressing the concerns of these migrants (and of stakeholders more generally) would require a fundamental review of current settings, which is not within the proposed scope of the project. We discuss expanding the scope of the project below.

Overview of FA rules

12. The FA rules apply to any arrangement when a person provides another person with money with the expectation of repayment (with or without interest) at some point in the future. The purpose of the rules is to prevent taxpayers using these arrangements to shift taxable income into future years, while bringing forward deductions, that is, functionally deferring tax payments.
13. To achieve that purpose, the FA rules require parties to an FA to recognise income and expenses over the duration of the arrangement:
 - **During an FA** – parties are required to use spreading rules to apportion income and expenses over the duration of the arrangement. Importantly, these rules account for income on an accrual basis and not on cashflow (like most New Zealand tax rules).
 - **At the end of an FA** – parties are required to complete a base price adjustment when the FA ends (that is, when the arrangement is repaid in full, has matured, or is otherwise disposed of). A base price adjustment is functionally a “wash up” calculation, where any income and expenses not accounted for under the spreading rules is brought to account.
14. The legislative definition of an FA is very broad, and intentionally captures many common arrangements such as bank accounts, mortgages, and investments in bonds. A narrow subset of arrangements is then carved out from the FA rules altogether (arrangements that do not need to use the spreading rules or complete a base price adjustment), referred to as excepted financial arrangements. Common examples include shares and superannuation schemes.
15. Despite most taxpayers being party to one or more arrangements that are captured by the FA rules, very few natural persons ever interact with the rules for two main reasons:
 - To reduce compliance costs, the cash basis person rules allow any eligible taxpayers to account for FA income and expenses on a realisation basis (they can ignore the spreading rules). A person will be a cash basis person if the value or income of their FAs is below certain thresholds during the year (discussed below). Most individuals will not breach these thresholds.

- Despite technically being required to complete a base price adjustment calculation (even as a cash basis person), many arrangements will not have income or expenses to “wash up”.
16. As a result, only high-wealth individuals with sophisticated investments will generally be required to apply all aspects of the FA rules. This is intentional because, generally, it is only more complex FAs that carry the material integrity risks that justify the costs imposed by the rules. The key concerns with the application of the rules are:
- **High compliance costs** – the FA rules are highly complex and contained in both primary and secondary legislation. Most taxpayers are largely unaware of these rules and the complexity involved in applying them. Taxpayers who must deal with these rules will generally require specialist advice to remain compliant.
 - **Tax on unrealised income** – the FA rules operate on an accruals basis, so many taxpayers will incur tax on unrealised income. This can cause liquidity issues when realised income is significantly different from accrued income.

Core issue – interaction between FA rules and foreign currencies

17. Fundamentally, FAs are intangible financial assets and liabilities, which therefore have a value. The various components of the FA rules operate by assessing the value of the FAs each year and treating changes in value as either income or expenditure. Importantly, the rules assess those values in New Zealand dollars.
18. When a taxpayer is party to an FA denominated in a foreign currency, the FA rules become materially more complex, attracting both high compliance costs and taxing unrealised income. Because migrants are more likely to have FAs denominated in foreign currencies, they are disproportionately more exposed to these issues.
19. The rules will always need to account for exchange rate movements to some degree. However, officials have identified three main areas where it is being overemphasised, resulting in higher than intended compliance and tax costs.

Interaction between foreign currencies and cash basis person rules

20. As discussed above, a cash basis person is not required to use the spreading rules. A taxpayer is considered a cash basis person if they are below either of the following thresholds (in New Zealand dollars):¹
- the person does not have FAs with a total value of more than \$2 million on any day in the income year (the “absolute value threshold”), or
 - the person does not have accrued income of more than \$200,000 across all their FAs for the income year (the “accrued value threshold”), and
 - if below either of the first two thresholds, the person must also not have a difference in their accrued and realised income of more than \$100,000 (called “the deferral threshold”).
21. Under the current law, a taxpayer is required to revalue their FAs daily to determine whether they meet these thresholds, and therefore whether they are required to use the spreading rules for the income year (and incur the high associated costs).
22. These revaluations cause issues for migrants because they must account for the effect of exchange rate movements. This can cause some migrants to breach the

¹ The thresholds reported here are the updated thresholds proposed in the Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill. The thresholds contained in current legislation are generally half the thresholds reported here.

relatively low deferral threshold, which requires that they then use the spreading rules (and incur the associated costs).

Issues with spreading rules and foreign transaction accounts

23. When a taxpayer has an FA denominated in a foreign currency they must use special spreading rules. For many FAs, any foreign exchange gains or losses can be deferred until a base price adjustment calculation is completed. However, if the FA has an unpredictable cashflow, these gains and losses must instead be recognised annually.
24. This is a particular issue for migrants with foreign private transaction accounts because their private transactions force them to pay tax on unrealised foreign exchange gains annually, but do not always allow for the taxpayer to recognise any foreign exchange losses.
25. Stakeholders have raised concerns with this inconsistent treatment causing different treatment year-to-year on the same foreign FAs, without the ability to offset previous non-deductible unrealised losses against their current taxable unrealised gains.

FA rules and investor visa requirements

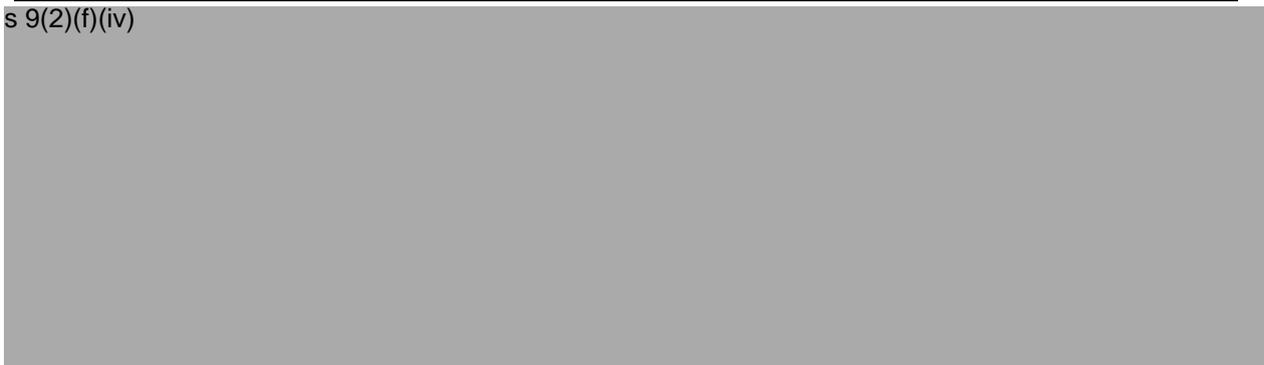
26. Migrants who apply for certain visas (such as the Active Investor Plus visa) are required to make investments into New Zealand to meet visa eligibility requirements. Many of these investments (particularly bonds) will be FAs, and once these investors become New Zealand tax residents they will need to apply the FA rules.
27. Unlike their foreign FAs (which are excluded under the transitional residency rules), these FAs will have a New Zealand source and so are subject to the FA rules from the date of their arrival into the country. Importantly, the FA rules will require that these investors revalue the FAs they acquired for visa-eligibility purposes at the date they became subject to the rules.
28. This causes an issue when changes in exchange rates can result in taxable unrealised gains from the date the investor arrives in New Zealand. Stakeholders report that this interaction is undermining the attractiveness of the Active Investor Plus and other visa categories.

Foreign tax credits for United States migrants

29. Separate from the foreign exchange related issues, officials have also heard anecdotal evidence that some US migrants are being denied foreign tax credits by US tax authorities on their FA income. This is an issue that arises under foreign rules, so we do not have the necessary expertise to comment on this problem at this stage. We intend to undertake further consultation and will provide recommendations at the next stage of this project.

Immediately actionable policy options

s 9(2)(f)(iv)



32. s 9(2)(f)(iv)

These proposals can be progressed without further consultation, and independently of your decision on the options below.

Further policy options to address remaining issues

33. Officials have developed several policy options that would mitigate the specific issues identified above. We intend to consult on these issues with stakeholders if this project is progressed. We also expect that consultation will identify further low-cost, bespoke policy options.

Except private foreign currency transaction accounts from FA rules

34. The excepted FA rules currently except loans in foreign currencies that have a private or domestic purpose (that is, mortgages for overseas homes, personal cars, etc). We propose that the same treatment be extended to foreign private transaction accounts. This will prevent the inconsistent treatment of foreign exchange gains and losses discussed above.

Loosen requirements for foreign currency private loans to qualify as excepted FAs

35. The current rules that except private loans in foreign currencies also require that the borrower be considered a cash basis person for the loan to qualify. We recommend removing this requirement because we do not believe that private loans pose a material integrity risk, and the current settings are exposing taxpayers to tax on unrealised gains on their mortgage debt (when gains in the foreign currency mean the New Zealand dollar value of the debt has decreased).

Ignore foreign exchange movements for certain foreign on-call credit accounts

36. The FA rules also except variable principal debt instruments (on-call credit accounts) if the credit limit does not exceed \$100,000 in the income year. However, that limit is calculated in New Zealand dollar, which means it is also exposed to issues with changes in foreign exchange rates.

37. We recommend that this threshold also ignore foreign exchange movements to prevent taxation of unrealised foreign exchange gains on these debt instruments (when foreign exchange movements decrease the New Zealand dollar value of the balance of a foreign on-call credit account).

Fiscal costs associated with policy proposals

38. We have not costed these proposals at this stage because we cannot confirm whether further changes may be required post-consultation. However, our initial view is that these options would all have an unquantifiable impact that could be either a net gain or loss to the Crown. In situations such as this, Inland Revenue will generally forecast a nil fiscal impact.

Broader issue in meeting Ministers' stated objectives

39. The policy options outlined above will limit instances when the compliance and tax costs resulting from the FA rules are disproportionately imposed on migrants. However, particularly high-wealth migrants will still be exposed to the FA rules (and their associated costs) in the same way that high-wealth non-migrants are.
40. To the extent that those individuals are disincentivised by the costs of the FA rules generally, these policy options may not fully meet Ministers' objectives for attracting highly skilled migrants. Meeting that broader objective would require a more fundamental review of the FA rules.

Fundamental review of FA rules

41. The FA rules were designed over 30 years ago, and it is unclear if the integrity risks that motivated design decisions then are still as prevalent today given changes in commercial practice and the wider legislative landscape since then. Fundamentally reviewing the FA rules could potentially lower costs for all taxpayers with FAs,² while preserving the integrity of the tax system.
42. For example, we understand that the Australian equivalent of the FA rules generally exempts natural persons from the application of the rules, with different mechanisms for ensuring the integrity of the Australian tax system. New Zealand could consider a similar regime, but we expect doing so would require extensive policy work.
43. We do not believe that this work could be completed within this Parliamentary term, and that beginning this work would require reprioritising policy resources away from other projects in the meantime. Given the uncertain fiscal costs involved, and your broader legislative priorities, we would not recommend commissioning this work at this time.

Consultation

44. The Treasury was consulted on the contents of this report and agrees with Inland Revenue's recommendations.

Next steps

45. Officials can meet with you to discuss the contents of this report.
46. We recommend that you agree to officials conducting targeted consultation on the specific policy options recommended above during November and December 2025. We expect that we would complete this consultation in late 2025 or early 2026. Following consultation, we would report to you with final policy recommendations in February or March 2026.

² For example, we are aware of broader concerns with applying the FA rules to modern financial assets.

Recommendations

We recommend that you:

1.  s 9(2)(f)(iv)

2. **Agree** to allow officials to conduct targeted consultation on the specific policy options discussed in this report. Following consultation, we will report back to you in early 2026 with final policy recommendations.

Agreed/Not agreed

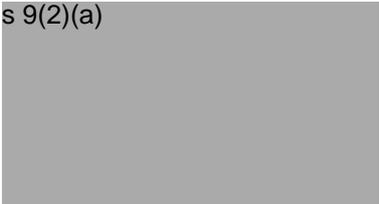
3. **Agree** that the scope of this project on financial arrangements is limited to the specific policy options in this report, and not to a general review of the financial arrangements rules.

Agreed/Not agreed

4. **Refer** a copy of this report to the Minister of Finance for her information.

Referred

s 9(2)(a)



Fiona Wellgreen
Principal Policy Advisor
Policy

Hon Simon Watts
Minister of Revenue
/ /2025

Inland Revenue report: Quarterly performance and debt reports for July to September 2025

Date:	18 November 2025	Priority:	Low
Security level:	In confidence	Report number:	IR2025/430

Action sought

	Action sought	Deadline
Minister of Revenue	<p>Note the contents of the Quarterly Performance Report and the Managing Overdue Debt Report for Q1 2025-26.</p> <p>Note Inland Revenue will publish the debt report on its website by 30 November 2025.</p>	<p>None</p> <p>None</p>

Contact for telephone discussion (if required)

Name	Position	Telephone
David Shanks	Deputy Commissioner, Enterprise and Integrity Services	s 9(2)(a)
Teressa Dillon	Domain Lead, Performance and Reporting	s 9(2)(a)

Inland Revenue's quarterly performance and debt reports for July to September 2025

Quarterly Performance Report

1. The performance report provides a comprehensive overview of our performance for the July to September 2025 quarter. Key components include:
 - our progress in relation to the Government's tax and social policy objectives
 - key results from our compliance work and progress against Budget 2024 and 2025 deliverables
 - our performance against the Vote Revenue output measures for 2025-26
 - non-departmental revenue and expenditure
 - departmental expenditure and asset performance.
2. The compliance dashboard on page 4 summarises year-to-date progress across compliance activities, including audits, prosecutions, arrests, and warrants.
3. The level of detail in the report has been balanced with the understanding that more specific briefings or reports are better suited for addressing detailed views of the content.
4. We welcome your feedback on any aspects of this report that you would like incorporated into future reports.

Managing Overdue Debt Report

5. The September 2025 report, Managing Overdue Debt, is attached for your feedback.
6. The report has been prepared with the following objectives in mind:
 - To ensure it is clear, concise, and easy to understand,
 - To present Inland Revenue's efforts in collecting overdue debt, along with performance comparisons across previous quarters and years
 - To be published on Inland Revenue's website by 30 November 2025.
7. The front section provides context on the debt landscape, supported by data and insights that are updated quarterly. The "Key Results" section highlights specific activities undertaken to collect debt and outcomes for the quarter.

Recommended action

We recommend that you:

8. **note** the contents of the attached Inland Revenue Quarterly Performance Report and Managing Overdue Debt Report for July to September 2025.
noted
9. **note** that Inland Revenue will publish the Managing Overdue Debt Report on its website by 30 November 2025.
noted

David Shanks

Deputy Commissioner, Enterprise and Integrity Services

Date: 18 November 2025

s 9(2)(a)



Hon Simon Watts

Minister of Revenue

Date:

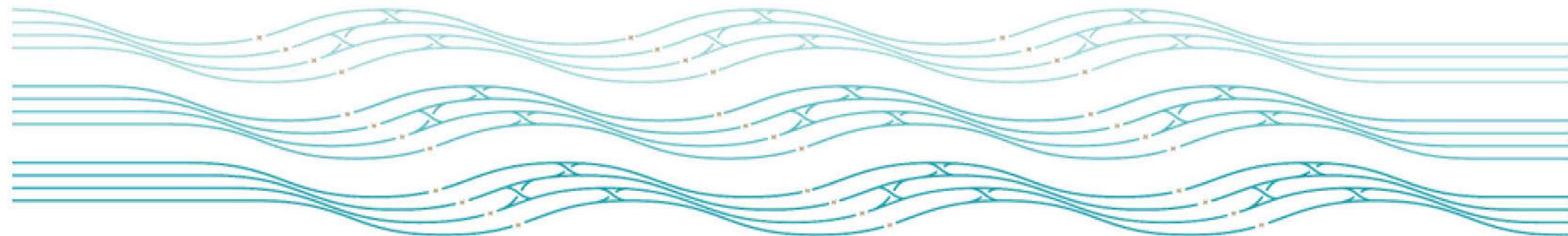
Inland Revenue Te Tari Taake

Quarterly performance report

QUARTER 1, JULY TO SEPTEMBER 2025

This report outlines Inland Revenue's progress this quarter:

- › key results for revenue collection | page 2
- › delivering Government priorities | page 5 and appendix page 16
- › effective and efficient tax and social policy payment services | from page 6
- › stewardship of the tax and social policy systems | page 12
- › managing our organisation | from page 13.



Performance summary

Revenue: For the quarter to September 2025, year-to-date (YTD) revenue excluding gains and losses was \$27.621 billion - \$598 million (2.1%) below forecast and \$534 million lower than the same period last year. Key drivers include:

- Weaker PAYE from a soft labour market, and
- Slightly lower-than-forecast revenue from other persons and companies, however it is too early to confirm a trend against the forecast as this may reflect timing issues in the monthly revenue phasing.
- GST was slightly above forecast driven by higher costs of goods and services, although private consumption remains constrained.

Receipts: YTD tax receipts of \$29.070 billion was \$917 million above forecast, mainly due to stronger provisional tax payments by Companies over the past three months. However, this may not signal a lasting trend. s 9(2)(g)(i)

PAYE receipts were \$250 million below, in line with revenue.

Non-departmental appropriations: Total spending against appropriations to September 2025 was \$4.255 billion, \$133 million above forecast but within annual appropriation limits. This mostly relates to KiwiSaver - employee and employer contributions under the Permanent Legislative Authority, and timing-related debt impairment and write-offs. Appropriation forecasts will be updated for HYEFU25 where appropriate.

Departmental: Our 2025/26 departmental operating expenditure is on track with a forecast of \$777m. This is \$11m (1%) below our appropriation.

Performance: We achieved 85% of our output measure targets (23 out of 27) this quarter, an improvement from the same time last year, when we were meeting 78%.

We're on track for 3 out of the 4 compliance measures for Budget 2024 and Budget 2025. We have continued to recruit frontline staff to support compliance work from the increased investment through Budget 2025 and will continue to build capability over the coming months.

Of the 4 (out of 27) output measures we're not currently meeting (see page 13):

- Correspondence is balanced across our work and other customer contact channels each quarter. We expect to achieve or come close to achieving this measure across the four quarters.
- Student loan results are temporarily impacted by the 30 September due date as some customers make late payments. Compliance is expected to improve in the next quarter as more payments are received.
- The remaining two measures relate to debt, where we continue to strengthen our efforts.

Overdue tax debt has increased by \$241 million (2.6%) since June 2025 and \$1.08 billion (12.8%) since September 2024. The increase between June and September 2025 is primarily due to income tax and GST debt, while employers and other debt have decreased slightly. The growth in income tax debt during this time is a result of the tax pooling timeframe expiring (85 days after the due date is allowed for customers to make tax pooling transfers).

Revenue summary

	September year-to-date 2025/26				Year-to-date comparison 2025/26 to 2024/25				Full-year forecast	
	Actual	Forecast	Variation		2025/26 actual	2024/25 actual	Variation		Actual year to	Forecast
	(\$m)	(\$m)	(\$m)	%	(\$m)	(\$m)	(\$m)	%	%	(\$m)
Revenue excluding gains and losses	27,621	28,219	598	2.1%	27,621	28,155	534	1.9%	23.0%	119,918
Tax receipts	29,070	28,153	(917)	(3.3%)	29,070	30,069	999	3.3%	24.5%	118,750
Appropriations (non-departmental)	4,255	4,122	(133)	(3.2%)	4,255	4,107	(148)	(3.6%)	22.7%	18,742
Appropriations: Impairment of debt and debt write-offs	257	223	(34)	(15.2%)	257	138	(119)	(86.2%)	16.9%	1,520

s 9(2)(g)(i)

AT A GLANCE – KEY METRICS FOR SEPTEMBER 2025

CUSTOMERS FILING AND REPORTING ACCURATELY

88.2%

of the returns filed by customers were on time

Jun 2025: 85.4%
Sep 2024: 88.2%
Target: 85.4%

Identified value of compliance activities over associated costs

\$17.37

Jun 2025: \$11.81
Sep 2024: \$13.22
Target: \$10.00

CUSTOMERS GET THE SUPPORT THEY NEED

62.4%

of calls answered

Jun 2025: 74.5%
Sep 2024: 74.2%
Target: 60%

86.4%

of tax and social policy registrations processed within 5 working days

Jun 2025: 89.9%
Sep 2024: 93.6%
Target: 85%

CUSTOMERS PAYING

86.0%

of the tax payments made by customers were on time

Jun 2025: 84.5%
Sep 2024: 85.3%
Target: 84%

95.5%

of tax payments made on time by value

Jun 2025: 92.7%
Sep 2024: 94.6%
Target: 92%

80.6%

of New Zealand liable parent child support debt cases resolved within 12 months

Jun 2025: 84.3%
Sep 2024: 78.9%
Target: 80%

76.5%

of child support assessments paid on time

Jun 2025: 75.8%
Sep 2024: 75.3%
Target: 70%

23.3%

of overseas-based student loan customers met their obligations

Jun 2025: 31.3%
Sep 2024: 21.2%
Target: 31-35%

22.1%

of collectable tax debt value under an active repayment plan

Jun 2025: 22.1%
Sep 2024: 21.5%
Target: 22.1%

40.1%

of collectable debt value over two years old

Jun 2025: 39.95%
Sep 2024: 32.5%
Target: 40% or less

REVENUE PERFORMANCE

Tax revenue:

\$27.6b

2.1% below forecast

Tax receipts:

\$29.1b

3.3% above forecast

OVERALL, WE HAVE MET 85% OF AVAILABLE PERFORMANCE MEASURES

COMPLIANCE ACTIVITY DASHBOARD - YEAR TO DATE SEPTEMBER 2025, UNLESS OTHERWISE STATED

PROGRESS AGAINST OUR B24 AND B25 TARGET

\$0.552 b

revenue assessed from compliance interventions against a full-year minimum target of \$1.208 b

\$155.4 m
higher than
YTD Sep 2024



PROPERTY

\$62.6 m

additional revenue identified across all property interventions

CAMPAIGN HIGHLIGHTS

Property developers	\$16.2 m discrepancies
Rental income	\$2.3 m discrepancies
GST	\$3.2 m discrepancies

HIDDEN ECONOMY

Construction 18 cases closed	\$2m recovered
Crypto 27 audits closed	\$5.6m assessed tax
Digitally Enhanced Tax Evasion Tools	\$12.4 m discrepancies

GST, EMPLOYER TAX AND INCOME TAX

CASH COLLECTED

GST \$446m	Income tax individuals \$237m	Employer tax \$190m	Non individuals Income tax \$149m
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ACTIVITIES

4,988

field visits

Jun 2025: 17,940
Sep 2024: 4,191

19% higher
than Sep 2024

1,894

audits closed

Jun 2025: 6,147
Sep 2024: 1,622

17% higher
than Sep 2024

2,010

audits opened

Jun 2025: 7,641
Sep 2024: 1,908

5.3% higher
than Sep 2024

9,349

voluntary disclosures

Jun 2025: 28,533
Sep 2024: 9,594

2.6% lower
than Sep 2024

3

arrest warrants issued

Jun 2025: 17
Sep 2024: 6

50% lower
than Sep 2024

30*

warrants to access premises

Jun 2025: 80
Sep 2024: 18

67% higher
than Sep 2024

17

prosecutions initiated

Jun 2025: 50
Sep 2024: 5

240% higher
than Sep 2024

10

prosecutions completed

Jun 2025: 30
Sep 2024: 15

33% lower
than Sep 2024

22,209**

active S157 deductions

Jun 2025: 25,832
Sep 2024: 16,419

35% higher
than Sep 2024

June figures represent totals for the full financial year ending 30 June, and September figures represent year-to-date totals for the first quarter of the financial year to 30 September, unless otherwise stated.

Delivering the Government's tax and social policy priorities

Inland Revenue (IR) delivers on the Government's Tax and Social Policy Work Programme, including the successful implementation of initiatives through Budgets and other legislative changes.

Budget 2025

IR has implemented changes to Working for Families thresholds and the abatement rate, as well as income testing the first year of Best Start.

Changes to KiwiSaver are being progressively delivered over this year, including changes to the government contribution, changes to rates and extending the eligibility for employer and government contributions to 16 and 17-year-olds.

Customers were able to claim Investment Boost from 22 May 2025.

Progressing the Taxation (Annual Rates for 2025/26, Compliance simplification, Remedial Measures) Bill

The Taxation (Annual Rates for 2025/26, Compliance, and Remedial Measures) Bill 2026 was introduced on 26 August 2025 and received its first reading on 11 September 2025. Among other things, the Bill proposes to:

- Set the annual rates of income tax for the 2025/26 tax year,
- Allow non-resident visitors to undertake remote work without triggering NZ tax consequences for themselves, their non-resident employer, or their non-resident business,
- Introduce a new calculation method to determine a person's foreign investment fund (FIF) income,
- Amend the GST Act to resolve issues with the unincorporated body rules as they apply to joint ventures,
- Allow unlisted companies to elect to defer the tax liability for employees who receive shares or share options as part of an employee share scheme until a liquidity event,
- Introduce a tax exemption for income derived by an individual from the sale of excess electricity generated at a residential property,
- Enable IR to disclose information to another government agency under a Ministerial agreement.

Fiscal Sustainability Programme and Budget 2026

We have commenced work on our Performance Plan for the forecast period from 2025/26 to 2029/30. There is a two-stage process this year:

- Stage 1: initial commissioning (based on Treasury Circular 2025/12 Performance Plan Year Two Initiation),
- Stage 2: formal commissioning (alongside Cabinet's Budget 2026 strategy to be released in mid-October).

We have commenced the initial commissioning of our 2026 Performance Plan, maintaining a strong focus on supporting the Government's fiscal strategy while delivering value for New Zealanders. A key shift in the plan is an increased emphasis on improving performance reporting and demonstrating the value and impact that spending delivers.

Digital Strategy – all of Government (AoG) approach

We are supporting the Government Chief Digital Officer's (GCDO) approach to digitise government services. As part of this, we are working to make an IR service available through the AoG app. One initiative underway involves integrating Department of Internal Affairs' Identity Check service into our IRD number application process for individuals. Additionally, we are exploring the opportunity for IR to participate in the Digital Identity Services Trust Framework, administered by the GCDO. This initiative is in its early stages.

FamilyBoost

Changes to FamilyBoost eligibility were enacted on 23 September, and our systems were able to process claims based on the new criteria from 1 October 2025.

The changes have been communicated to customers across all key channels. Permanent content such as pages on our website, myIR, calculators and tools were updated to reflect the changes.

Advertising and other promotional communications live from 1 October have been updated to reflect the changes. Key advertising channels to promote FamilyBoost include social and digital media advertising, radio (mainstream and ethnic stations) and billboards in family and recreation centres across New Zealand.

Delivering tax and social policy services effectively and efficiently

IR's compliance efforts are integrated across both business-as-usual activities and initiatives through Budgets 2024 and 2025 funding. Reporting outcomes across both areas ensures a comprehensive view of the impact of our compliance efforts and maintaining the integrity of the tax and social policy systems.

Supporting our customers

Our customer engagement is shaped by our commitment to making interactions efficient, timely, and mostly self-managed. With over 99% of tax returns now filed online and more than 85% of total contacts handled through digital platforms, customers are increasingly choosing to engage through secure, self-service channels. This shift to self-service enables IR to deliver efficient support while reallocating resources to areas of greater need, ensuring service remains responsive.

IR's digital ecosystem continues to reduce compliance effort through real-time data access, software integration, and online services. Our recent integration with a major tax pooling intermediary enables clients to manage provisional tax payments with greater flexibility and less manual effort. By securely connecting with IR systems, customer information can be retrieved and reconciled quickly, administrative processes are simplified or automated, and improved visibility of account activity helps identify emerging compliance issues.

The proportion of correspondence completed within 10 working days dropped from 61.5% in September 2024 to 57.2% at September 2025. Focus on correspondence is balanced with voice demand and compliance work, ensuring timely responses to priority cases.

Call volumes generally ease during this quarter, following the peak of the income tax season. We were slightly above target, answering 62.4% of calls this quarter.

In August 2025, the launch of Integrated Operational Planning across voice and non-voice channels enhanced how we manage work internally. This had a small impact on performance measures, as teams adjusted to a new tool, planning processes and resource allocation.

Correspondence completed within 10 working days

Actual 57.2% | Target 70%

Percentage of calls answered

Actual 62.4% | Target 60%

Average speed to answer telephone calls

Actual 3:34 | Target 4:30

	Q1 FY2025	Q1 FY2026
Correspondence received	392,701	387,082
Correspondence completed*	427,544	414,695
Calls received**	501,830	555,702
Calls answered	372,265	346,724
Total decrease in the number of customer contacts serviced this year: 38,490		

* Includes aged correspondence. Work priorities continue to be adjusted to target the oldest work and highest customer risk.

**Received call volumes include those where customers have contacted us more than once on any given day. For example, if they cannot reach us the first time.

Customer perceptions

Customer perceptions that "Inland Revenue helps people who are trying to get things right" increased from 66% in the previous quarter to 72%.

Trust in IR continues to recover - customer trust ratings have steadily improved since the dip to 60% in the December 2024 quarter, now returning to 66%, matching pre-December 2024 levels.

KiwiSaver withdrawals

KiwiSaver fund withdrawals continue to show an increasing trend. During the September 2025 quarter, a total of \$683.6 million was withdrawn under the financial hardship (\$135 million) and first home (\$550 million) categories, compared to \$551.6 million over the same period last year. Both categories

saw a similar rate of increase (approximately 24%), with first home withdrawals contributing most of the growth, rising by over \$107 million.

Although financial hardship withdrawals are generally for smaller amounts than those made for first home purchases, more members are accessing their KiwiSaver under this category. In September, 5,530 financial hardship withdrawals were recorded, the highest monthly figure to date.

Our end-to-end compliance approach

IR takes a proactive, intelligence-led approach to compliance, driven by our commitment to fairness, transparency, and long-term sustainability. Our systems are designed to foster voluntary compliance from the outset while ensuring we have the tools to respond firmly to deliberate non-compliance. We tailor our responses to the level of risk, leveraging advanced analytics to assess customer behaviour and detect emerging issues. We actively monitor customer perceptions and sentiments to ensure our actions are recognised as fair, consistent and reasonable. We also use feedback to refine our services to ensure fairness in the tax system.

We continue to maintain low debt levels among salary and wage earners and large businesses through targeted system design and tailored support. For individuals, automatic deductions via PAYE and RWT systems significantly reduce the risk of debt. For large businesses, direct relationship management and access to tools such as advance pricing agreements and binding rulings help clarify tax positions early and avoid disputes.

Debt is more common among small businesses, the self-employed, and IR3 filers.

Prevention is central to our approach. Our digital platforms, including prefilled returns, auto-calculated assessments, and self-service channels make complying easy and minimise errors. Early interventions such as payment prompts, filing reminders, and tailored outreach ensure customers can stay on track and report accurately. Real time integrity reviews detect incorrect and fraudulent filings to prevent revenue loss.

Where non-compliance persists or is deliberate, we escalate to corrective actions such as direct engagement, deduction notices, with enforcement reserved as a last resort. Enforcement actions include legal proceedings, asset recovery, and insolvency referrals, and are proportionate to the level of risk and behaviour involved.

Compliance outcomes

This section is structured around the four compliance outcomes in Budget 2024 and Budget 2025.

Overdue debt management

RESULTS

Percentage of collectable tax debt value under an active repayment plan

Actual: 22.1% | Target: improve on the YE June 2025 baseline of 22.1%

Cash from debt collection for every debt dollar spent

Actual \$38.12 | Target \$40.

Tracking our progress against the B24 and B25 target

YTD Sep-24 (\$m)	Key result area	YTD Sep-25 (\$m)	Min. YTD target (\$m)	Min. YE target (\$m)
1,213.3	Overdue tax collected	1,071.7	1,054.2	4,195.4

We continue to engage customers early in the debt lifecycle, applying targeted actions to resolve outstanding amounts more efficiently and prevent escalation.

Where debt remains unresolved, a Section 157 deduction notice may be issued as one of our cost-effective recovery methods. We issued 28,100 deduction notices this quarter, compared with 15,400 in the same quarter last year. This increase has been supported by our Decision Support Manager – more information about this is being provided in a separate briefing note.

Our recent collaboration with a collection agency, focussing on low-value income tax debt recovered \$1.24 million, and established over 500 repayment arrangements totalling \$1.27 million. The success of this trial is now informing plans to scale and extend the approach.

We continue to target high-risk debtors who fail to meet their employer tax obligations, leading to several recent prosecutions for failure to account. Additionally, 3,200 cases are under active management, of these, 24% are

under an arrangement, 41% are in negotiation, and 35% (representing \$400m) are under legal action.

Tax debt

IR now reports debt as 'overdue' from the day after the due date. This definition is used throughout the report.

As at 30 September 2025, overdue tax debt (including tax credits and entitlements) was \$9.5 billion, a 2.6% increase since June 2025.

Between September 2024 and September 2025, total tax debt grew by \$1.08 billion - 46% of this growth is from penalties and interest on overdue amounts, which accumulate over time. The longer the debt remains unpaid, the larger the amount becomes, and the more challenging it gets to manage.

GST and employer obligations account for approximately 57% of total overdue tax debt. This reflects the ongoing economic pressures faced by businesses, particularly small and medium enterprises.

IR continues to apply targeted, data-driven recovery strategies to support businesses in resolving tax debt, with a strong emphasis on GST and PAYE. We are also exploring ways to increase the visibility of tax debt, so that people can make informed decisions about whether to trade with businesses that have outstanding tax obligations.

The following table provides a breakdown of overdue debt for key products.

Overdue debt figures:

Product type	Sep 2024 (\$m)	Jun 2025 (\$m)	Sep 2025 (\$m)
Income tax individuals	2,078.0	2,299.1	2,294.7
Income tax non-individuals	1,156.9	1,209.1	1,324.5
GST	3,017.6	3,259.8	3,410.2
Employer	1,728.9	2,027.6	2,024.5
Other	169.9	171.4	163.5
Tax credits & entitlements	298.4	322.9	313.1
Total tax credits and entitlements debt**	8,449.6	9,289.8	9,530.5
Overdue Student loans	2,454.1	2,509.2	2,571.9
Overdue Small Business Cashflow Loans (SBC)	152.5	383.6	446.2

Child support (NCP***)	974.7	913.3	897.3
Total other debt	3,581.3	3,806.2	3,915.5

**Tax debt excludes child support, student loan, and COVID-19 products (Small Business Cashflow Scheme, Resurgence Support Payment and COVID-19 Support Payment).

***Non-custodial parent (NCP) is a parent of a qualifying child who is normally required to pay child support.

Small Business Cashflow Scheme (SBCS) repayments

As of 30 September 2025, the total overdue SBCS loan amount increased to \$446.2 million, up from \$386.6 million at the end of June 2025. This increase reflects the ongoing impact of loan defaults following the expiry of the five-year repayment term for loans issued in mid-2020, including the application of default interest at a combined rate of 12.89%.

During this quarter, we have strengthened our recovery efforts. Targeted outreach campaigns have continued and include direct contact with 1,800 customers who have defaulted on their loans, resulting in the recovery of \$2.1 million this quarter. 35% of these re-entered a repayment plan, and 39% had deduction notices placed on their account. This campaign also contributed to our wider recovery efforts, bringing in an additional \$4.2 million in tax debt repayments.

IR continues to emphasise the consequences of non-payment, including the application of default interest and the possibility of legal action. Customers are encouraged to check their loan status through myIR, and to proactively engage if they are experiencing financial hardship.

Child support debt

87% of the salaried and wage-earning parents choose to pay child support through their PAYE. As of 30 September 2025, 76.5% of child support customers were paying in full and on time, resulting in \$108 million being passed on to receiving carers. Total child support debt is \$897.3 million; a 7.9% reduction compared to the same time last year. 67% of all child support debtors have an active repayment arrangement.

Repayment plans and write-offs

As of 30 September 2025, 22.1% (\$1.3 billion) of collectable tax debt value was under an active repayment plan. Levels of collectable debt under a repayment plan vary by customer group, from 8% for small businesses to 23% for significant enterprises. The adherence rate for repayment plans set up from July to 30 September 2025 is 69%.



Year-to-date, as of 30 September 2025, we have written off \$244 million in debt compared to \$183.6 million in the September 2024 quarter.

Student loan repayments and debt

RESULTS

% of NZ-based student loan customers who meet their obligations

Actual **95.4%** | Target **95%**

% of overseas-based student loan customers who meet their obligations

Actual **23.3%** | Target **31-35%**

Tracking our progress against the B24 target

YTD Sep-24 (\$m)	Key result area	YTD Sep-25 (\$m)	Min. YTD target (\$m)	Min. YE Target (\$m)
60.3	OBB loan repayments	83.1	48.3	206.3

Overseas-based repayments have increased, driven by targeted campaigns and third-party interventions – up by 38% year on year, tracking 72% above the year-to-date target.

NZ-based borrower compliance remained strong at 95.4%, meeting the 95% target. Overseas-based borrower (OBB) compliance fell short of the target at 23.3%, mostly because of the September repayment due date, and reflecting an improvement on September 2024 at 21.2%. We expect this result to improve in the coming months.

Challenges remain with aged debt - of the total overseas-based debt, \$983 million is more than 10 years old, and \$1.78 billion is older than five years, representing 69% of all outstanding student loan balances. Approximately 70% of overseas-based borrowers with overdue balances have been living outside NZ for five years or more. These borrowers are less likely to stay in touch with IR or make repayments, reinforcing the need for targeted strategies.

We have continued our efforts to improve overseas-based compliance, with dedicated teams specifically trained to manage overseas-based debt. Interventions include targeted engagement, negotiating repayment arrangements, and enforcement actions - such as border arrests, charging orders against property, bankruptcies, and investment deductions from financial assets held in NZ. One advertising campaign, delivered across multiple channels, targeted just over 70,000 OBBs, reminding them of their obligations.

Further details on our approaches and activities are covered in a separate cross-agency Student Loan Quarterly Report. You will receive a copy of this report in late November, when it is sent to the Minister for Universities by the Ministry of Education.

Compliance interventions

RESULTS

The identified value of compliance activities over associated costs

Actual **\$17.37** | Target **\$10.00**

Tracking our progress against the B24 and B25 target

YTD Sep-24 (\$m)	Key result area	YTD Sep-25 (\$m)	Min. YTD target (\$m)	Min. YE Target (\$m)
397.4	Compliance interventions	552.8	290.8	1,208.0

The strong year-to-date result of \$553 million reflects the impact of a few high-value audit cases. We are maintaining current levels of compliance activity, with approximately 4,800 audits on hand covering both targeted focus areas and a broad range of technical non-compliance. This quarter, we've observed an uplift in activity related to property transactions, GST, common errors associated with imputation credit account, and crypto assets.

	Q1 FY2025	Q1 FY2026	% change
Audits opened	1,908	2,010	5.3%
Audits closed	1,622	1,894	16.8%

This quarter to 30 September 2025, we liquidated 124 companies and bankrupted 38 individuals, which is similar to last year. IR continues to intensify efforts this year to ensure insolvent companies are not actively trading. We have a 21.4% increase in the number of cases referred internally for liquidation, YTD to September 2025 compared to the same period in 2024, and a 2.5% increase for bankruptcies.

SECTORS AND RISKS UNDER FOCUS

Construction

- \$2 million was recovered from 18 closed audit cases. An additional 129 cases are in progress.
- The Get it Right campaign has been extended to include the construction sector, and targeted advertising is scheduled to begin in October.

Crypto assets

- 27 audit cases were closed this quarter, resulting in \$5.6 million in assessed tax - most of the additional tax has been paid.
- 118 unprompted voluntary disclosures were received, leading to \$2.5 million in additional tax.
- 146 further cases are in progress.
- A targeted education campaign is planned for the next two quarters.

Independent liquor outlets and vape stores

- We are focussing on the highest risk cases for independent liquor outlets, with 12 audits currently underway.
- For vape stores, 33 audits are currently underway. Initial findings suggest compliance risks are significant.

Personal services (hair and beauty) sector

- An outbound calling campaign, combined with unannounced visits to business premises, identified several high-risk customers who have since been referred for audit. The campaign generated the intended ripple effect, with businesses across the sector actively discussing IR's approach—indicating increased awareness of IR's focus on the sector to improve compliance.

Payment service provider (PSP) data

- Intervention campaigns have concluded, with approximately 22 cases referred for audit. These cases involve customers who filed GST returns showing mismatches exceeding \$500,000.

Digitally Enhanced Tax Evasion Tools

- We currently have 67 open audit cases, with approximately \$12.4 million in identified discrepancies. This work has led to voluntary disclosures, and several prosecutions are underway.
- On 15 July 2025, IR secured NZ's first sentencing for possession of digitally enhanced tax evasion tools, with the offender receiving seven months' home detention for tax evasion involving over \$198,500 in discrepancies.

Property

\$62.6 million in revenue has been identified across all property projects, interventions, and audits. Key highlights include:

Property Developers:

- 98 audits completed, identifying \$16.3 million in additional revenue.
- 376 new interventions initiated.

GST Alert System:

- 44 audits completed, identifying \$3.2 million in revenue.
- 199 new interventions initiated.

Residential Rental Income:

- 183 cases completed, identifying \$2.3 million in revenue.
- 164 new interventions initiated.

Trusts

We are currently addressing the following risk areas within this sector through targeted marketing campaigns and follow-up audits:

- Trust distributions and losses to minor beneficiaries, particularly where income may not have been fully declared.
- High-income earners diverting individual income through entities such as trusts and companies, to reduce personal tax liability.
- Where beneficiary income was declared in the trust return but not reflected in the corresponding individual return.

Organised Crime

Key activities include continued focus on organised crime related compliance activities. We maintained 95 active audits across our customer base, closing an additional 11 cases resulting in \$3.1 million in additional assessed tax.

We continue to collaborate with other enforcement agencies, including initiatives to improve information sharing and operational case co-ordination.

One of the main ways we support activities across government to disrupt transnational, serious and organised crime is responding to information requests as well as proactively sharing information. We delivered 85 more info-shares this quarter, compared to the same period last year.

Quarter one information sharing metrics:

Asset Recovery Unit (Reactive)	Targeting Serious Crime (Reactive)	Targeting Serious Crime (Proactive)	Department of Corrections	Other Agencies
605	310	2	28	12

Revenue from overdue returns filed

Tracking our progress against the B24 target

YTD Sep-24	Key result area	YTD Sep-25 (\$m)	Min. YTD target (\$m)	Min. YE Target (\$m)
344.8	Revenue from overdue returns filed	291.5	459.0	1,725.4

88.2% of GST returns were filed on time as at 30 September this year, and 95.8% were filed within six months. Income tax returns are calculated in these measures in October and June.

Revenue assessed from overdue returns filed is significantly below the YTD Budget target. While we have collected 2,600 more overdue returns than in YTD September 2024, the assessed revenue is \$53.3 million lower.

We continue to focus our compliance efforts on areas of greater risk and materiality, ensuring our resources are directed where they will have the most impact. GST returns are generally of high value, with total debit assessments for the tax year to 31 March 2025 reaching approximately \$47.2 billion (averaging \$20,000 per return). With nearly 12% (68,800) of GST returns (for the quarter) overdue as at 30 September 2025, they remain a key priority. Employer returns are also critical, as they underpin the accurate assessment of individuals' income tax and social policy entitlements.

We are taking a proactive and data-driven approach to address outstanding tax returns. Using analytics, we screen millions of records to detect non/late-filers, cross-referencing data from payment service providers, property transactions, and trust records to identify inconsistencies and initiate targeted follow ups.

Our stewardship role and making a broader contribution

Aside from our role to deliver effective and efficient services, IR has two other core roles that involve:

- › stewardship: actively making sure that what IR is responsible for is fit for purpose today and in the future, and
- › making a broader contribution: working across the Public Service to create greater value for New Zealand.

Information Sharing

- The Ministry of Business Innovation and Employment (MBIE) - Approved Information Sharing Agreement is currently in progress and is due for completion by year-end 2026.
- IR is actively supporting Stats NZ's efforts to establish a more efficient and future-focused census by assessing the cost and feasibility of collecting two new sets of administrative data.
- A new disclosure power through Ministerial agreement is proposed to allow IR to share information with other agencies, where, for example, it aids in removing the financial benefit of crime. This will help support enforcement action across government around transnational and organised crime.
- IR and NZ Customs have agreed to develop an Approved Information Sharing Agreement (AISA) to formalise the sharing of border movement information for Working for Families recipients.
- We continue to work with MSD on a solution to ensure their clients receive the correct benefit entitlements. MSD can now access our customer information through a secure online portal (established August 2025). Phase two involves the delivery of a long-term API-based solution.

Supporting Small Businesses

We continue to focus on identifying ways to reduce compliance effort for small businesses which represent 97% of NZ businesses. This includes opportunities around how IR leverages new digital identity services and open banking technology.

Through engagement with stakeholders, we've heard about the difference having the right support can make for a small business, the need to keep pace with new technology and support for cutting down on duplication, and as much as

possible, using the information businesses already collect in their day-to-day records and systems. Our current focus is reviewing income tax reporting requirements

We're also working with MBIE on using GST registration to increase NZBN take up as well as looking at further opportunities for supporting businesses.

Long-term Insights Briefing

Consultation on the long-term insights briefing closed on 1 September 2025. The final briefing will be provided to the Minister to table in the House of Representatives by the end of the year.

Disrupting Organised Crime

Reports from the Ministerial Advisory Group on Transnational Serious and Organised Crime have noted the importance of Inland Revenue's information, intelligence and role in disrupting organised crime. Under current settings, we continue to strengthen our response and remain committed to working with agencies to implement any further recommendations arising from the Government's response to the advisory group's report.

We have provided an intelligence specialist into the PM's meth sprint and are supporting the recommendations from the sprint around proceeds of crime changes.

Supporting Service Transformation

Over the quarter, we have continued to provide system leadership in service transformation through our role on the CE Reference Group (formerly via the Digital Executive Board), which includes support on the development of the Service Modernisation Roadmap version two and the All-of-Government Digital Services Target States. We continue to contribute to the Treasury's Investment Panel.

Managing our organisation

Our performance

We met 23 out of 27 available output performance measures year-to-date as at 30 September 2025. An overview of the measures we did not achieve is given below.

% of correspondence completed within 10 working days

Actual: 57.2% | Target: 70%

This result is expected to improve over the coming months. The volume of correspondence on-hand has decreased by more than 50% since the end of June, which will support continued performance improvement.

For more information about our approach to customer contacts, see page 6.

Cash from debt collection for every debt dollar spent

Actual: \$38.10 | Target: \$40.00

This result has been impacted by an increase in capacity (and therefore cost) from the Budget 2024 and 2025 compliance investment and increased debt activity prioritisation.

The amount of cash collected is lower than the same time in 2024. This is largely because there were fewer overdue tax pooling payments this year: \$39.5 million in Q1 2025/26, compared to \$149.8 million in the same period of 2024/25.

For more information on our approach to debt management, see page 8.

% of collectable debt over 2 years old

Actual: 40.1% | Target: 40% or less

Collectable debt over 2 years has increased by almost 8 percentage points since September 2024, reflecting the aging of significant debt that arose across all products in 2023. This coincides with severe weather events across the country in early 2023.

For more information about how we're working to reduce the amount of overdue debt, see pages 8-9.

% of overseas based student loan customers who met their obligations

Actual: 23.3% | Target: 31-35%

The two key due dates for overseas-based student loan borrowers are 30 September and 31 March; we see a decline in compliance immediately following these dates when customers miss their payments. The result will increase over the next few months. The result is an increase on the same time last year (21.2%).

Read more about our efforts in improving student loan compliance on page 9-10.

Our people

Workforce

Our FTE numbers increased slightly this quarter, as planned to support Budget 2025 initiatives. As at 30 September, permanent FTE stands at 4,583, up 84 from June 2025. Unplanned turnover remains stable at 7.8%, a modest rise from 7.3% in June. Turnover within the first year of service decreased slightly from 8.0% to 7.6%, indicating minimal change.

Workforce numbers are expected to further increase over the next quarter, depending on operational needs, including Budget 2025 work.

Capability

IR continues to invest in capability to deliver Budget initiatives and the Government's work programme. Our focus remains on strengthening compliance learning, expanding analytics capability, and building additional capacity to support debt management and key risk areas.

The new customer-facing Aspiring Leader Development Programme has completed its formal learning phase and will now move into on-the-job development and career coaching.

Workplace, assets and environment

Emissions

We remain on track to exceed our 2030 emissions reduction target. An interim greenhouse gas inventory for Quarter one FY2025-26 shows mandatory emissions at 19% of the full-year target, indicating we are likely to better the 50% reduction goal against the 2018–19 base year.

Year-to-date, business travel accounts for 41% of emissions, freight for 29%, and energy use for 19%. Overall emissions are 4.8% lower than the same period last year, with business travel down 7.7%, freight down 0.5%, and energy up 2.1%.

Property

We have significantly optimised space across our sites, reducing leased space and rental costs by one-third since June 2020. Recent changes include opening a new site in Nelson and progressing relocations in Dunedin. A consolidated site is planned in Hamilton for 2027 to further reduce space per person.

Most sites now operate efficiently, with more people than desks, leaving limited opportunities for further lease or fitout savings. Future efficiency gains would require leader-led adjustments to team allocations.

We have assessed all 20 sites for solar potential, shortlisting eight. The site in Russley Road, Christchurch has advanced to an initial feasibility study.

Technology and workplace asset performance

We achieved all four of our technology services asset performance measures and achieved three out of five of our workplace asset measures.

Ensuring our buildings are healthy, safe and secure

All occupied sites have approved evacuation procedures and current building warrants of fitness. Trial evacuations remain outstanding at Invercargill and Greymouth, which we will schedule with the landlord.

We achieved 100% of the non-legislative compliance checks.

% of legislative compliance requirements met by their due date

Actual **94%** | Target **100%**

Ensuring our assets are managed effectively

The utilisation of bookable vehicles is usually lower in the first quarter of the year, we expect to see this increase over the year.

% utilisation of fleet vehicles

Actual **35.8%** | Target **45%**

Financial information – Departmental

Our 2025/26 departmental operating expenditure is on track with a forecast of \$777m. This is \$11m (1%) below our appropriation. This forecast underspend is in addition to the agreed Budget 2024 baseline savings of \$30m per annum.

The following table shows our expenditure by the five functional categories within our *Services for customers* multi-category appropriation (MCA). Categories can be over and under budget if we are within the total for the MCA.

Expenditure for our Integrity and Debt categories are forecast to collectively increase by \$45m from 2024/2025 and now account for 35% of our *Services for customers* appropriation, an increase from 30% in 2024/25. This increase reflects a further reprioritisation of activities above the Budget 2025 funding for additional compliance activity. The forecast underspend in these two categories is timing in nature as we increase resources in this area.

Vote Revenue Appropriations - operating	2024/25 Actual	% of total	Year-to-date Sept 2025				Full year 2025/2026					
			Actual (\$m)	Budget (\$m)	Variation under/ (over) (\$m) %		Forecast (\$m)	% of total	Budget (\$m)	Variation under\ (over) (\$m) %		
Services for customers MCA												
Services to protect the integrity of the tax system and functions the Commissioner administers	122.604	16%	31.829	33.317	1.488	4%	132.741	17%	140.040	7.299	5%	
Services to manage debt and unfiled returns	107.788	14%	35.004	35.692	0.688	2%	142.455	18%	147.134	4.679	3%	
Services to Ministers and to assist and information customers to get it right from the start	319.966	43%	76.600	75.091	(1.509)	(2%)	304.802	39%	304.168	(0.634)	(0%)	
Services to process obligations and entitlements	187.317	25%	45.846	45.051	(0.795)	(2%)	181.488	23%	181.097	(0.391)	(0%)	
Policy advice	13.348	2%	3.419	3.411	(0.008)	(0%)	13.918	2%	13.727	(0.191)	(1%)	
Total Services for customers MCA	751.023	100%	192.698	192.562	(0.136)	(0%)	775.404	100.0%	786.166	10.762	1%	
Services to other agencies RDA	1.244		0.374	0.379	0.005	1%	1.211		1.464	0.253	17%	
Total appropriated expenses	752.267		193.072	192.941	(0.131)	(0%)	776.615		787.630	11.015	1%	

Appendix: Major spending decisions and major forecast savings and revenue update to 30 September 2025

MAJOR SPENDING DECISIONS: FAMILYBOOST

Key indicators	Year-to-date Sep 2024	Year-to-date Sep 2025
Registrations received	23,162	11,259
Accounts created	22,929	10,984
Registrations declined	7	238
Registrations still in progress	94	37
Total claims received		67,610
Households claiming		57,018
Total paid	Claims started from 1 October 2024	\$19.45m
Claims paid		53,910
Households paid		47,578
Claims declined		13,575
Claims still in progress		737

	Q1 FY 2025 claim period	Q2 FY 2025 claim period	Q3 FY 2025 claim period	Q4 FY 2025 claim period
Claims received	66,449	58,610	58,910	57,719
Amount paid	\$18.1m	\$16.4m	\$18.0m	\$17.4m
Claims paid	48,574	46,664	50,142	46,780

MAJOR SPENDING DECISIONS: INVESTMENT IN COMPLIANCE

Year-to-date Sep 2024	Key result areas	Year-to-date Sep 2025	Minimum Year-to-date target	Minimum year-end target
\$397.4m	Value from compliance interventions	\$552.8m	\$290.8m	\$1,208.0m
\$344.8m	Revenue from overdue returns filed	\$291.5m	\$459.0m	\$1,725.4m
\$742.2m	Total revenue from compliance interventions and overdue returns	\$844.3m	\$749.8	\$2,933.4
\$1,213.3m	Overdue tax collected from debt activity	\$1,071.7m	\$1,054.2m	\$4,195.4m
\$60.3m	OBB student loan repayments	\$83.1m	\$48.3m	\$206.3m

MAJOR FORECAST REVENUE DECISIONS: ONLINE CASINO GAMBLING TAX

Online casino gambling generated \$17.32 million in revenue for the first quarter ending 30 September 2025. The forecast for FY 2025-26 is \$47 million.

Reporting on Major Spending Decisions (FamilyBoost and Investment in Compliance) are published externally at www.ird.govt.nz/about-us/tax-statistics/major-spending-decisions



Inland Revenue
Te Tari Taake

Managing overdue tax debt

July to September 2025

How overdue tax and entitlements debt is being managed

Why we are reporting on tax debt

New Zealand's tax and entitlements debt was \$9.5 billion at 30 September 2025.

In Budgets 2024 and 2025, additional funding was allocated to Inland Revenue (IR) to support debt collection and compliance. This quarterly report tracks our progress in collecting overdue tax debt.

What is tax and entitlements debt?

The report covers overdue tax and entitlements debt administered by IR, including amounts owed from tax credits such as Working for Families entitlements and COVID-19 support payments.¹

The amount of overdue debt owed to IR is constantly changing as customers make payments or incur new debt. Most customers resolve their debt quickly or set up a repayment plan.

IR also manages non-collectable debt, for example, because the amount of tax is in dispute, a customer is in bankruptcy or liquidation, or the customer has passed away.

Managing debt is part of our overall revenue approach

Debt management is part of our wider approach of maximising revenue over time. This approach ensured 94.5% of the \$116.6 billion in tax paid by customers was on time and in full in 2024–25 and 97.7% was paid within 6 months of the due date.²

We focus on making it easier to get things right and hard to get wrong, supporting individuals and businesses to pay their tax on time and avoid getting into debt. Our digital platforms include pre-filled returns, auto-calculated assessments and self-service channels that make complying easy and minimise errors.

Debt is more common among small businesses, the self-employed and people who need to file an IR3.

Debt levels are low for wage and salary earners as tax is automatically deducted from their earnings.

It is low for large businesses as we work with these customers directly, and they have in-house experts and use tools such as advance pricing agreements and binding rulings to clarify their tax positions.

Where debt happens, we aim to encourage timely compliance and use the most appropriate and tailored interventions, to protect the integrity of the tax system and make sure that debt levels do not start to rise.

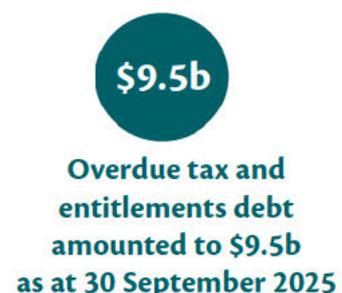
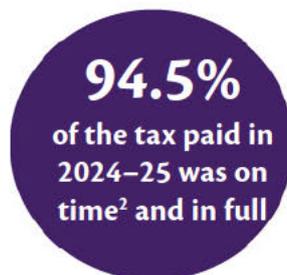
Tackling debt differently

Every tax dollar that is not collected is money that cannot be invested by the Government in public services. Supported by additional Budget funding, we have started to approach tackling debt differently.

Debt has risen to this current level over a number of years and it will take time to flatten the growth in debt and see a downward trajectory.

Our approach is based around a greater understanding of which of our customers are most likely to get into debt, why debt has occurred and the best actions to take to collect the debt or address wrong-doing.

A range of activities are underway now, while other policy and legislative responses will take more time to formulate and introduce. This includes exploring ways to actively increase the visibility of tax debt so that people are aware if a business has a tax debt and can make an informed choice about where they still want to trade with them. IR is also looking at ways to minimise opportunities for businesses not to pay tax.



¹ It excludes debt related to other products we administer: student loans, child support and Small Business Cashflow Scheme loans.

² Income tax, GST and employer deductions, paid within 7 days of the due date.

Why tax and entitlements debt is increasing

Overdue tax and entitlements debt has risen by \$241 million since June 2025 to \$9.5 billion. It has increased by \$1.1 billion (12.8%) since September 2024.

The increase since June 2025 is mainly due to growth in GST and income tax debt. Growth in income tax debt during this time is a result of the tax pooling timeframe expiring (customers are allowed 85 days after the due date to make tax pooling transfers).

Debt related to employer activities (making and paying on deductions for PAYE, KiwiSaver or student loans) and other debt decreased slightly in the quarter.

One driver of debt growth is the weak global post-pandemic recovery, rising costs and trade disruptions.

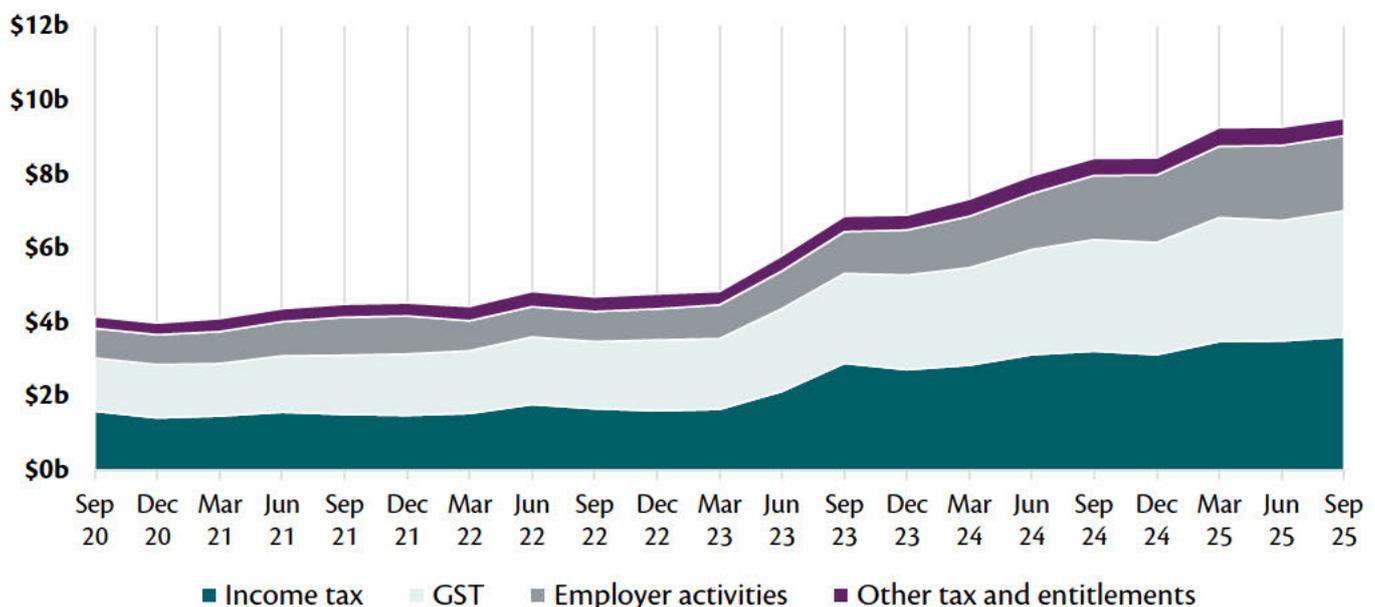
Small businesses and tax debt

Through the COVID-19 period, IR took a more lenient approach to compliance, recognising that taxpayers were facing challenging and unusual times. The number of hours worked on audits and debt collection reduced as we administered support products to help businesses stay afloat. Many businesses have been able to continue to trade profitably once the support ended. However, an increasing number of small businesses are finding it hard to remain viable without the support and are incurring debt.

The increased cost of living and a challenging economic climate has added to the struggles for

Annual tax and entitlements overdue debt

as at 30 June and 30 September 2025 (\$billions)



some businesses. Some have been using money collected for GST and PAYE as cashflow to fund business growth, instead of passing it on to the Government. Others are simply unable to meet all their debts.

GST and employer-related debts together make up 57% of the total overdue amount and are a primary focus of our debt collection.

We have stepped up our engagement through the ongoing Getting it Right Campaign and will raise awareness of tax obligations with 257,000 businesses in the construction, hospitality, property services, and hairdressing and beauty services sectors over the next few months. For example, around 1 in 5 pubs and bars have overdue tax debts averaging \$40,000 per business.

ird.govt.nz/get-it-right.

Ageing debt, penalties and interest

A significant amount of tax and entitlements debt is classified as aged, with 40% over 2 years old. As debt ages, it not only gets harder to collect but also starts to grow larger as penalties and interest are added.

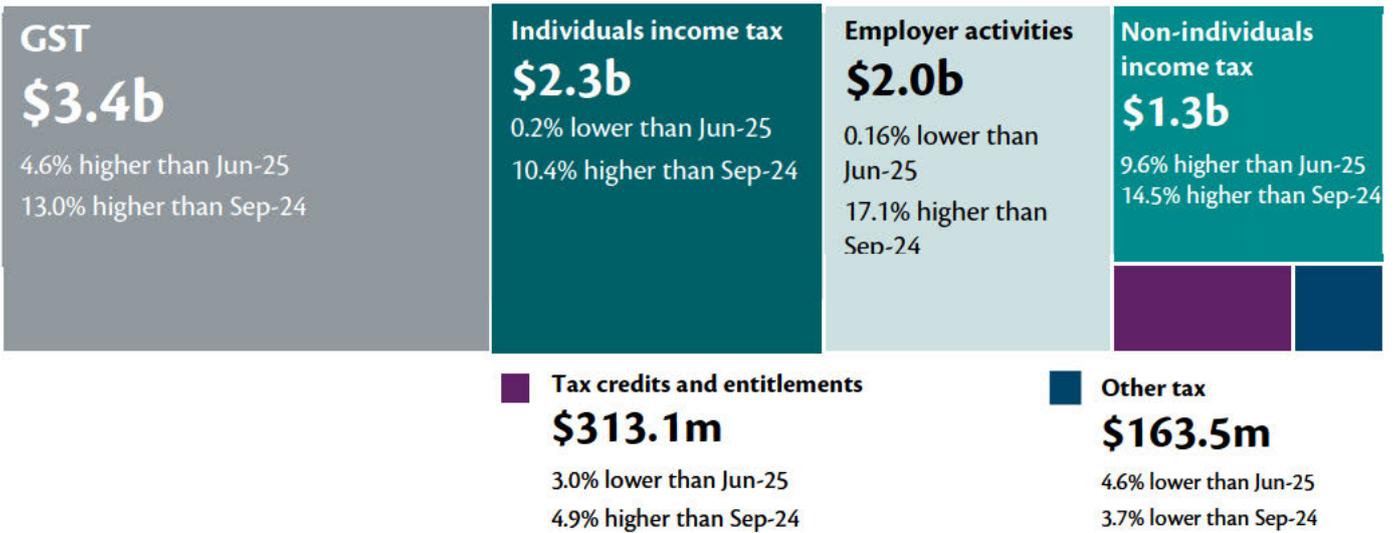
Half of the 500,000 customers in debt at 30 September had debts over 2 years old.

Penalties and interest on overdue amounts made up 46% of the overall \$1.1 billion increase in debt since September 2024.

\$3.6 billion of this overdue debt is considered non-collectable.

Tax and entitlements overdue debt

as at 30 September 2025



Penalties and interest proportion by age of debt

as at 30 September 2025



Key results from collection activities

IR collected **\$1.07 billion in tax and entitlement debt this quarter**, which is on track to achieve an annual target of \$4.2 billion. The amount is \$142 million less than the debt collected by September 2024, reflecting the difficulties facing some customers and (positively) a reduction in the value of overdue payments from tax pooling customers. More tax pooling transfers were made on time.

New decision support tool

A new decision-support tool we implemented in June 2025 is streamlining debt collection. It helps us identify customers who will self-correct versus those that need more assistance, to act faster on debt and offer tailored repayment options.

In the first 3 months of using the tool, we identified a group of 42,000 customers as being likely to self-correct after the billing cycle: 77% of those identified resolved their balance.

We are offering pre-approved repayment plans to some customers via their myIR account. **12.5% of pre-approved customers offered a plan this quarter accepted it and a further 17% cleared their balance after the offer.**

Where debt remains unresolved, we may issue Section 157 notices as one cost-effective recovery method. The notices are issued automatically to employers under some circumstances to deduct overdue amounts from their employees' pay. We can also request amounts be deducted from other third parties, including banks. The new support tool is enabling us to issue more notices. **As at 30 September, 22,209 active deductions were in place for debt, which is 35% higher than this time last year.**

Collection agency trial

A recent trial collaboration with a collection agency focused on the agency reminding people with a low-value income tax debt about it and pointing out

options they have to pay. **Under the trial, \$1.24 million was recovered and more than 500 repayment arrangements were established over \$1.27 million in debt.**

Debt management and prosecutions

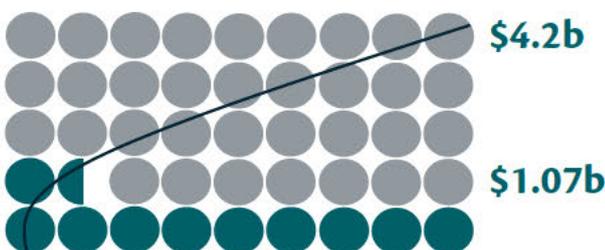
We have continued to target high-risk debtors who fail to meet their employer tax obligations, leading to several recent prosecutions.

As at 30 September, 4,258 debt cases were under active management across IR. **Of these cases, 32% (representing \$530 million) are under legal action.**



\$1.07b

in cash has been collected from debt activity against a full-year target of \$4.195b



GST was the main source of cash collected | **\$446m**

Individuals income tax | **\$237m**

Employer tax | **\$190m**

Non-individuals income tax | **\$149m**

To ensure all businesses have a level playing field, IR has intensified efforts to stop insolvent companies from trading and gaining an unfair advantage over compliant businesses because they are not paying tax obligations. 21.4% more cases were referred internally within IR for liquidation in this quarter compared to this time last year, and there was a 2.5% increase in bankruptcies. **IR liquidated 124 companies and bankrupted 38 individuals this quarter.**

In addition, we are taking timely legal action to ensure that serious breaches are addressed appropriately. **17 prosecutions were initiated this quarter, compared to 5 at this time last year.**

Next quarter

Going into the next quarter, we're continuing collection activities alongside our proactive work to prevent debt.

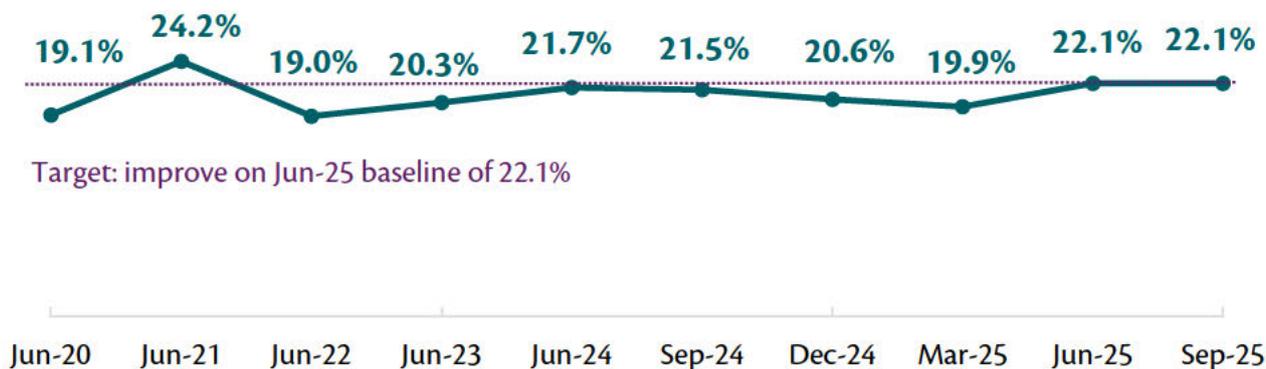
Early interventions remain essential. We're contacting businesses owing \$500 or more new debt to get them quickly back on track and visiting businesses with more than \$10,000 of new GST and PAYE debt.

A new digital and social media advertising campaign began in October to educate all taxpayers about common reasons for getting a tax bill, such as being on an incorrect tax code, and ways to avoid debt. ird.govt.nz/avoid-bills.

Debt management metrics from quarter to quarter

22.1%

of collectable tax debt was under an active repayment plan at 30 September 2025. Levels vary by customer group, from 8% for small businesses to 23% for significant enterprises. The adherence rate for plans set up from July to 30 September 2025 is 69%.
Measure: percentage of collectable tax debt value under an active repayment plan



40.1%

of collectable debt was over two years old at 30 September 2025.
Measure: percentage of collectable debt value over two years old



About the data in this report

Non-collectable debt refers to any debt that is currently unlikely to be recovered, including situations where customers are under insolvency administration (such as liquidation or bankruptcy proceedings), where the debt is under dispute or pending a legal determination, if the customer is deceased, or the debt is from provisional tax where the terminal tax due date has passed but the related return has not been filed.

We take a conservative approach to defining which repayment plans are considered as 'active'. No payments must have been missed for a plan to be considered so.

Note: the data used in this report is subject to audit at the end of the financial year and is not considered final until signoff and publication of IR's Annual Report. Analysis on annual trends and performance in debt management is available in IR's 2025 Annual Report:

[ird.govt.nz/about-us/publications/annual-corporate-reports/annual-report](https://www.ird.govt.nz/about-us/publications/annual-corporate-reports/annual-report).

We publish data on overdue tax and entitlements debt on our website:

<https://www.ird.govt.nz/about-us/tax-statistics/tax-and-entitlement-debt-statistics>.



Inland Revenue
Te Tari Taake

25SR38 Status Report

Weekly update for the Minister of Revenue

Week ending: Friday 28 November 2025
Date issued: Thursday 20 November 2025

New topical issues

New items since the last Status Report (issued on 6 November 2025).

Policy	
Enterprise & Integrity Services Leadership Team new design and structure	<p>In late September 2025, we began consulting on a new Enterprise & Integrity Services (E&IS) leadership team structure and design with the leadership team. Consultation on the proposals has now finished and decisions have been communicated.</p> <p>The new structure has 7 new groups and Enterprise Leader positions, and current E&IS teams will move to these groups on 2 March 2026.</p> <p>The implications for the current Senior Leaders in E&IS are:</p> <ul style="list-style-type: none"> • 10 permanent positions will be disestablished on 1 March 2026. There are 8 employees in these positions who are affected by these changes. • 2 new temporary positions will be established from 2 March 2026 to 30 June 2026 to provide functional leadership while the Enterprise Leaders design the enduring capability required. The temporary positions are Chief Business Architect and Chief Information Security Officer. • The 8 affected people are able to participate in an expression of interest (EOI) and selection process for the new positions. By 1 December we expect to be able to communicate appointments to the new positions. If any positions are unfilled, we will begin an internal and external recruitment process. • 8 current Senior Leaders in E&IS will have a reporting line change to one of the new Enterprise Leader positions on 2 March 2026. All other aspects of these 8 positions remain unchanged, including the role description and pay grade.
Update on Anti-Corruption Taskforce pilot	<p>The Anti-Corruption Taskforce, led by the Serious Fraud Office with support from New Zealand Police and the Public Service Commission, piloted a new approach to assess fraud and corruption risks across six public service agencies including Inland Revenue.</p> <p>The report is currently being finalised. Inland Revenue has seen a draft and had the opportunity to provide feedback. The report will find that while New Zealand remains globally low in levels of corruption, risks are rising, and agency controls vary widely. The report recommends clearer definitions, improved reporting, and tailored prevention strategies rather than generic solutions.</p> <p>§ 6(c) [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>Inland Revenue values the constructive progress and has called for further refinements to § 9(2)(g)(i) [REDACTED]. We have provided feedback to the task force § 9(2)(g)(i) [REDACTED].</p> <p>[REDACTED]</p>

s 9(2)(f)(iv)

Social Security
(Accommodation
Supplement and
Income-related Rent)
Amendment
Regulations 2025,
and Student
Allowances
(Accommodation
Supplement and
Income-related Rent)
Amendment
Regulations 2025
(MSD paper to LEG
on 4 December
2025)

This paper seeks approval of several consequential amendments to various Social Security regulations, required due to the passing of the Social Assistance Legislation (Accommodation Supplement and Income-related Rent) Amendment Act 2025. The changes update regulations to refer to new sections of the Social Security Act to ensure they correctly reference the updated definition of income. This is consequential work following Cabinet's decision to include the income received from boarders and renters when determining how much housing subsidies can be claimed. This paper has no impact on Inland Revenue.

s 9(2)(f)(iv)

Key Performance Indicators

Key metrics form Inland Revenue's set of service delivery measures that summarise our performance in areas covering customers filing and reporting accurately, customers paying on time, our support for customers that helps them meet their obligations, and revenue results.

Key results at a glance for 2025-26			
YTD at Sep 2024	Revenue performance	YTD at Sep 2025	
\$28.2b	Tax revenue	\$27.6b	
\$30.1b	Tax receipts	\$29.1b	
October 2024	Performance Measures	October 2025	2025-26 Target
88.1%#	Percentage of returns filed by customers on time ⁺	88.1%#	85.4%
84.5%*	Percent of the tax payments made by customers on time ⁺	85.1%*	84%
94.0%*	Percent of tax payments made by customers on time by value ⁺	95.0%*	92%
75.4%	Percentage of calls answered	64.3%	60%
75.6%	Percent of child support assessments paid on time	76.6%	70%
95.1%	Percentage of NZ based student loan customers who meet their obligations ⁺	95.3%	95%
26.4%	Percentage of overseas-based student loan customers who meet their obligations ⁺	28.2%	31-35%
31.2%	Percentage of collectable debt value over two years old ⁺	39.9%	40% or less
20.7%	Percentage of collectable tax debt value under an active repayment plan ⁺	23.1%	22.1%
+ New or updated measures for 2025-26 # GST returns only (Income tax is included at year-end) * GST and employer activity payments only (Income tax is included at year-end)			
Departmental financial performance		October 2025	Variance to budget
YTD departmental spend		\$261m	0.1% above budget
Forecast full-year departmental spend		\$778m	1.2% below budget

Budget 2024 and Budget 2025 compliance performance progress

Four key results are being monitored to demonstrate value from the additional Budget 2024 and Budget 2025 funding for compliance activities.

YTD Oct-24	Key result areas	YTD Oct-25	YTD Min. target	Min. YE B24/B25 Target
\$493.0m	Value from compliance interventions	\$655.4m	\$364.5m	\$1,208.0m
\$436.5m	Revenue from overdue returns filed	\$356.3m	\$540.2m	\$1,725.4m
\$929.5m	Total revenue from compliance interventions and overdue returns	\$1,011.7m	\$904.7m	\$2,933.4m
\$1,541.6m	Overdue tax collected from debt activity	\$1,433.6m	\$1,363.4m	\$4,195.4m
\$80.6m	OBB student loan repayments	\$109.8m	\$65.3m	\$206.3m

Inland Revenue is meeting three of the four key result targets. The combined result for revenue from compliance interventions and overdue returns met the overall YTD target.

- The YTD result for the value from compliance interventions of \$655.4 million reflects the closure of a small number of audit cases with significant value.
- Revenue assessed from overdue returns filed is significantly below the YTD target. While we have collected 1,700 more overdue returns than in the YTD Oct-24, the assessed revenue is \$80.2 million lower.

Overseas-based borrower (OBB) student loan repayments for Oct-25 were 31% higher than Oct-24.

Bills

New items since the last Status Report (issued on 6 November 2025) are shaded.

Bill title	
Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill	
Current status	
The Bill was introduced on 26 August. First reading and referral to the Finance and Expenditure Committee (FEC) took place on 11 September 2025. Officials briefed FEC on the Bill on 22 October and 5 November. Oral submissions were heard on 5 November, 12 November, and 19 November.	
Key upcoming dates	
27 November 2025 (TBC)	Online FEC hearing
By 10/03/2026	Bill reported back by FEC
By 31/03/2026	Bill enacted

s 9(2)(f)(iv)



Upcoming Cabinet papers

Minister(s)	Paper	Meeting	Expected meeting date
MCCA	Approval for the proposed information sharing agreement between Inland Revenue and the Ministry of Business, Innovation and Employment	ECO	19/11/2025
MoR	Decrease in FBT prescribed rate of interest	LEG	20/11/2025
MoR	Use of money interest rates review	LEG	04/12/2025

Cabinet papers for proactive release

Reference	Minister(s)	Paper	Due date to Office	Due date to be released
CAB-24-SUB-0458	MoR	New Zealand Memorial Museum – Le Quesnoy: Tax Benefits for Monetary Donations	With office	TBC

Upcoming reports

Policy

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					
IR2025/444	MoR: Note, Refer to MoF	Tax monitoring report: Collections to October 2025	Tax outturn monitoring report for October 2025 with variances reported against BEFU2025		26/11/2025
s 9(2)(f)(iv)					
IR2025/TBC	MoR: Agree MoF: Agree	International developments update	This report will provide the Minister with an update on developments at the OECD and UN. A particular focus will be on changes to Pillar Two to allow for a side by side approach to meet US concerns.		14/11/2025 28/11/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/422	MoR: Agree MoF: Agree	Thin capitalisation settings for infrastructure - final policy recommendations	s 9(2)(f)(iv)		05/12/2025 12/12/2025
IR2025/456	MoR: Agree MoF: Agree	FamilyBoost: Direct data feed model			12/12/205
s 9(2)(f)(iv)					

Enterprise and Integrity Services (E&IS), CCS-I, CCS-B and TCO

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Legal requirement (yes or no, if yes when)	Due to Minister (Week ending)
s 9(2)(f)(iv)					
MoE reference TBC	MfU: Cc MoR	Annual report for Student Loan Scheme	Student Loan Scheme annual report prepared by MoE, Inland Revenue and MSD. Published by MoE and presented to the House by the Minister for Universities.	No	21/11/2025 05/12/2025
MoE reference TBC	MfU: Cc MoR	Quarterly Student Loan Scheme report for Q1 2025/26	Quarterly Student Loan Scheme report for Q1 2025/26.	No	28/11/2025 05/12/2025

Upcoming meetings/events

Date	Meeting/Events title
01/12/2025	Going for Growth Ministerial Group – Innovation Technology and Science
02/12/2025	Minister of Revenue meeting
02/12/2025	Tax Justice Aotearoa
05/12/2025	Tax System Forum
09/12/2025	Minister of Revenue meeting
16/12/2025	Minister of Revenue meeting
18/12/2025	Ministerial visit to Inland Revenue

Official Information Act requests

CIR OIAs – For Minister's office to note or consultation

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
26OIA1565	27/11/2025	28/11/2025	§ 9(2)(a) [redacted] New Zealand Taxpayers' Union	Number of staff investigated for accessing taxpayer records without authorisation and outcomes
26OIA1568	27/11/2025	28/11/2025	§ 9(2)(a) [redacted] TinTax	Costings of charities proposals following Ministerial decisions
26OIA1571	27/11/2025	28/11/2025	§ 9(2)(a) [redacted] The Post	Follow up questions about the rollout of AI and specific programmes and applications
26OIA1603	27/11/2025	5/12/2025	§ 9(2)(a) [redacted] Labour Leader's Office	Copies of 9 reports – 8 have previously been released
26OIA1636	03/12/2025	11/12/2025	§ 9(2)(a) [redacted] Labour Leader's Office	Copies of 5 briefing notes
26OIA1619	09/12/2025	10/12/2025	§ 9(2)(a) [redacted] Individual	PAYE and GST written off due to liquidations, and tax debt written off due to insolvency processes
26OIA1625	09/12/2025	10/12/2025	§ 9(2)(a) [redacted] NZME	Consultants and contractors spend
26OIA1627	09/12/2025	10/12/2025	§ 9(2)(a) [redacted] NZME	Cost breakdown of AI projects
26OIA1629	10/12/2025	11/12/2025	§ 9(2)(a) [redacted] Individual	KiwiSaver payments made for unremitted employer deductions
26OIA1637	11/12/2025	12/12/2025	§ 9(2)(a) [redacted] Individual	Income tax treatment of income protection insurance



Inland Revenue
Te Tari Taake

POLICY

Tax policy report: Tax monitoring report: Collections to October 2025

Date:	26 November 2025	Priority:	Low
Security level:	In Confidence (Information is released to a timetable)	Report number:	IR2025/444

Action sought

	Action sought	Deadline
Minister of Revenue	Note the contents of this report Refer report to Minister of Finance	None 3 December 2025

Contact for telephone discussion (if required)

Name	Position	Telephone	Suggested first contact
Sandra Watson	Policy Lead, Forecasting and Analysis	s 9(2)(a) [REDACTED]	<input checked="" type="checkbox"/>

26 November 2025

Minister of Revenue

Tax Monitoring Report: Collections to October 2025

Purpose and context

1. The purpose of this report is to inform you of how tax collections¹ for the year to October 2025 have tracked against the Treasury's forecasts from the 2025 Budget Economic and Fiscal Update (BEFU 2025). No action is required from Ministers.
2. Monthly tax outturns have a timetabled release by the Treasury and figures should not be disclosed until after publication. Tax outturns for October 2025 will be released by the Treasury on 4 December 2025.
3. The 2025 Half Year Economic and Fiscal Update (HYEFU 2025) will be released on 16 December 2025.²
4. This is the final report of variances against BEFU 2025 forecasts. Variances for November and December will be reported together against the updated HYEFU 2025 forecasts in January.

Tax receipts to October 2025 (2025/26 fiscal year)

Receipts Variance

5. For the four months ending 31 October 2025, unconsolidated aggregate tax receipts totalled \$44,372m, which is \$946m (2.2%) greater than BEFU 2025 forecast. This variance remains the same as for the three months to 30 September 2025, but with some changes within the different tax types.
6. The largest positive variance remains in **net company tax**, which is now \$1,494m (24.8%) greater than forecast but the variance is closer to \$1 billion after consolidation³. About a third of this remaining variance reflects an exhaustion of losses, which will next impact in January 2026⁴. The net company tax variance grew by \$389 million in October, reflecting strength in the third and final 2024-25 provisional tax instalment for September balance date taxpayers, who are largely from the finance and investment sector.
7. There is also small positive variance for **net other persons tax** (\$88m, 4.2%) which is within normal variability for this tax type. The gross other persons variance grew by \$29m in October. Other persons tax payments in October are largely the first 2025-26 provisional tax instalment from May-balance taxpayers, which are predominantly in the dairy farming industry.
8. **Total net GST** is \$392m (2.7%) below forecast for the four months to October, a reversal of the \$84m positive variance in September. October is generally a large month for GST receipts as it contains due dates for monthly, two monthly and six-monthly filers and these have come in below BEFU 2025 forecast. However, as this

¹ Limited to Inland Revenue administered tax types plus Customs GST, referred to in this document as aggregate taxation.

² HYEFU 2025 forecasts were reported to you in IR2025/445.

³ Consolidation removes the impact of taxation of government-owned entities because this is also an expense for government. In this case the unconsolidated cash accounts are showing a 2025/26 variance against BEFU 2025 forecast on results which for the unconsolidated revenue measure mainly impacted the 2024/25 fiscal year.

⁴ This will have been factored into HYEFU 2025 forecasts but was not included in BEFU 2025 forecasts.

negative variance is only for one month following a positive variance, it does not yet reflect a trend.

9. **PAYE** is \$155m (0.9%) lower than forecast, a partial reversal of the \$250m below forecast variance seen last month. This is consistent with the revenue measure which is below forecast for a third consecutive month. The Treasury has revised down its PAYE forecasts in the HYEUFU 2025 update.

Receipts Growth

10. Over the twelve months to October 2025, unconsolidated aggregate tax receipts grew by \$2,332m (1.8%) compared to the previous twelve months. The main contributors to this growth were:
 - **Net company tax:** increased by \$1,770m (9.8%),
 - **Total net GST:** increased by \$1,227m (3.0%), and
 - **Net other persons:** increased by \$605m (8.4%).
11. **Residents withholding tax on dividends (DWT)** decreased by \$1,456m (59.1%) over the twelve months. This is because there were increased dividends paid ahead of the 39% trustee tax rate taking effect in April 2024, and the same activity has not happened this year.
12. **Residents withholding tax on interest (RWT)** decreased by \$373m (10.2%) reflecting a continued decline in interest rates.
13. **PAYE** growth over the twelve months at \$397m (0.8%) was smaller than the other main tax types, reflecting personal tax cuts from 31 July 2024. Growth in this tax type has now returned to positive figures, which will continue as the tax cut is increasingly captured in the comparator year as well as in the current year.

Tax revenue to October 2025 (2025/26 fiscal year)

14. Unconsolidated tax revenue for the four months ending 31 October 2025 totalled \$42,462m, which is \$579m (1.3%) lower than BEFU 2025 forecast, with this variance partially reversing from \$685m below forecast last month.
15. The largest negative variances remain in unconsolidated **net company tax** (\$453m, 8.7%) and **net other persons tax** (\$260m, 8.8%), both of which are of the opposite sign to the tax receipts variances. The revenue variance for company tax partially reduces on consolidation. There are other timing factors affecting the different outcomes between receipts and revenue measures, with receipts reflecting amounts paid through tax pools which are not yet showing as revenue as it is based on uplifts of prior-year tax returns.
16. There was also a negative variance in **PAYE** (\$71m, 0.4%) which is consistent with the receipts measure and is within normal variability for this tax type. The variance partially reversed from \$130m below forecast last month.
17. These negative variances were partially offset by **total net GST** which was \$227m (1.6%) greater than forecast. This positive variance is supported by some macroeconomic data. Although measuring an earlier period, annual inflation for the September 2025 quarter has been measured at 3.0% compared to a BEFU 2025 forecast of 2.5%.⁵ GDP data for the September 2025 quarter will be released on 18 December.

⁵ Source: Consumers price index (CPI): September 2025 quarter, releases by Statistics New Zealand on 20 October 2025.

Consultation

18. The Treasury has been consulted on this report.

Next steps

19. The Government's interim financial statements for the four months ended 31 October 2025 will be published by the Treasury on 4 December.
20. The 2025 Half Year Economic and Fiscal Update (HYEFU) will be released on 16 December 2025 and November results will be reported with December against these updated forecasts in January.

Recommended action

We recommend that you:

1. **note** the contents of this report
Noted
2. **refer** a copy of this report to the Minister of Finance for their information.
Referred/Not referred

s 9(2)(a)



Sandra Watson

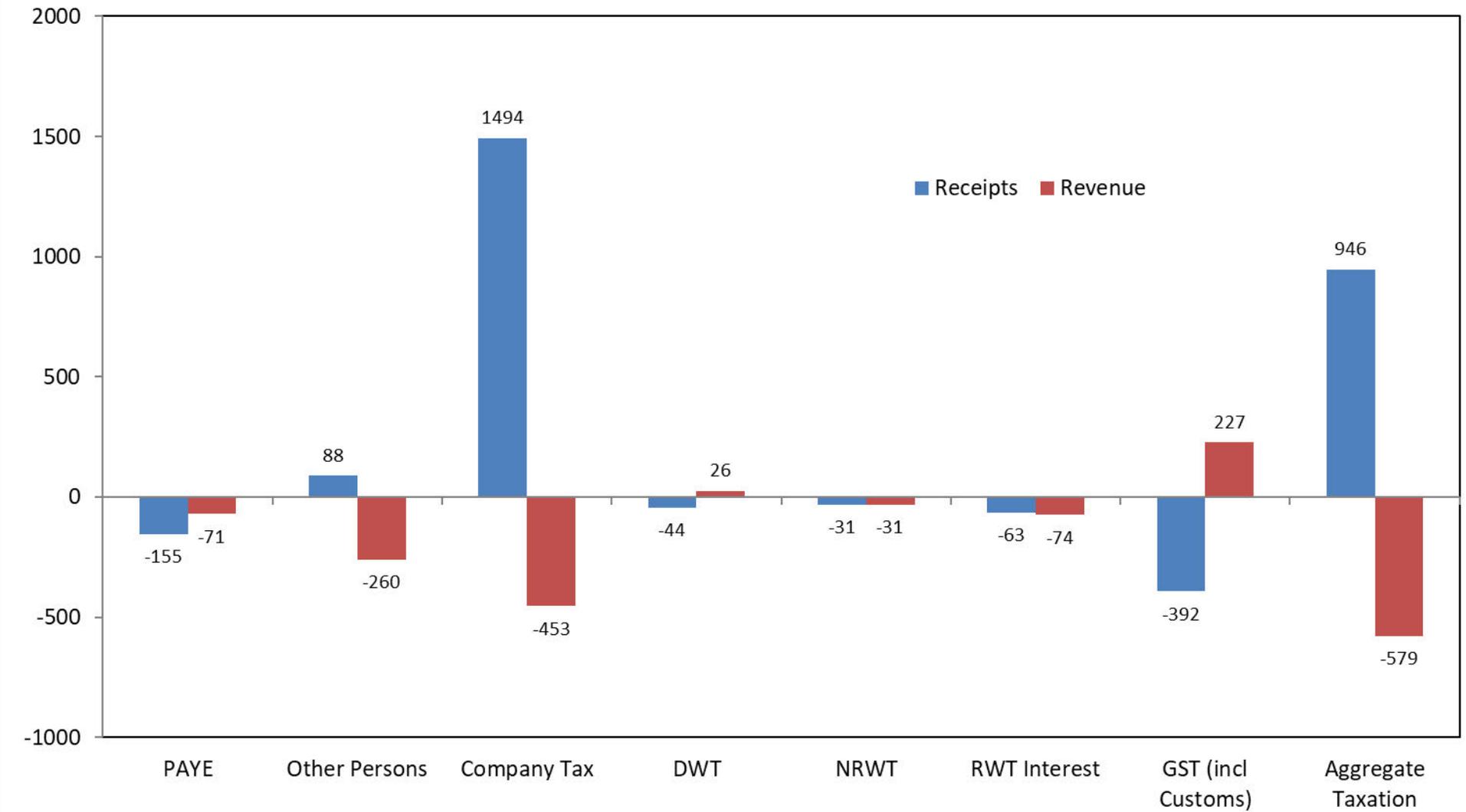
Policy Lead, Forecasting and Analysis
Policy

Hon Simon Watts

Minister of Revenue
/ /2025

Cumulative Variance (2025/26 June year) on the Treasury's BEFU 2025 forecasts - October 2025

\$ millions





Briefing note

Reference BN2025/471

Date 27/11/2025

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

From Sam Rowe, Policy Lead
Kathleen Littlejohn, Senior Policy Advisor

Subject **Meeting with Tax Justice Aotearoa 2 December 2025**

Purpose and background

1. The Minister has agreed to meet with Tax Justice Aotearoa (TJA) on 2 December 2025. TJA is a not-for-profit organisation that describes themselves as advocates for progressive tax reform. They are connected to global groups such as the Tax Justice Network and Global Alliance for Tax Justice. The group is one of Inland Revenue's regular stakeholders, meeting quarterly with us to discuss a range of issues. The Minister last met with this group on 15 July 2025.
2. This note provides background information and speaking points ahead of this meeting on the topics which Tax Justice Aotearoa proposed to discuss. The note focusses more heavily on the release of Tax Justice Aotearoa's "Big Tech, Little Tax" report as the main topic of discussion.

Topic 1: Tax Justice Aotearoa's "Big Tech, Little Tax" report

3. The "Big Tech Little Tax" Report (the "Report") is mostly focussed on the common tax models TJA believes are used by big tech companies in New Zealand to reduce their tax payable, and how Inland Revenue could address them under the current law. The Report identifies three common tax models:
 - The service fee model: the use of a "service fee" paid to an offshore associated group company to (the Report claims) extract most of the revenue derived from the New Zealand market. The Report states this model can be observed in the financial statements of the New Zealand subsidiaries of Amazon Web Services, Facebook and Google
 - The licence fee model: the Report claims this involves payment of a large percentage of the New Zealand entity's revenues to overseas group companies for software and cloud services that the New Zealand entity sub-license to third-party customers here. The Report states this can be observed in the most recent financial statements of Microsoft and Oracle.
 - The service company model: the Report claims this involves characterising the New Zealand operating subsidiary as the provider of basic marketing and support services to an overseas group company that makes sales to New Zealand customers. This means revenue from sales of goods or services to New Zealand customers is booked offshore. The Report states that this model appears to be used by Visa, MasterCard and some of the smaller digital providers.
4. The Report also submits that New Zealand should require increased transparency from multinationals about their tax affairs (such as by requiring public country by country reporting) and that we should consider taxing multinationals on "embedded royalties" in respect of goods and services supplied here.
5. Inland Revenue can make some general comments only from an operational perspective in respect of the Report. In doing so, we want to avoid potentially breaching taxpayer secrecy, and we also do not want to impact adversely any current or future Inland Revenue tax position in relation to taxpayers mentioned in the report.
6. s 9(2)(g)(i)

s 9(2)(g)(i)

Background: Inland Revenue's Compliance Programme

7. Inland Revenue has a comprehensive compliance programme covering foreign-owned multinational enterprises (MNEs) with annual turnover of \$30m or more. We have set out this programme in detail in last year's Multinational Enterprises Compliance Focus 2024 - Compliance Focus for Multinational Enterprises (a copy of this report is attached).
8. We monitor the tax performance of nearly 900 MNEs. This work is supplemented with targeted anti-base erosion campaigns, reviews and audits of over 550 MNEs including on issues such as financing, intangible property, losses, COVID-19 wage subsidies, distributors/wholesalers, manufacturing, services, and transfer pricing documentation compliance. In-depth reviews and audits are conducted by our specialist Transfer Pricing Network which comprises multi-disciplinary experts with extensive knowledge and external experience. Dispute resolution is facilitated by our independent Competent Authority function, which has a high success rate in the resolution of double taxation cases.
9. While it is superficially attractive to refer to broad summaries of transactions as contained in financial statements, a more detailed analysis of the facts and circumstances supported by the executed contracts is needed. Each case requires close and careful legal technical consideration.

s 9(2)(g)(i)

The Central Themes of the Report

Service and licence fees paid to offshore related parties are allegedly excessive

10. Whilst it is easy to assert that such fees are excessive, it is less easy to identify uncontrolled comparable transactions or profit margins to prove excessiveness (as is required to accurately transfer price the transaction). This is difficult for both tax administrations and taxpayers when benchmarking transaction and profit margins in shallow markets such as Australasia.
11. Inland Revenue monitor and follow up MNEs that we consider are leaving insufficient profits in New Zealand as a result of mispricing related party transactions. In this regard, reviews and investigations of tech companies are ongoing. Several tech companies have come forward as part of Inland Revenue's advance pricing agreement (APA) programme and taken an "all cards on the table" approach, entering APAs with Inland Revenue to resolve such matters on a mutually acceptable basis. Others have been reviewed and either subject to adjustments or cleared, and some are currently subject to in-depth audits.

s 9(2)(g)(i)

Treatment of service and/or licence fees as royalties

12. The primary approach taken in the paper follows closely developments in Australia on the application of withholding taxes on royalties. The Australian Taxation Office (ATO) has been using a "rights-based approach" that focuses on Australian copyright law to determine if a payment is a royalty, a stance that has also faced significant pushback from treaty partners, the private sector and professional bodies. The US Treasury has written to Australia highlighting that

the ATO's broad interpretation of "royalty" (which the US considers should exclude payments for the simple use of software) is inconsistent with internationally recognised OECD principles and the US/Australia double tax treaty. s 6(a)

13. A secondary approach taken in the paper involves imputing a royalty element regardless of how the payments are characterised in contracts (this is also known as "embedded royalties"). However, the ATO was unsuccessful on this issue in the recent leading High Court of Australia decision in *PepsiCo. Inc. v. Commissioner of Taxation* and there is also a long line of legal precedent in New Zealand which does not support this approach.
14. The previous Government also considered changing the law to tax embedded royalties. However, the Government considered it was not administrable due to the difficulty in determining the amount of the embedded royalty in a payment for goods or services. We maintain this view. It would also be at risk of significant overreach – for example anyone who buys a licensed or branded product (from shoes to cars) would technically be paying in part for the product and in part for the embedded intellectual property, meaning they would theoretically need to withhold an amount of tax from the purchase price as a royalty.

s 9(2)(g)(i)

The Service company model

15. In relation to the Service Company Model, we note that this has previously been an issue in New Zealand to some extent. In theory, the foreign supplier is able to book its profits offshore using this model under our double tax agreements. These do not allow us to tax non-residents making sales here unless they have a permanent establishment – which is not created by a service company providing basic marketing and support services. However, in practice these service companies can sometimes go further and facilitate the sale of the non-resident's products to New Zealand customers. To capture such arrangements, we previously introduced a specific anti-avoidance rule (section GB 54). The Report refers to this rule, noting that it resulted in some companies booking sales revenue in New Zealand, but that companies have recently turned to other mechanisms to minimise tax liabilities.
16. The OECD also introduced a strengthened permanent establishment rule for double tax agreements which would create a permanent establishment for these arrangements. While we do not have this rule in the majority of our double tax agreements, we always look to include it in new double tax agreements. We do not think there is much more we can do to address this from a policy perspective, given the constraints imposed by our current double tax agreement network.

s 9(2)(g)(i)

Public country-by-country reporting

17. The Report recommends that New Zealand follow Australia and proceed with public country-by-country (CbC) reporting. The European Union have passed laws to require publication of country-by-country reports. The first reports are expected to be published in late 2026

18. Large multinational groups are required to provide tax authorities with country-by-country reports containing information on their activities and income tax paid in each country. Currently, Inland Revenue receives over 1,500 CbC reports annually from our treaty partners in our risk assessment process for major MNEs. Civil society stakeholders such as the Tax Justice Network have advocated for Governments to require multinationals to publish these reports so they can be scrutinised by NGOs, academics and journalists.
19. Previous Governments have considered public country by country reporting and there has been consideration of its merits between 2018 and 2020. The conclusion was that, while there were some potential benefits, the disadvantages meant that it was not appropriate for New Zealand. The Tax Working Group also did not recommend New Zealand adopt public country by country reporting in their 2019 Final Report. We have provided this information to TJN following earlier meetings on the subject.
20. We are not currently considering public country by country reporting for New Zealand. It would require policy resource, legislation, IT build and ongoing administration costs. We have limited resources and consider other tax policy projects are likely to have greater benefits. We are also aware of the commercial sensitivity of these CbC reports s 6(a) and 9(2)(j)

s 9(2)(g)(i)

Amendment of Companies Act to require filing of accounts publicly

21. The report also recommends that the Companies Act be amended to require all local subsidiaries of overseas-headquartered companies to file accounts publicly. This is a matter for MBIE to consider, as they administer the Companies Act. It does not impact Inland Revenue given the extensive powers available and used by Inland Revenue officers to collect accounts and other relevant information from MNEs.

Topic 2: Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill

22. Some submitters on the Taxation (Annual Rates for 2025-26, Compliance Simplification, and Remedial Matters) Bill (“the Bill”) considered that there is a clear double standard in the information provisions of the bill. Namely, privacy for wealthy individuals, from the repeal of section 17GB and the trust disclosure form, whilst removing privacy for all other New Zealanders, with the introduction of Ministerial agreements.
23. The vast majority of submitters were overwhelmingly against the information proposals in the bill, instead wanting section 17GB and trust disclosures to be retained and the Ministerial agreements proposal to be removed from the Bill.

Repeal of section 17GB

24. Tax Justice Aotearoa oppose the repeal of section 17GB. They consider the repeal would reduce transparency of the tax system. They consider the privacy concerns with section 17GB have been addressed though operational guidance provided by Inland Revenue. They consider options to limit the use of information collected under section 17GB would be preferable to repeal.

s 9(2)(g)(i)

Removal of the specific reporting requirements for Trusts

25. The proposed amendments would repeal the specific legislative provisions for trust disclosures. The Commissioner of Inland Revenue is currently considering what information he will continue to collect from trustees under his general powers.
26. Amendments would also be made to the Order in Council that sets 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 when those provisions are repealed.

s 9(2)(g)(i)

Information sharing provisions

27. Submitters on the Bill wanted more safeguards to protect the privacy of individuals' information and reiterated the comments from the Privacy Commissioner.
28. Some submitters commented that the further disclosure of taxpayer information erodes the obligations on Inland Revenue to preserve taxpayer confidentiality. They suggested that the department's collection powers should be suitably restricted to better balance the reduction in privacy protections for New Zealanders. Submitters were also concerned with the number of agencies Inland Revenue can disclose to.
29. Tax Justice Aotearoa submission made the following points in relation to Ministerial agreements:
 - Disclosing taxpayer information could undermine the tax system by creating compliance barriers, especially for taxpayers with illegal earnings and those unsure of their legal position.
 - The list of agencies that Inland Revenue can disclose info to is broad and can give the impression that information can go anywhere in the government.
 - They do not agree that Ministerial agreements should be in Ministerial hands.
 - They note the Privacy Commissioner's views that the agreements are unnecessary and disproportionate, and the existing information sharing mechanisms are sufficient.
 - TJA consider the Ministerial agreements proposal is rushed and poorly considered legislation which could have significant negative consequences, and recommend that it not proceed.
 - Officials will report to you shortly on the proposed changes to Ministerial agreements which will address some of the issues raised by submitters.

s 9(2)(g)(i)

Topic 3: Government response to United Nations Tax Convention, following Nairobi negotiations

30. The UN Tax Convention aims to improve tax collection and taxing rights for developing countries. For this to be effective it would need worldwide uptake, particularly in major economies. Tax

Justice Aotearoa are strong supporters of the UN Tax Convention and regularly seek updates on it when they meet Inland Revenue policy officials and the Minister.

31. s 6(a), s 6(b)(ii) and 9(2)(j)

32.

s 9(2)(g)(i)

Topic 4: Long term plans for revenue growth

33. Tax Justice Aotearoa are interested in discussing long-term plans to grow revenue in light of Inland Revenue's draft Long-Term Insights Briefing and Treasury's latest Statement on the Long-term Fiscal Position. Both of these documents highlight long-term fiscal pressures.
34. TJA provided a comprehensive submission on the draft Long Term Insights Briefing, focussed on ensuring any tax reform addresses progressivity shortcomings of the current tax system. They noted that broadening current tax bases or raising rates on these bases has limitations. For example, the wealthy can often avoid capital gains taxes by delaying realisation. They suggest that this motivates the need to consider a broader range of taxes such as wealth and inheritance taxes.
35. TJA warned against relying on the welfare system to achieve progressivity, where doing so can lead to high effective marginal tax rates for low-income people.
36. TJA expressed some support for hypothecated taxes. In particular, it suggested considering extending the ACC scheme into other areas.

s 9(2)(g)(i)

Sam Rowe
s 9(2)(a)
Policy Lead

Kathleen Littlejohn
s 9(2)(a)
Senior Policy Advisor



25SR39 Status Report

Weekly update for the Minister of Revenue

Week ending: Friday 5 December 2025
Date issued: Thursday 27 November 2025

New topical issues

New items since the last Status Report.

Operational	
Publication of FamilyBoost data	<p>We will begin proactively publishing FamilyBoost data from the week beginning 8 December 2025. This will include all claims and registrations received up to and including 30 November 2025.</p> <p>From January 2026, we will publish information four times each quarter – following working day 10 and shortly after the end of each month. Published information will cover all the data points regularly requested in PQs and OIAs.</p> <p>FamilyBoost data will be published on the major spending decisions section of our website in the Budget 2024 section</p> <p>Data will be published in a downloadable spreadsheet, similar to those found on our tax and entitlement debt statistics web page.</p>
Policy	
<p>Social Security (Accommodation Supplement and Income-related Rent) Amendment Regulations 2025, and Student Allowances (Accommodation Supplement and Income-related Rent) Amendment Regulations 2025</p>	<p>This paper seeks approval of several consequential amendments to various Social Security regulations, required due to the passing of the Social Assistance Legislation (Accommodation Supplement and Income-related Rent) Amendment Act 2025. The changes update regulations to refer to new sections of the Social Security Act to ensure they correctly reference the updated definition of income.</p> <p>This is consequential work following Cabinet’s decision to include the income received from boarders and renters when determining how much housing subsidies can be claimed.</p> <p>This paper has no impact on Inland Revenue.</p>
s 9(2)(f)(iv)	
<p>Family Court Rules Amendment (No 2) 2025</p> <p>Ministry of Justice paper to LEG committee on 11 December</p>	<p>The paper seeks approval for amendments to the Family Court Rules. The amendments coincide with the commencement of section 12B of the Family Court Act. Section 12B allows a Judge, on the court’s own initiative or an interlocutory application, to make an order restricting a party’s ability to commence or take any further step in certain proceedings without leave of a Judge. The rules are being amended to provide for section 12B orders.</p> <p>Inland Revenue had no substantive comments.</p>

Tax Counsel Office

Management of a Retirement Scheme and GST

On 11 December 2025 the Commissioner plans to release for external consultation a draft interpretation statement (PUB00522: GST financial services – services supplied in relation to retirement schemes) concerning the GST treatment of retirement schemes (which includes KiwiSaver schemes).

There is likely to be significant interest in this item from the funds management industry as there was with the earlier interpretation statement concerning GST and managed funds (published as IS 25/05 in March 2025). We expect full engagement from the industry on the correctness of the interpretation and feedback on any policy implications. We also expect that particular fact situations may be presented to us for our further consideration.

The industry is well aware of this statement as they asked Inland Revenue to produce such an item, and they have been kept informed of developments by virtue of Inland Revenue's Public Guidance work programme 2025-26 and also by updates using a dedicated email address for the industry. We have also been in contact with the Financial Services Council, the Securities Industry Association, and the Corporate Trustees Association during the process of drafting the item.

While the draft item confirms that nearly all services supplied to retirement schemes are exempt, it also explains that when a fund manager outsources services there can be some circumstances (such as the supply of administration services) where supplies are taxable. Some in the industry may be dissatisfied with the Commissioner's view as they may prefer all supplies to be exempt.

The consultation period is being kept open for a longer than usual period – to the end of February 2026 – to ensure the fullest possible consultation process. As is usual, Inland Revenue will fully and carefully consider the submissions made which may lead to modifications to the draft view (as it did with the GST and managed funds statement).

Policy considers the draft item is consistent with the policy intention of the financial services exemption.

Bills

New items are shaded.

Bill title	
Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill	
Current status	
The Bill was introduced on 26 August. First reading and referral to the Finance and Expenditure Committee (FEC) took place on 11 September 2025. Officials briefed FEC on the Bill on 22 October and 5 November. Oral submissions were heard on 5 November, 12 November, 19 November, and online on 27 November.	
Key upcoming dates	
By 20 January 2026	Departmental report lodged with FEC
28 January 2026	FEC to consider departmental report
By 10/03/2026	Bill reported back by FEC
By 31/03/2026	Bill enacted

s 9(2)(f)(iv)

Upcoming Cabinet papers

Minister(s)	Paper	Meeting	Expected meeting date
MoR	Use of money interest rates review	LEG	04/12/2025

Cabinet papers for proactive release

New items are shaded.

Reference	Minister(s)	Paper	Due date to Office	Due date to be released
CAB-24-SUB-0458	MoR	New Zealand Memorial Museum – Le Quesnoy: Tax Benefits for Monetary Donations	With office	TBC
LEG-25-SUB-0228	Watts	Income Tax (Tax Credit) Order 2025	tbc	tbc

Upcoming reports

Policy

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					
IR2025/467	MoR: Agree MoF: Agree	International developments update	This report will provide the Minister with an update on developments at the OECD and UN. A particular focus will be on changes to Pillar Two to allow for a side-by-side approach to meet US concerns.		05/12/2025
s 9(2)(f)(iv)					
IR2025/422	MoR: Agree MoF: Agree	Thin capitalisation settings for infrastructure - final policy recommendations	s 9(2)(f)(iv)		05/12/2025 12/12/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/456	MoR: Agree MoF: Agree	FamilyBoost: Direct data feed model	s 9(2)(f)(iv)		12/12/2025
s 9(2)(f)(iv)					

Enterprise and Integrity Services (E&IS), CCS-I, CCS-B and TCO

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Legal requirement (yes or no, if yes when)	Due to Minister (Week ending)
s 9(2)(f)(iv)					
MoE reference TBC	MfU: Cc MoR	Annual report for Student Loan Scheme	Student Loan Scheme annual report prepared by MoE, Inland Revenue and MSD. Published by MoE and presented to the House by the Minister for Universities.	No	21/11/2025 05/12/2025
MoE reference TBC	MfU: Cc MoR	Quarterly Student Loan Scheme report for Q1 2025/26	Quarterly Student Loan Scheme report for Q1 2025/26.	No	28/11/2025 05/12/2025
IR2025/458	MoR to refer to MoF by 19/12/2025	Budget 2026 initiative submission	This report seeks approval from the Minister of Revenue to submit initiatives for Budget 2026. This templated report is to be submitted from MoR to MoF.	Treasury requirement	19/12/2025

Upcoming meetings/events

Date	Meeting/Events title
05/12/2025	Tax System Forum
09/12/2025	Minister of Revenue meeting
16/12/2025	Minister of Revenue meeting
18/12/2025	Ministerial visit to Inland Revenue

Official Information Act requests

CIR OIAs – For Minister's office to note or consultation

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
26OIA1603	27/11/2025	5/12/2025	s 9(2)(a) Labour Leader's Office	Copies of 9 reports – 8 have previously been released
26OIA1636	03/12/2025	11/12/2025	s 9(2)(a) Labour Leader's Office	Copies of 5 briefing notes
26OIA1619	09/12/2025	10/12/2025	s 9(2)(a) Individual	PAYE and GST written off due to liquidations, and tax debt written off due to insolvency processes
26OIA1625	09/12/2025	10/12/2025	s 9(2)(a) NZME	Consultants and contractors spend
26OIA1627	09/12/2025	10/12/2025	s 9(2)(a) NZME	Cost breakdown of AI projects
26OIA1629	10/12/2025	11/12/2025	s 9(2)(a) Individual	KiwiSaver payments made for unremitted employer deductions
26OIA1637	11/12/2025	12/12/2025	s 9(2)(a) Individual	Income tax treatment of income protection insurance



25SR32 Status Report

Weekly update for the Minister of Revenue

Week ending: Friday 10 October 2025

Date issued: Friday 3 October 2025

New topical issues

New items since the last Status Report (issued on 25 September 2025).

Policy	
<p>Changes to the interpretation of the credit reporting rules</p>	<p>This is an update on progress made to applying the credit reporting rules more broadly to incentivise the payment of tax debt and promote tax transparency.</p> <p>Inland Revenue has rarely used credit reporting due to a conservative interpretation of the rules, creating a number of practical barriers. We have revisited this interpretation and now consider the rules can be used more broadly. The revised interpretation relaxes the reasonable effort and formal notification requirements.</p> <ul style="list-style-type: none"> • Reasonable efforts can now be satisfied if the business has received reminders that tax payments are overdue, including options for repayment, and the business has not engaged with Inland Revenue about the debt. • Formal notification to the company is now sufficient (not all directors need to be notified). <p>A withdrawal notice of these changes will be published during the week of 6 October.</p> <p>Inland Revenue is planning a pilot using this revised interpretation in the week commencing 13 October. Inland Revenue will formally notify 30 businesses that if they do not pay outstanding debt or engage with Inland Revenue within 30 days to resolve the debt, their details, including the amount of debt they owe, will be reported to credit reporting agencies in mid-November. Another round of the pilot will occur with a further 30 businesses being notified in mid-November. We'll use the learnings from this trial to help determine how the credit reporting rules can be applied at a larger scale.</p> <p>s 9(2)(f)(iv) [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
<p>Bay of Plenty weather event: High winds affecting avocado exports</p>	<p>In early September 2025, a strong wind event in the Bay of Plenty affected avocado and kiwifruit crops. It has been estimated that 80% of export harvest avocado crops have been lost due to fruit falling to the ground. Fruit is unable to be marketed once it is on the ground - it must be picked from the tree. The winds also affected tree flowering, which will reduce future avocado yields. The Katikati area was most affected with about 400 orchards reporting damage. Kiwifruit vines have not been as severely affected, but crop output may be reduced by as much as 10% in the region.</p> <p>The Avocado Growers association has approached various government agencies for support.</p> <p>To date, the government has not classified the event as an "adverse event".</p> <p>Inland Revenue has updated its website advising affected taxpayers regarding their options and to contact us if growers are facing financial hardship. Tax administration relief for affected taxpayers will be considered on a case-by-case basis.</p>

<p>Cabinet Social Outcomes Committee Paper consultation – Release of public consultation document – Census: proposed data collection approach and content</p>	<p>The Minister of Statistics’ paper informs Cabinet of Stats NZ’s intention to release a public consultation document – Census: proposed data collection approach and content on 3 November 2025. The document seeks feedback on the proposed approach to data collection (admin data and annual surveys) and the primary content for the next census (2030). Inland Revenue is supportive of the release of the consultation document.</p> <p>We are engaging with Stats NZ on the use of Inland Revenue’s admin data.</p>
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Tax Counsel Office

s 9(2)(h)



Bills

Bill title	
Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill	
Current status	
The Bill was introduced on 26 August. First reading and referral to the Finance and Expenditure Committee took place on 11 September 2025. The Committee has given permission for officials to consult potential submitters.	
Key upcoming dates	
23 October 2025	Written submission period ends
5 November 2025	Oral FEC hearings
By 10 March 2026	Bill reported back by FEC
By 31 March 2026	Bill enacted

s 9(2)(f)(iv)

Upcoming Cabinet papers

Minister(s)	Paper	Meeting	Expected meeting date
MoR, MFAT	Approval to sign Double Tax Agreement with Croatia	FPS	18/09/2025 07/10/2025 04/11/2025
MoR, MFAT	Approval to sign Double Tax Agreement with the UK	FPS	07/10/2025 04/11/2025

s 9(2)(f)(iv)

Upcoming reports

Policy

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/332	MoR: Note MoF: Note MfSDE: Note	Release of Working for Families stewardship review	This is a noting report to you and the Ministers of Finance and Social Development attaching the final report of the stewardship review and the associated documents.		19/09/2025 03/10/2025 10/10/2025
s 9(2)(f)(iv)					
IR2025/381	MoR: Agree, Lodge, Refer to MoF MCCA: Agree	Cabinet paper - Approval for the proposed information sharing agreement between Inland Revenue and the Ministry of Business, Innovation and Employment	This report attaches the Cabinet paper for the final approval for the proposed AISA between IR and MBIE and seeks authorisation to instruct PCO to draft an OiC to give effect to the AISA.		10/10/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
BN2025/385	MoR: Note	Taxation and the not-for-profit sector: Impact analysis	This is the key report for the not-for-profit project.		26/09/2025 10/10/2025
s 9(2)(f)(iv)					
IR2025/313	MoR: Note, Agree, Refer to MFAT, Lodge	Approval to sign Double Tax Agreement with the UK	This report seeks Cabinet approval to sign the DTA with the UK following the conclusion of negotiations. Attached are the Cabinet paper and the NIA.	FPS 07/10/2025 04/11/2025	26/09/2025 10/10/2025 17/10/2025
IR2025/374	MoR: Note, Refer to MoF	Tax monitoring report: Collections to September 2025	This is the tax outturn monitoring report for September 2025 with variances reported against BEFU2025.		24/10/2025
s 9(2)(f)(iv)					

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
	MoR: Agree MoF: Agree	International developments update	This is a report to you and the Minister of Finance on international developments in tax, especially with reference to Pillar Two.		14/11/2025
s 9(2)(f)(iv)					
	MoR: Agree	Thin capitalisation settings for infrastructure - final policy recommendations	s 9(2)(f)(iv)		5/12/2025

Enterprise and Integrity Services (E&IS), CCS-I, CCS-B and TCO

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Legal requirement (yes or no, if yes when)	Drafter & area responsible	Ideal time to be provided (background about when)
IR2025/395	MoR: Table in Parliament	Inland Revenue 2025 Annual Report to present to the House	Final Annual report for the MoR to table in Parliament. Printed copies will be provided.	Yes, by 17 Oct	Teresa Dillon, Performance & Reporting	Early Oct
IR2025/372	MoR: Refer to MoF	2025 October Baseline Update submission – Vote Revenue	2025 October Baseline Update submission for Vote Revenue covering departmental appropriations and some non-departmental components.	Treasury requirement	Darren Cheevers & Sandra Simon, Departmental Accounting	MoR: 16/10/2025 MoF: 23/10/2025
IR2025/401	MoSIT: Refer to MoF, cc MoR	Vote Revenue: 2025 Half-year Economic and Fiscal Update submission for the Research and Development Tax Incentive appropriation	2025 Half-year Economic and Fiscal Update submission for Vote Revenue covering the Research and Development Tax Incentive appropriation.	Treasury requirement	Rachel Parker, Non-Departmental Accounting	MoSIT: 12/11/2025 MoF: 19/11/2025
IR2025/405	MoR: Refer to MoF	Vote Revenue: 2025 Half-year Economic and Fiscal Update for non-departmental expenditure appropriations	2025 Half-year Economic and Fiscal Update submission for Vote Revenue covering non-departmental appropriations.	Treasury requirement	Rachel Parker & Sandra Watson, Non-Departmental Accounting & Policy	14/11/2025

Upcoming meetings/events

Date	Meeting/Events title
07/10/2025	Minister of Revenue meeting
07/10/2025	Tax System Forum
07/10/2025	Meeting with Hon Nicola Willis and Hon Scott Simpson regarding Capital Markets
13/10/2025	Joint Ministers' meeting
14/10/2025	Minister of Revenue meeting
15/10/2025	Inland Revenue Student Loan Overseas Borrower Briefing
21/10/2025	Minister of Revenue meeting
22/10/2025	Going for Growth Ministerial Group – Innovation Technology and Science
23/10/2025	Meeting with Law Society - Tax Law Committee members
29/10/2025	CTG

Official Information Act requests

MoR OIAs – For Minister's office to release

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
MOIA 414-25 [26OIA1396]	15/10/2025	22/10/2025	s 9(2)(a) [REDACTED] PSA	Copy of Inland Revenue's 2025 Performance Plan
MOIA 416-25 [26OIA1416]	17/10/2025	24/10/2025	s 9(2)(a) [REDACTED] Newsroom	Copies of BN2025/343: Tax swaps advised on during the Tax Working Group and IR2025/365: Update on Inland Revenue's use of Artificial Intelligence
MOIA 423-25 [26OIA1431]	21/10/2025	29/10/2025	s 9(2)(a) [REDACTED] Newsroom	A list of all briefings, reports, aide memoirs and memos produced or received by the Minister of Revenue between 1 and 30 September 2025 and copies of BN2025/275 & IR2025/323
MOIA 425-25 [26OIA1443]	22/10/2025	30/10/2025	s 9(2)(a) [REDACTED] Green Party of Aotearoa New Zealand	Copies of any briefings, agendas, or minutes prepared for the meetings between the Minister for Revenue and BusinessNZ listed in WQ Reply 45279

FOR MINISTER'S OFFICE USE

CIR OIAs – for Minister's office to note or consultation

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
26OIA1366	10/10/2025	13/10/2025	Member of the Public	Statistics on FIF income for the years ended 2022, 2023, 2024, 2025
26OIA1418	24/10/2025	28/10/2025	Member of the Public	Policies and procedure documents relating to Inland Revenue's Child Support administrative reviews
26OIA1423	24/10/2025	28/10/2025	s 9(2)(a) Opes Partners	Number of superannuitants that report rental income
26OIA1428	24/10/2025	28/10/2025	s 9(2)(a) NZME	Copy of IR2025/327: Evaluation and monitoring of Investment Boost
26OIA1432	29/10/2025	30/10/2025	Member of the Public	Number of households that have applied for FamilyBoost, number of approved and declined claims, average amount paid, and average invoice amount
26OIA1435	29/10/2025	30/10/2025	s 9(2)(a) The Post	Inland Revenue's plans for the use of AI and automation across the organisation over the next five years, including analysis of how these technologies could affect staff headcount, projections or estimates of the potential impact on staffing levels, and anticipated changes in staff numbers due to AI-driven automation
26OIA1348	Extended to: 07/11/2025	Extended to: 14/11/2025	Member of the Public	Information about the tax treatment of carry (commonly referred to as carried interest or earnout), including all policy documents, all internal IR correspondence and any other information IR has which relates to the tax treatment of carry



25SR33 Status Report

Weekly update for the Minister of Revenue

Week ending: Friday 17 October 2025
Date issued: Thursday 9 October 2025

New topical issues

New items since the last Status Report (issued on 3 October 2025).

Policy	
<p>Cabinet paper – Action to address methamphetamine-related harm</p>	<p>The paper outlines the actions already underway to address methamphetamine-related harm in New Zealand, sets out new initiatives identified by the Methamphetamine Ministerial Group that will be progressed and seeks funding approval to resource several of the initiatives.</p> <p>Inland Revenue is supportive of the initiatives in the paper and the approach taken by the Ministry of Justice and other agencies.</p> <p>Inland Revenue would not be involved in the delivery of the initiatives outlined in the paper. s 9(2)(f)(iv)</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>This paper is scheduled for consideration at the Cabinet Social Outcomes Committee (SOU) on 22 October 2025.</p>
Operational	
<p>Section 17, 154 and 157 efficiencies initiative: Engagement with banks</p>	<p>We’re exploring how standardised APIs could improve the efficiency of our information and deduction requests with third parties. We have been working with banks over the last 9 months to consider how we could simplify these requests.</p> <p>Next week we’ll issue a letter to the five major banks to confirm the feasibility of our proposed design and request early insights into potential impacts and delivery timelines.</p> <p>We will also reference that this initiative is part of our overall focus on efficiency, improving compliance outcomes and reducing compliance costs, in line with Government priorities.</p>
<p>Budget 2025 marketing results</p>	<p>This is an update on the marketing results following Budget 2025 changes. The purpose of our June to August 2025 marketing campaign was to:</p> <ul style="list-style-type: none"> • educate businesses about Investment Boost • raise awareness with individuals and employers about the KiwiSaver changes • encourage families to provide feedback on the Working for Families consultation. <p>Several channels were used to reach people including direct marketing (emails and letters), social and digital media advertising, proactive media, articles in business.govt.nz and dedicated communications to tax agents and key stakeholders.</p> <p>Direct marketing</p> <p>Emails and letters were sent to 296,558 businesses and employers raising awareness of Investment Boost and the changes to KiwiSaver. Of those who received a direct email, 66.15% opened the communication. Of those who received a letter to myIR, 37.20% opened the communication.</p>

Advertising

Investment Boost

- We reached over 300,000 people with our Investment Boost advertising.
- We received over 59,000 clicks from the adverts to the Investment Boost website (ird.govt.nz/investment-boost).
- We received over 62,000 sessions on the Investment Boost website.

KiwiSaver changes

- We had two layers of advertising for the KiwiSaver changes. The first layer covered the general changes and was targeted to all employers and KiwiSaver members. The second covered the age limit changes and was targeted specifically to 16- and 17-year-olds.
- We reached between 550,000-600,000 people across these two advertising layers.
- We received nearly 58,000 clicks from the adverts to the KiwiSaver website.
- We received over 64,000 sessions on the KiwiSaver website (ird.govt.nz/kiwisaver-changes).

Working for Families consultation

- We reached over 110,000 people with our Working for Families consultation advertising.
- We received over 26,700 clicks from the adverts to the website.
- We unfortunately could not track unique website visits due to a URL issue.

Next steps

Investment Boost advertising is still in market, and this round will continue through to June 2026. The advertising messaging from April to June 2026 will be updated to include a reminder about how businesses can 'claim' the Investment Boost deduction in their income tax returns.

KiwiSaver advertising will be in market again from February 2026 (when the temporary rate reduction function becomes available) and will continue through to April/May 2026 to support the default rate changes coming into effect for employers and members on 1 April 2026.

Working for Families advertising will be in market from March to April 2026 to support the abatement changes and income testing for Best Start coming into effect on 1 April.

Bills

Bill title	
Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill	
Current status	
The Bill was introduced on 26 August. First reading and referral to the Finance and Expenditure Committee took place on 11 September 2025. Committee has given permission for officials to consult potential submitters.	
Key upcoming dates	
23 October 2025	Written submission period ends
5 November 2025	Oral FEC hearings
By 10 March 2026	Bill reported back by FEC
By 31 March 2026	Bill enacted

s 9(2)(f)(iv)

Upcoming Cabinet papers

Minister(s)	Paper	Meeting	Expected meeting date
MoR, MFAT	Approval to sign Double Tax Agreement with Croatia	FPS	18/09/2025 07/10/2025 04/11/2025
MoR, MFAT	Approval to sign Double Tax Agreement with the UK	FPS	07/10/2025 04/11/2025
s 9(2)(f)(iv)			

Upcoming reports

Policy

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/381	MoR: Agree, Lodge, Refer to MoF MCCA: Agree	Cabinet paper - Approval for the proposed information sharing agreement between Inland Revenue and the Ministry of Business, Innovation and Employment	This report attaches the Cabinet paper for the final approval for the proposed AISA between IR and MBIE and seeks authorisation to instruct PCO to draft an OiC to give effect to the AISA.	ECO 19/11/2025	10/10/2025 17/10/2025
IR2025/313	MoR: Note, Agree, Refer to MFAT, Lodge	Approval to sign Double Tax Agreement with the UK	This report seeks Cabinet approval to sign the DTA with the UK following the conclusion of negotiations. Attached are the Cabinet paper and the NIA.	FPS 07/10/2025 04/11/2025	26/09/2025 10/10/2025 17/10/2025
s 9(2)(f)(iv)					
IR2025/374	MoR: Note, Refer to MoF	Tax monitoring report: Collections to September 2025	This is the tax outturn monitoring report for September 2025 with variances reported against BEFU2025.		24/10/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/394	MoR: Agree MoF: Refer	Update on GST officials' issues paper	This report updates you on feedback received from private sector stakeholders on topics proposed by officials for inclusion in an upcoming officials' issues paper on current GST issues and seeks his agreement to officials drafting the issues paper for Cabinet to consider. It also discusses emerging issues that have been raised with officials since our last report on this topic, which might also be considered for inclusion in the issues paper.		24/10/2025
s 9(2)(f)(iv)					

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/409	MoR: Note MoF: Note	Compliance economic-evaluation programme update	This report briefs you and the Minister of Finance on Inland Revenue's development of internal capability to assess, based on international best practice, the direct and indirect effects of our compliance activity on an ongoing basis.		31/10/2025
s 9(2)(f)(iv)					
	MoR: Agree MoF: Agree	International developments update	This is a report to you and the Minister of Finance on international developments in tax, especially with reference to Pillar Two.		14/11/2025
IR2025/398		Policy options to reduce tax debt	s 9(2)(f)(iv)		21/11/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					
	MoR: Agree MoF: Agree	Thin capitalisation settings for infrastructure - final policy recommendations	s 9(2)(f)(iv)		5/12/2025 12/12/2025

Enterprise and Integrity Services (E&IS), CCS-I, CCS-B and TCO

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Legal requirement (yes or no, if yes when)	Drafter & area responsible	Ideal time to be provided (background about when)
IR2025/372	MoR: Refer to MoF	2025 October Baseline Update submission – Vote Revenue	2025 October Baseline Update submission for Vote Revenue covering departmental appropriations and some non-departmental components.	Treasury requirement	Darren Cheevers & Sandra Simon, Departmental Accounting	MoR: 16/10/2025 MoF: 23/10/2025
IR2025/401	MoSIT: Refer to MoF, cc MoR	Vote Revenue: 2025 Half-year Economic and Fiscal Update submission for the Research and Development Tax Incentive appropriation	2025 Half-year Economic and Fiscal Update submission for Vote Revenue covering the Research and Development Tax Incentive appropriation.	Treasury requirement	Rachel Parker, Non-Departmental Accounting	MoSIT: 12/11/2025 MoF: 19/11/2025
IR2025/405	MoR: Refer to MoF	Vote Revenue: 2025 Half-year Economic and Fiscal Update for non-departmental expenditure appropriations	2025 Half-year Economic and Fiscal Update submission for Vote Revenue covering non-departmental appropriations.	Treasury requirement	Rachel Parker & Sandra Watson, Non-Departmental Accounting & Policy	14/11/2025

Upcoming meetings/events

Date	Meeting/Events title
13/10/2025	Joint Ministers' meeting
14/10/2025	Minister of Revenue meeting
15/10/2025	Inland Revenue Welfare Policy Strategy Session
21/10/2025	Minister of Revenue meeting
23/10/2025	Meeting with Law Society - Tax Law Committee members
29/10/2025	CTG
03/11/2025	Going for Growth Ministerial Group: Competitive Business Settings Group
04/11/2025	Minister of Revenue meeting
10/11/2025	Joint Ministers' meeting
11/11/2025	Minister of Revenue meeting
18/11/2025	Minister of Revenue meeting (TBC)
27/11/2025	Qatari Delegation

Official Information Act requests

MoR OIAs – For Minister's office to release

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
MOIA 416-25 [26OIA1416]	17/10/2025	24/10/2025	s 9(2)(a) Newsroom	Copies of BN2025/343: Tax swaps advised on during the Tax Working Group and IR2025/365: Update on Inland Revenue's use of Artificial Intelligence
MOIA 423-25 [26OIA1431]	21/10/2025	29/10/2025	s 9(2)(a) Newsroom	A list of all briefings, reports, aide memoirs and memos produced or received by the Minister of Revenue between 1 and 30 September 2025 and copies of BN2025/275 & IR2025/323
MOIA 425-25 [26OIA1443]	Received	30/10/2025	s 9(2)(a) Green Party of Aotearoa New Zealand	Copies of any briefings, agendas, or minutes prepared for the meetings between the Minister for Revenue and BusinessNZ listed in WQ Reply 45279
MOIA 429-25 [26OIA1456]	28/10/2025	03/11/2025	s 9(2)(a) NBR	Copies of IR2025/221, IR2025/293, IR2025/327, IR2025/336 & BN2025/366

FOR MINISTER'S OFFICE USE

CIR OIAs – for Minister's office to note or consultation

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
26OIA1366	Received	13/10/2025	Member of the Public	Statistics on FIF income for the years ended 2022, 2023, 2024, 2025
26OIA1418	24/10/2025	28/10/2025	Member of the Public	Policies and procedure documents relating to Inland Revenue's Child Support administrative reviews
26OIA1423	24/10/2025	28/10/2025	s 9(2)(a) Opes Partners	Number of superannuitants that report rental income
26OIA1428	24/10/2025	28/10/2025	s 9(2)(a) NZME	Copy of IR2025/327: Evaluation and monitoring of Investment Boost
26OIA1432	29/10/2025	30/10/2025	Member of the Public	Number of households that have applied for FamilyBoost, number of approved and declined claims, average amount paid, and average invoice amount
26OIA1435	29/10/2025	30/10/2025	s 9(2)(a) The Post	Inland Revenue's plans for the use of AI and automation across the organisation over the next five years, including analysis of how these technologies could affect staff headcount, projections or estimates of the potential impact on staffing levels, and anticipated changes in staff numbers due to AI-driven automation
26OIA1348	Extended to: 07/11/2025	Extended to: 14/11/2025	Member of the Public	Information about the tax treatment of carry (commonly referred to as carried interest or earnout), including all policy documents, all internal IR correspondence and any other information IR has which relates to the tax treatment of carry

FOR MINISTER'S OFFICE USE

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
26OIA1463	31/10/2025	03/11/2025	§ 9(2)(a) New Zealand Taxpayers' Union	Copies of modelling, forecasts, internal reports, and reports to Ministers, produced in relation to the costings of capital expensing
26OIA1468	28/10/2025	04/11/2025	§ 9(2)(a) Newsroom	Copies of IR2025/293, IR2025/327, IR2025/336, BN2025/337 & BN2025/366
26OIA1479	30/10/2025	06/11/2025	§ 9(2)(a) NZ Doctor	Copy of IR2025/327: Evaluation and monitoring of Investment Boost



25SR34 Status Report

Weekly update for the Minister of Revenue

Week ending: Friday 24 October 2025
Date issued: Thursday 16 October 2025

Key performance indicators

Key metrics form Inland Revenue's set of service delivery measures that summarise our performance in areas covering customers filing and reporting accurately, customers paying on time, our support for customers that helps them meet their obligations, and revenue results.

Key results at a glance for 2025			
Performance Measures	September 2025	September 2024	2025-26 Target
Percentage of returns filed by customers on time ⁺	88.2%#	88.2%#	85.4%
Percent of the tax payments made by customers on time ⁺	86.0*	85.3%*	84%
Percent of tax payments made by customers on time by value ⁺	95.5%*	94.6%*	92%
Percentage of calls answered	62.4%	74.2%	60%
Percent of child support assessments paid on time	76.5%	75.3%	70%
Percentage of NZ based student loan customers who meet their obligations ⁺	95.4%	95.0%	95%
Percentage of overseas-based student loan customers who meet their obligations ⁺	23.3%	21.2%	31-35%
Percentage of collectable debt value over two years old ⁺	40.1%	32.5%	40% or less
Percentage of collectable tax debt value under an active repayment plan ⁺	22.1%	21.5%	22.1%
⁺ New or updated measures for 2025-26 [#] GST returns only (Income tax is included at year-end) [*] GST and employer activity payments only (Income tax is included at year-end)			
Departmental financial performance	September 2025	Variance to budget	
YTD departmental spend	\$193.1m	0.1% above budget	
Forecast full-year departmental spend	\$776.6m	1.4% below budget	

Budget 2024 and Budget 2025 compliance performance progress

Four key results are being monitored to demonstrate value from the additional Budget 2024 and Budget 2025 funding for compliance activities.

YTD Sep-24	Key result areas	YTD Sep-25	YTD Min. target	Min. YE B24/B25 Target
\$397.4m	Value from compliance interventions	\$552.8m	\$290.8m	\$1,208.0m
\$344.8m	Revenue from overdue returns filed	\$291.5m	\$459.0m	\$1,725.4m
\$742.2m	Total revenue from compliance interventions and overdue returns	\$844.3m	\$749.8m	\$2,933.4m
\$1,213.3m	Overdue tax collected from debt activity	\$1,071.7m	\$1,054.2m	\$4,195.4m
\$60.3m	OBB student loan repayments	\$83.1m	\$48.3m	\$206.3m

Inland Revenue is meeting three of the four key result targets. The combined result for revenue from compliance interventions and overdue returns met the overall YTD target.

- The YTD result for the value from compliance interventions of \$552.8 million reflects the closure of a small number of audit cases with significant value.
- Revenue assessed from overdue returns filed is significantly below the YTD target. While we have collected 2,600 more overdue returns than in the YTD Sep-24, the assessed revenue is \$53.3 million lower.

Overseas-based borrower (OBB) student loan repayments for Sep-25 were 39% higher than Sep-24.

Bills

Bill title	
Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill	
Current status	
The Bill was introduced on 26 August. First reading and referral to the Finance and Expenditure Committee took place on 11 September 2025. Committee has given permission for officials to consult potential submitters.	
Key upcoming dates	
23 October 2025	Written submission period ends
5 November 2025	Oral FEC hearings
By 10 March 2026	Bill reported back by FEC
By 31 March 2026	Bill enacted

s 9(2)(f)(iv)

Upcoming Cabinet papers

Minister(s)	Paper	Meeting	Expected meeting date
s 9(2)(f)(iv)			
MoR, MFAT	Approval to sign Double Tax Agreement with Croatia	FPS	18/09/2025 07/10/2025 04/11/2025
MoR, MFAT	Approval to sign Double Tax Agreement with the UK	FPS	07/10/2025 04/11/2025
s 9(2)(f)(iv)			
MoR, MoF, MCCA	Approval for the proposed information sharing agreement between Inland Revenue and the Ministry of Business, Innovation and Employment	ECO	19/11/2025
MoR, MoF	Decrease in FBT prescribed rate of interest	LEG	20/11/2025
s 9(2)(f)(iv)			

Upcoming reports

Policy

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/381	MoR: Agree, Lodge, Refer to MoF MCCA: Agree	Cabinet paper - Approval for the proposed information sharing agreement between Inland Revenue and the Ministry of Business, Innovation and Employment	This report attaches the Cabinet paper for the final approval for the proposed AISA between IR and MBIE and seeks authorisation to instruct PCO to draft an OiC to give effect to the AISA.	ECO 19/11/2025	10/10/2025 17/10/2025 24/10/2025
IR2025/374	MoR: Note, Refer to MoF	Tax monitoring report: Collections to September 2025	Tax outturn monitoring report for September 2025 with variances reported against BEFU2025		24/10/2025
IR2025/394	MoR: Agree MoF: Refer	Update on GST officials' issues paper	Updates the Minister on feedback received from private sector stakeholders on topics proposed by officials for inclusion in an officials' issues paper on current GST issues and seeks his agreement to officials drafting a paper for Cabinet to consider. It also discusses emerging issues that have been raised with officials since our last report on this topic, which might also be considered for inclusion in the issues paper.		24/10/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					
IR2025/382	MoR: Agree	Extending the RDTI general application due date for businesses with a September balance date for the 2025-26 income tax year	Extending the RDTI due dates for customers with September balance dates in the 2025-26 income year. A permanent change to extend this due date is in the current Bill, but it will not pass in time, so an Order in Council needs to be made for the 2025-26 income year.		24/10/2025
IR2025/332	MoR: Note MoF: Note MfSDE: Note	Release of Working for Families stewardship review	Noting report to Ministers attaching the final report of the stewardship review and the associated documents		19/09/2025 03/10/2025 10/10/2025 24/10/2025
s 9(2)(f)(iv)					

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/416	MoR: Agree, Sign, Refer MoF: Agree	Decrease in FBT prescribed rate of interest	FBT prescribed rate change triggered requiring a lower rate via an Order in Council.		31/10/2025
s 9(2)(f)(iv)					
IR2025/409	MoR: Note MoF: Note	Compliance economic-evaluation programme update	This report briefs you and the Minister of Finance on Inland Revenue's development of internal capability to assess, based on international best practice, the direct and indirect effects of our compliance activity on an ongoing basis.		31/10/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					
IR2025/TBC	MoR: Agree MoF: Agree	International developments update	This is a report to you and the Minister of Finance on international developments in tax, especially with reference to Pillar Two.		14/11/2025
IR2025/419	MoR: Note	Update on e-Invoicing	This report provides an update on IR's approach and perspective on e-Invoicing, following a meeting between MoR and the Minister of Small Business and Manufacturing.		14/11/2025
IR2025/398		Policy options to reduce tax debt	s 9(2)(f)(iv)		21/11/2025
s 9(2)(f)(iv)					

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/422	MoR: Agree MoF: Agree	Thin capitalisation settings for infrastructure - final policy recommendations	s 9(2)(f)(iv)		05/12/2025 12/12/2025
s 9(2)(f)(iv)					

Enterprise and Integrity Services (E&IS), CCS-I, CCS-B and TCO

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Legal requirement (yes or no, if yes when)	Due to Minister (Week ending)
IR2025/401	MoSIT: Refer to MoF, cc MoR	Vote Revenue: 2025 Half-year Economic and Fiscal Update submission for the Research and Development Tax Incentive appropriation	2025 Half-year Economic and Fiscal Update submission for Vote Revenue covering the Research and Development Tax Incentive appropriation.	Treasury requirement	MoSIT: 14/11/2025 MoF: 21/11/2025
IR2025/405	MoR: Refer to MoF	Vote Revenue: 2025 Half-year Economic and Fiscal Update for non-departmental expenditure appropriations	2025 Half-year Economic and Fiscal Update submission for Vote Revenue covering non-departmental appropriations.	Treasury requirement	14/11/2025

Upcoming meetings/events

Date	Meeting/Events title
21/10/2025	Minister of Revenue meeting
23/10/2025	Meeting with Law Society - Tax Law Committee members
29/10/2025	CTG
03/11/2025	Going for Growth Ministerial Group: Competitive Business Settings Group
04/11/2025	Minister of Revenue meeting
10/11/2025	Joint Ministers' meeting
11/11/2025	Minister of Revenue meeting
18/11/2025	Minister of Revenue meeting (TBC)
27/11/2025	Qatari Delegation

Official Information Act requests

MoR OIAs – For Minister's office to release

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
MOIA 416-25 [26OIA1416]	17/10/2025	24/10/2025	s 9(2)(a) Newsroom	Copies of BN2025/343: Tax swaps advised on during the Tax Working Group and IR2025/365: Update on Inland Revenue's use of Artificial Intelligence
MOIA 423-25 [26OIA1431]	21/10/2025	29/10/2025	s 9(2)(a) Newsroom	A list of all briefings, reports, aide memoirs and memos produced or received by the Minister of Revenue between 1 and 30 September 2025 and copies of BN2025/275 & IR2025/323
MOIA 429-25 [26OIA1456]	28/10/2025	03/11/2025	s 9(2)(a) NBR	Copies of IR2025/221, IR2025/293, IR2025/327, IR2025/336 & BN2025/366

FOR MINISTER'S OFFICE USE

CIR OIAs – for Minister's office to note or consultation

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
26OIA1418	24/10/2025	28/10/2025	Member of the Public	Policies and procedure documents relating to Inland Revenue's Child Support administrative reviews
26OIA1423	24/10/2025	28/10/2025	s 9(2)(a) Opes Partners	Number of superannuitants that report rental income
26OIA1428	24/10/2025	28/10/2025	s 9(2)(a) NZME	Copy of IR2025/327: Evaluation and monitoring of Investment Boost
26OIA1432	29/10/2025	30/10/2025	s 9(2)(a) Stuff	Number of households that have applied for FamilyBoost, number of approved and declined claims, average amount paid, and average invoice amount
26OIA1435	29/10/2025	30/10/2025	s 9(2)(a) The Post	Inland Revenue's plans for the use of AI and automation across the organisation over the next five years, including analysis of how these technologies could affect staff headcount, projections or estimates of the potential impact on staffing levels, and anticipated changes in staff numbers due to AI-driven automation
26OIA1348	Extended to: 07/11/2025	Extended to: 14/11/2025	Member of the Public	Information about the tax treatment of carry (commonly referred to as carried interest or earnout), including all policy documents, all internal IR correspondence and any other information IR has which relates to the tax treatment of carry

FOR MINISTER'S OFFICE USE

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
26OIA1463	31/10/2025	03/11/2025	s 9(2)(a) New Zealand Taxpayers' Union	Copies of modelling, forecasts, internal reports, and reports to Ministers, produced in relation to the costings of capital expensing
26OIA1468	28/10/2025	04/11/2025	s 9(2)(a) Newsroom	Copies of IR2025/293, IR2025/327, IR2025/336, BN2025/337 & BN2025/366
26OIA1481	08/10/2025	06/11/2025	s 9(2)(a) Best Start	FamilyBoost data, claims, payments, full entitlement recipients, IR advertising, and research into lower-than-expected claiming



Inland Revenue
Te Tari Taake

POLICY

Tax policy report: Update on GST officials' issues paper

Date:	22 October 2025	Priority:	Medium
Security level:	In Confidence	Report number:	IR2025/394

Action sought

	Action sought	Deadline
Minister of Revenue	Agree to recommendations Refer a copy of this report to the Minister of Finance	6 November 2025

Contact for telephone discussion (if required)

Name	Position	Telephone	Suggested first contact
Graeme Morrison	Policy Lead	s 9(2)(a)	<input checked="" type="checkbox"/>
Shanae Sherriff	Senior Policy Advisor	s 9(2)(a)	<input type="checkbox"/>

22 October 2025

Minister of Revenue

Update on GST officials' issues paper

Purpose

1. This report updates you on feedback received from private sector stakeholders on topics proposed by officials for inclusion in an upcoming officials' issues paper on current GST issues. We now seek your agreement to officials drafting the issues paper for Cabinet to consider. The report also discusses emerging issues that have been raised with officials since our last report on this subject, which might also be considered for inclusion in the issues paper.

Context and background

2. Inland Revenue has established a practice of releasing officials' issues papers to consult on GST technical policy issues that are topical (the last two GST issues papers were released in 2015 and 2020). Private sector tax practitioners welcome and increasingly expect this consultation.
3. It is important to regularly maintain and update the Goods and Services Tax Act 1985 (GST Act) to ensure it does not create undue compliance burdens for businesses and remains fit for purpose in a changing world. Officials have identified several areas where improvements can be made to this legislation. Many of these have been raised with officials by private sector stakeholders.
4. In a previous report, we recommended that an officials' issues paper on GST matters be included as a project on the Tax and Social Policy Work Programme (TSPWP) when resources allow (IR2024/208 refers).

Stakeholder consultation

5. In February and March this year, we undertook preliminary targeted consultation with private sector stakeholders (CA ANZ, Deloitte, EY and KPMG). Stakeholders were generally supportive of the topics proposed for inclusion in the issues paper. They rated finance leases, reviewing the "dwelling" and "commercial dwelling" definitions, reviewing the GST treatment of certain supplies by non-residents, and GST grouping issues as the highest priority issues.
6. The following table summarises each of the issues and stakeholders' comments on these issues.

Issue	Summary	Stakeholder views
s 18(c)(i)		
GST treatment of certain supplies by non-residents	Main proposals: allow non-resident businesses to register for GST by treating certain supplies made by a non-resident as taxable; and not require non-residents that only make zero-rated supplies of remote services to register for GST.	All stakeholders consulted are supportive.
Definitions of "dwelling" and "commercial dwelling"	Main proposals: remove the "quiet enjoyment" test from the definition of dwelling; and exclude premises provided by a GST-registered employer that are intended to be predominantly used for staff accommodation (such as hotel staff occupying a unit or seasonal farm workers) from the dwelling definition.	All stakeholders consulted are supportive.
Finance leases	Review time of supply treatment and valuation of certain leasing arrangements. Includes reviewing the GST Act definition of "credit contract".	All stakeholders consulted are supportive.
GST grouping issues	Fix various issues with the rules for GST groups.	All stakeholders consulted are supportive.
Administrative issues	Make changes to improve general GST administration. Includes aligning GST refund periods with those applying for other tax types and the time bar for increasing assessments; and reviewing the process for self-correcting errors.	Stakeholders support reviewing the rules allowing taxpayers to self-correct errors. However, they do not support the proposal to align GST refund periods with those applying for other tax types.
Definition of "non-profit body"	Review the exclusion from the definition of "non-profit body" for bodies that make distributions to their members or shareholders, with the expected outcome (if an amendment is progressed) of allowing more organisations to qualify as non-profit bodies under the GST Act.	All stakeholders consulted are at least mildly supportive. Some stakeholders noted the current exclusion from the definition is challenging for some non-profit organisations.

Recommendation

10. We recommend that the issues paper should include the above policy issues, except for s 18(c)(i) [REDACTED]. This is because (as noted above) further work is required to develop an effective policy solution ahead of any public consultation on the issue.
11. While most stakeholders were opposed to one of the proposed administrative changes (being the proposal to align GST refund periods with those applying for other tax types), we still recommend including it in the issues paper for the following reasons:
 - The time bar for the Commissioner to increase a GST assessment is currently four years, which is the same as the time bar applying for income tax. We do not consider there to be any good reason to have a longer time bar (currently up to eight years) for GST error correction when this is favourable to the taxpayer. The time bar should work both ways equally.
 - We do not agree that GST is so fundamentally different from income tax (and all other tax types subject to a four-year timeframe for refunds) that there should be more time to correct GST errors than to correct errors in income tax returns. GST returns are filed more regularly than income tax returns providing a greater opportunity for identifying any errors.
 - Allowing up to eight years to go back and correct certain errors is also not consistent with having more real time tax administration and compliance. More real time tax administration is the main objective of recent tax modernisation efforts by Inland Revenue such as Business Transformation.
 - Aligning GST refund periods with those applying for other tax types would likely be fiscally positive (although, based on current data, the fiscal impact will be difficult if not impossible to quantify).

Emerging issues

12. Since our last report on the GST officials' issues paper, several emerging GST policy issues have been raised with us that could be considered for inclusion in the issues paper. These issues are outlined below.

GST on business events

13. The issue of the GST treatment of conference and convention events services supplied in New Zealand to non-resident businesses (referred to as "business events services") has emerged as a potential Ministerial priority to support the Government's

focus on increasing tourism and economic growth. We previously consulted on this in a 2020 officials' issues paper on GST issues. Submitters on the 2020 issues paper were broadly in favour of the proposal to zero-rate business events services. However, the public consultation period for the issues paper coincided with the beginning of the COVID-19 pandemic, meaning we received limited feedback from the business events industry.

14. To progress this issue and ensure any proposed changes reflect today's commercial environment and the business events industry, we recommend this issue be included in the upcoming GST issues paper to allow for further consultation to inform the policy development process.
15. Public consultation will inform the detailed design of the proposal as several key questions remain. Such questions include the scope of the proposed zero-rating rules (particularly when different services are bundled together as a conference or event package), who should qualify for the proposed zero-rating, and the potential fiscal cost. Including this issue in the GST officials' issues paper would allow for meaningful engagement with the business events industry, which would help develop the policy's boundaries and refine the fiscal estimates.

Selling solar-generated electricity back to the grid

16. The Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill (the Bill) includes a proposal to exempt small amounts of income from income tax when that income arises from the sale of electricity back to the grid. When targeted consultation was undertaken on this proposal, several stakeholders said that the GST implications of this arrangement should also be considered. We expect this issue will likely come up again during the Bill's Select Committee stage.
17. We are aware that when GST-registered persons with solar panels sell electricity back to the grid, the electricity retailer purchasing the electricity will often gross the payment up to the registered person for GST and claim a GST deduction. There is a concern that the registered person selling electricity to the grid in this situation might not be accounting for GST on the supply to Inland Revenue, therefore possibly resulting in revenue leakage. We recommend this issue be included in the issues paper to address the likely revenue leakage.

Modernising the GST Act

18. The GST Act has undergone substantial revisions since its introduction in 1985, with several regimes added to the Act in recent years. As a result, some stakeholders have said the structure of the Act has become difficult to navigate and they have asked for a rewrite.
19. At this time, we do not agree that there should be a full rewrite of the GST Act. This would consume considerable resource that we consider could be better utilised on policy and remedial projects that private sector stakeholders have identified as being high priority, such as some of the issues proposed for inclusion in the issues paper. Our impression is that most private sector GST advisors would prefer that we devote our resources to working on and releasing the issues paper, rather than to a full rewrite of the GST Act, which would only restructure and reword the existing GST rules and not involve any policy changes. Without any policy changes, a rewrite might not achieve its intended outcome of making the legislation simpler and easier to navigate because in many cases it is the underlying policy that leads to complex legislation.
20. However, to acknowledge the calls for a rewrite, we could (subject to your agreement) formally seek feedback in the issues paper on whether it would be worth making certain structural changes to the Act (including some reordering and

renumbering of provisions, adding defined terms lists, and making better use of Parts, subparts and schedules). These changes could address private sector concerns without requiring as much resourcing as a full rewrite.

s 18(c)(i)

Financial implications

24. It is still too early to determine the overall fiscal implications of the package of proposals officials recommend including in the issues paper. Because the fiscal implications depend on the design of the proposals, further policy work and consultation is required before producing any estimates.
25. However, we can advise there are some individual proposals that are expected to have a fiscal cost (the main ones being changes to the definitions of dwelling and commercial dwelling, and allowing some non-resident businesses to register for GST and treat certain supplies as taxable supplies).
26. Some of the other items suggested for inclusion in the issues paper are expected to have positive fiscal implications if they proceed as legislative proposals, such as finance leases and aligning GST refund periods with those applying for other tax types. It is expected that the latter item, if it is progressed, would give rise to a small but unquantifiable gain.
27. Also, as explained in the previous report, one of the items suggested for inclusion (GST grouping issues) includes a base maintenance issue, meaning there is a fiscal cost that could arise if nothing is done to address the issue.

Next steps

28. Subject to your agreement, officials will commence drafting the issues paper for Cabinet to consider. Following Cabinet approval, the issues paper could be released for public consultation in the first half of 2026. Following submissions, officials would report to you with a draft Cabinet paper seeking a Cabinet decision later in 2026 with a view towards including at least some of the resulting legislative changes in the 2026–27 omnibus taxation Bill.

Recommended action

29. We recommend that you:

- a. **Agree** that officials should commence drafting the GST officials’ issues paper and report back with a draft of the issues paper for Cabinet to consider.

Agreed/Not agreed

- b. **Agree** to include the following topics in the issues paper:

i.	GST treatment of certain supplies by non-residents Agreed/Not agreed
ii.	Definitions of “dwelling” and “commercial dwelling” Agreed/Not agreed
iii.	Finance leases Agreed/Not agreed
iv.	GST grouping issues Agreed/Not agreed
v.	Reviewing rules for self-correction of GST errors Agreed/Not agreed
vi.	Align GST refund periods with those applying for other tax types Agreed/Not agreed
vii.	Definition of non-profit body Agreed/Not agreed
viii.	GST on business events (subject to Ministerial discussions with the Minister of Tourism and Hospitality) Agreed/Not agreed
ix.	Selling solar-generated electricity back to the grid Agreed/Not agreed
x.	Modernising the GST Act Agreed/Not agreed

s 18(c)(i)

d. **Refer** a copy of this report to the Minister of Finance for her information.

Referred

Graeme Morrison

Policy Lead

Inland Revenue

Hon Simon Watts

Minister of Revenue

/ /2025



Inland Revenue
Te Tari Taake

POLICY

Tax policy report: **Tax monitoring report: Collections to September 2025**

Date:	23 October 2025	Priority:	Low
Security level:	In Confidence (Information is released to a timetable)	Report number:	IR2025/374

Action sought

	Action sought	Deadline
Minister of Revenue	Note the contents of this report Refer report to Minister of Finance	None 30 October 2025

Contact for telephone discussion (if required)

Name	Position	Telephone
Sandra Watson	Policy Lead, Forecasting and Analysis	s 9(2)(a) [REDACTED]

23 October 2025

Minister of Revenue

Tax Monitoring Report: Collections to September 2025

Purpose and context

1. The purpose of this report is to inform you of how tax collections¹ for the year to September 2025 have tracked against the Treasury's forecasts from the 2025 Budget Economic and Fiscal Update (BEFU 2025). No action is required from Ministers.
2. Monthly tax outturns have a timetabled release by the Treasury and figures should not be disclosed until after publication. The results for the year to June 2025 have been published in the 2024/25 year-end financial statements, released on 9 October 2025. Tax outturns for July, August and September are released collectively as the first quarter results, and will be released by The Treasury on 6 November 2025.

Tax receipts to September 2025 (2025/26 fiscal year)

Receipts Variance

3. For the three months ending 30 September 2025, unconsolidated aggregate tax receipts totalled \$32,488m, which is \$946m (3.0%) greater than BEFU 2025 forecast. This is an increase on the \$830m variance for the two months to 31 August 2025.
4. The largest positive variance remains in **net company tax**, which is now \$1,105m (21.9%) greater than forecast. One contributing factor to last month's variance was exhaustion of losses for particular taxpayer, with implications of ongoing strength in later provisional tax instalments, the next of which will be in January.
5. The month of September contains the second 2025-26 provisional tax instalments for December-balance taxpayers, which tend to be international-aligned companies. Second instalments are generally based on uplift of a previous tax year, and whilst September company tax receipts were an additional \$52 million above forecast, this does not necessarily indicate an ongoing variance trend.
6. There are also small positive variances for the quarter in **total net GST** (\$84m, 0.9%) and **net other persons tax** (\$38m, 2.2%) neither of which are outside of normal variability.
7. **PAYE** is \$250m (1.9%) lower than forecast, a reversal of the small positive variance (\$13m) seen last month. This may just reflect timing, but a negative variance is consistent with the revenue measure which is below forecast for a second consecutive month.

Receipts Growth

8. Over the twelve months to September 2025, unconsolidated aggregate tax receipts grew by \$2,321m (1.8%) compared to the previous twelve months. The main contributors to this growth were:

¹ Limited to Inland Revenue administered tax types plus Customs GST, referred to in this document as aggregate taxation.

- **Net company tax:** increased by \$1,817m (10.2%),
 - **Total net GST:** increased by \$1,298m (3.2%), and
 - **Net other persons:** increased by \$578m (8.1%).
9. **Residents withholding tax on dividends (DWT)** decreased by \$1,491m (60.1%) over the twelve months. This is because there were increased dividends paid ahead of the 39% trustee tax rate taking effect in April 2024, and the same activity has not happened this year.
10. **PAYE** growth over the twelve months at \$143m (0.3%) was smaller than the other main tax types, reflecting personal tax cuts from 31 July 2024. Growth in this tax type has now returned to positive figures, which will continue as the tax cut is increasingly captured in the comparator year as well as in the current year.

Tax revenue to September 2025 (2025/26 fiscal year)

11. Unconsolidated tax revenue for the three months ending 30 September 2025 totalled \$30,902m, which is \$685m (2.2%) lower than forecast, with this variance widening from \$302m below forecast last month.
12. The largest negative variances were in **net company tax** (\$353m, 9.7%) and **net other persons tax** (\$313m, 14.2%), both of which are of the opposite sign to the tax receipts variance. The revenue variance for company tax mostly disappears on consolidation². Moreover, there are other timing factors with the cash measure showing amounts paid through tax pools which are not yet showing as revenue as it is based on uplifts of prior-year tax returns.
13. The other main tax types are broadly in line with the Treasury's BEFU 2025 forecast.

Consultation and next steps

14. The Treasury has been consulted on this report.

² Consolidation removes the tax of government owned entities because this is also an expense item for government.

Recommended action

We recommend that you:

15. **note** the contents of this report, and
Noted
16. **refer** a copy of this report to the Minister of Finance for their information.
Referred/Not referred

s 9(2)(a)



Sandra Watson

Policy Lead, Forecasting and Analysis

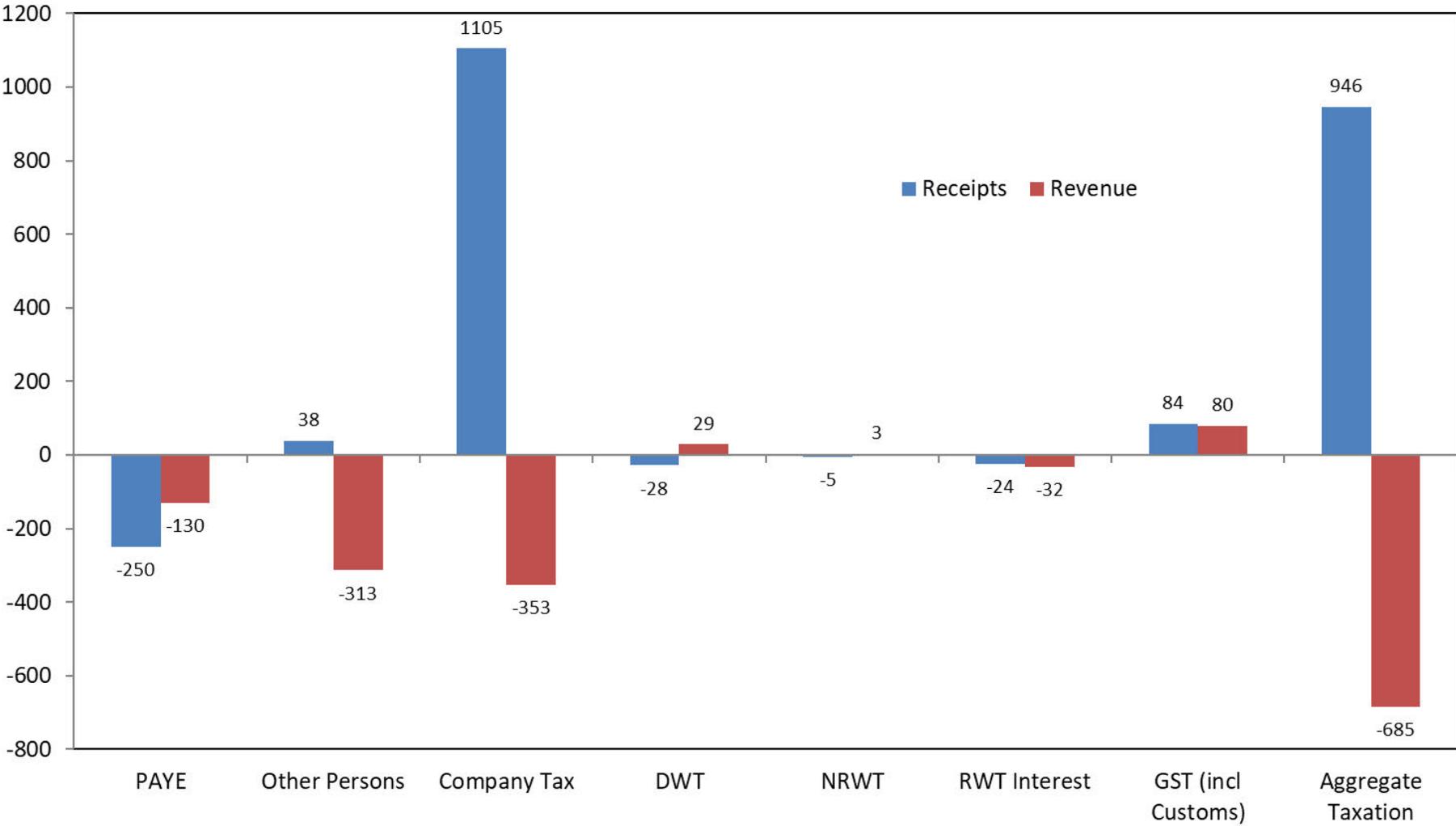
Hon Simon Watts

Minister of Revenue

/ /2025

Cumulative Variance (2025/26 June year) on the Treasury's BEFU 2025 forecasts - September 2025

\$ millions





Inland Revenue
Te Tari Taake

25SR35 Status Report

Weekly update for the Minister of Revenue

Week ending: Friday 31 October 2025
Date issued: Thursday 23 October 2025

New topical issues

New items since the last Status Report (issued on 16 October 2025).

Policy	
Social Security (Mandatory Reviews) Amendment Act 2025 - consultation	<p>Inland Revenue was consulted on the <i>Social Security (Mandatory Reviews) Amendment Act 2025</i> (Act). This Act requires the Ministry of Social Development (MSD) to review specified benefits at least once every 52 weeks to confirm if clients are still eligible and receiving the correct rate of benefits. The Act comes into force on 2 March 2026. The Act introduced powers that enable Orders in Council to specify which benefits are subject to mandatory review, and to prescribe circumstances for exceptions from the requirement for MSD to undertake a mandatory review.</p> <p>Cabinet has previously agreed that the specified benefits to which mandatory reviews will apply are Supported Living Payment, long term Emergency Benefit, Accommodation Supplement, some Disability Allowance, and New Zealand Superannuation with a non-qualified partner. Exceptions to mandatory reviews will be if the client is hospitalised for more than 13 weeks; the client is in residential disability care or rest home care; or if the client is in a locality where a state of local or national emergency, or an epidemic notice is in force.</p> <p>The Act gives effect to those Cabinet decisions.</p> <p>Inland Revenue does not have any comments on this Act.</p>

Bills

Bill title	
Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill	
Current status	
The Bill was introduced on 26 August. First reading and referral to the Finance and Expenditure Committee took place on 11 September 2025. Committee has given permission for officials to consult potential submitters.	
Key upcoming dates	
23 October 2025	Written submission period ends
5 November 2025	Oral FEC hearings
By 10 March 2026	Bill reported back by FEC
By 31 March 2026	Bill enacted

s 9(2)(f)(iv)

Upcoming Cabinet papers

Minister(s)	Paper	Meeting	Expected meeting date
s 9(2)(f)(iv)			
MoR, MFAT	Approval to sign Double Tax Agreement with Croatia	FPS	18/09/2025 07/10/2025 04/11/2025
MoR, MFAT	Approval to sign Double Tax Agreement with the UK	FPS	07/10/2025 04/11/2025
s 9(2)(f)(iv)			
MoR, MoF, MCCA	Approval for the proposed information sharing agreement between Inland Revenue and the Ministry of Business, Innovation and Employment	ECO	19/11/2025
MoR, MoF	Decrease in FBT prescribed rate of interest	LEG	20/11/2025
s 9(2)(f)(iv)			

Upcoming reports

Policy

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/416	MoR: Agree, Sign, Refer MoF: Agree	Decrease in FBT prescribed rate of interest	FBT prescribed rate change triggered requiring a lower rate via an Order in Council.	LEG 20/11/2025	31/10/2025
s 9(2)(f)(iv)					
IR2025/332	MoR: Note MoF: Note MfSDE: Note	Release of Working for Families stewardship review	Noting report to Ministers attaching the final report of the stewardship review and the associated documents		19/09/2025 03/10/2025 10/10/2025 24/10/2025 31/10/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/409	MoR: Note MoF: Note	Compliance economic-evaluation programme update	This report briefs you and the Minister of Finance on Inland Revenue's development of internal capability to assess, based on international best practice, the direct and indirect effects of our compliance activity on an ongoing basis.		31/10/2025
s 9(2)(f)(iv)					
IR2025/431	MoR: Agree MoF: Refer	Financial arrangement rules - options to support new migrants	Report responding to commissioning for options to lower the barrier to immigration that the financial arrangement rules pose. Outlines issues identified with the current rules and provides options for change. These include specific and targeted options, and larger scale reform options. Provides initial recommendations on which options should be progressed, and seeks agreement on next steps.		07/11/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					
IR2025/TBC	MoR: Agree MoF: Agree	International developments update	This is a report to you and the Minister of Finance on international developments in tax, especially with reference to Pillar Two.		14/11/2025
IR2025/419	MoR: Note	Update on e-Invoicing	This report provides an update on IR's approach and perspective on e-Invoicing, following a meeting between MoR and the Minister of Small Business and Manufacturing.		14/11/2025
IR2025/398		Policy options to reduce tax debt	s 9(2)(f)(iv)		21/11/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					
IR2025/422	MoR: Agree MoF: Agree	Thin capitalisation settings for infrastructure - final policy recommendations	s 9(2)(f)(iv)		05/12/2025 12/12/2025
s 9(2)(f)(iv)					

Enterprise and Integrity Services (E&IS), CCS-I, CCS-B and TCO

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Legal requirement (yes or no, if yes when)	Due to Minister (Week ending)
IR2025/401	MoSIT: Refer to MoF, cc MoR	Vote Revenue: 2025 Half-year Economic and Fiscal Update submission for the Research and Development Tax Incentive appropriation	2025 Half-year Economic and Fiscal Update submission for Vote Revenue covering the Research and Development Tax Incentive appropriation.	Treasury requirement	MoSIT: 14/11/2025 MoF: 21/11/2025
IR2025/405	MoR: Refer to MoF	Vote Revenue: 2025 Half-year Economic and Fiscal Update for non-departmental expenditure appropriations	2025 Half-year Economic and Fiscal Update submission for Vote Revenue covering non-departmental appropriations.	Treasury requirement	14/11/2025
IR2025/430	MoR to note	Quarterly performance report and quarterly debt report Q1 2025/26	Regular reporting on IR's performance for Q1, and a copy of the debt report prior to public release	No	21/11/2025
MoE reference TBC	MfU Cc: MoR	Annual report for Student Loan Scheme	Student Loan Scheme annual report prepared by MoE, IR and MSD. Published by MoE and presented to the House by the Minister for Universities.	No	21/11/2025

Upcoming meetings/events

Date	Meeting/Events title
29/10/2025	CTG
03/11/2025	Going for Growth Ministerial Group: Competitive Business Settings Group
04/11/2025	Minister of Revenue meeting
10/11/2025	Joint Ministers' meeting
11/11/2025	Minister of Revenue meeting
18/11/2025	Minister of Revenue meeting (TBC)
27/11/2025	Qatari Delegation

Official Information Act requests

MoR OIAs – For Minister's office to release

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
MOIA 429-25 [26OIA1456]	Received	03/11/2025	s 9(2)(a) NBR	Copies of IR2025/221, IR2025/293, IR2025/327, IR2025/336 & BN2025/366

CIR OIAs – For Minister's office to note or consultation

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
26OIA1432	29/10/2025	30/10/2025	s 9(2)(a) Stuff	Number of households that have applied for FamilyBoost, number of approved and declined claims, average amount paid, and average invoice amount
26OIA1435	29/10/2025	30/10/2025	s 9(2)(a) The Post	Inland Revenue's plans for the use of AI and automation across the organisation over the next five years, including analysis of how these technologies could affect staff headcount, projections or estimates of the potential impact on staffing levels, and anticipated changes in staff numbers due to AI-driven automation
26OIA1450	Received	03/11/2025	s 9(2)(a) NZ Herald	Copies of IR2025/306, IR2025/336, IR2025/221, IR2025/327 & BN2025/357
26OIA1468	Received	04/11/2025	s 9(2)(a) Newsroom	Copies of IR2025/293, IR2025/327, IR2025/336, BN2025/337 & BN2025/366
26OIA1481	30/10/2025	06/11/2025	s 9(2)(a) Best Start	FamilyBoost data, claims, payments, full entitlement recipients, IR advertising, and research into lower-than-expected claiming

FOR MINISTER'S OFFICE USE

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
26OIA1463	31/10/2025	03/11/2025	s 9(2)(a) New Zealand Taxpayers' Union	Copies of modelling, forecasts, internal reports, and reports to Ministers, produced in relation to the costings of capital expensing
26OIA1348	Extended to: 07/11/2025	Extended to: 14/11/2025	Member of the Public	Information about the tax treatment of carry (commonly referred to as carried interest or earnout), including all policy documents, all internal IR correspondence and any other information IR has which relates to the tax treatment of carry
26OIA1527	11/11/2025	18/11/2025	Member of the public	All the information regarding Investment Boost including any information relating to businesses that are engaged in leasing/renting vehicles
26OIA1528	12/11/2025	18/11/2025	s 9(2)(a) NZ Herald	Expected revenue from GST compliance improvements



Inland Revenue
Te Tari Taake

25SR36 Status Report

Weekly update for the Minister of Revenue

Week ending: Friday 7 November 2025
Date issued: Wednesday 29 October 2025

New topical issues

New items since the last Status Report (issued on 23 October 2025).

Policy	
International developments (including Pillar Two progress)	We previously indicated that we would report to you later this year to update you on international developments in tax policy, including meetings at the OECD. Work at the OECD on adopting a side-by-side approach to allow for US concerns with Pillar Two is making good progress and there is a meeting scheduled for mid-November at which it is hoped that agreement will be reached. We therefore propose to send you an international updates report – which would primarily focus on Pillar Two changes – in late November.

Bills

Bill title	
Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill	
Current status	
The Bill was introduced on 26 August. First reading and referral to the Finance and Expenditure Committee took place on 11 September 2025. Committee has given permission for officials to consult potential submitters. The period for written submissions ended on 23 October. Officials briefed FEC on the Bill on 22 October; this briefing will be completed on 3 November	
Key upcoming dates	
05/11/2025	Oral FEC hearings
By 10/03/2026	Bill reported back by FEC
By 31/03/2026	Bill enacted

s 9(2)(f)(iv)



Upcoming Cabinet papers

Minister(s)	Paper	Meeting	Expected meeting date
MoR, MFAT	Approval to sign Double Tax Agreement with Croatia	FPS	18/09/2025 07/10/2025 04/11/2025
MoR, MFAT	Approval to sign replacement Double Tax Agreement with the UK	FPS	07/10/2025 04/11/2025
MoR	Draft Cabinet paper: Increasing the Minimum Family Tax Credit threshold and CPI indexation of Family Tax Credit and Best Start Tax Credit payment rates	LEG	13/11/2025
MoR	Tax Administration (Research and Development Tax Incentive General Approvals Application Due Date for Businesses with a September Balance Date for the 2024-25 Income Tax Year) Extension Order 2025	LEG ECO	13/11/2025 17/11/2025
MoR, MoF, MCCA	Cabinet paper - Approval for the proposed information sharing agreement between Inland Revenue and the Ministry of Business, Innovation and Employment	ECO	19/11/2025
MoR, MoF	Decrease in FBT prescribed rate of interest	LEG	20/11/2025
s 9(2)(f)(iv)			
MoR, MoF	Use of money interest rates review	LEG	11/12/2025

Upcoming reports

Policy

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					
IR2025/431	MoR: Agree MoF: Refer	Financial arrangement rules - options to support new migrants	This report responds to commissioning for options to lower the barrier to immigration that the financial arrangement rules pose. Outlines issues identified with the current rules and provides options for change. These include specific and targeted options, and larger scale reform options. Provides initial recommendations on which options should be progressed and seeks agreement on next steps.		07/11/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/433	MoR: Note	Update on Investment Boost	This report provides an update on Investment Boost, including feedback from stakeholders and the remedial items included in the current annual rates Bill.		07/11/2025
s 9(2)(f)(iv)					
IR2025/419	MoR: Note	Update on e-Invoicing	This report provides an update on Inland Revenue's approach and perspective on e-Invoicing, following a meeting between MoR and the Minister of Small Business and Manufacturing.		14/11/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/437	MoR: Agree, Authorise MoF: Agree	Use of money interest rates review	This report seeks agreement to update the UOMI rates via Order in Council as the criteria for a rate change have been triggered.	LEG 11/12/2025	14/11/2025
s 9(2)(f)(iv)					
IR2025/TBC	MoR: Agree MoF: Agree	International developments update	This is a report to you and the Minister of Finance on international developments in tax, especially with reference to Pillar Two.		14/11/2025
IR2025/398		Policy options to reduce tax debt	s 9(2)(f)(iv)		21/11/2025
s 9(2)(f)(iv)					

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/422	MoR: Agree MoF: Agree	Thin capitalisation settings for infrastructure - final policy recommendations	s 9(2)(f)(iv)		05/12/2025 12/12/2025
s 9(2)(f)(iv)					

Enterprise and Integrity Services (E&IS), CCS-I, CCS-B and TCO

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Legal requirement (yes or no, if yes when)	Due to Minister (Week ending)
BN2025/426	MoR: Note	Microsoft 365 Copilot rollout	Provides more information about the rollout of M365 across Inland Revenue.	No	07/11/2025
s 9(2)(f)(iv)					
BN2025/438	MoR: Note	Collection Decision Support	Provides the additional information requested by the Minister following the presentation on 10/09/2025.	No	07/11/2025
IR2025/401	MoSIT: Refer to MoF, cc MoR	Vote Revenue: 2025 Half-year Economic and Fiscal Update submission for the Research and Development Tax Incentive appropriation	2025 Half-year Economic and Fiscal Update submission for Vote Revenue covering the Research and Development Tax Incentive appropriation.	Treasury requirement	MoSIT: 14/11/2025 MoF: 21/11/2025
IR2025/405	MoR: Refer to MoF	Vote Revenue: 2025 Half-year Economic and Fiscal Update for non-departmental expenditure appropriations	2025 Half-year Economic and Fiscal Update submission for Vote Revenue covering non-departmental appropriations.	Treasury requirement	14/11/2025
IR2025/430	MoR: Note	Quarterly performance report and quarterly debt report Q1 2025/26	Regular reporting on IR's performance for Q1, and a copy of the debt report prior to public release.	No	21/11/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Legal requirement (yes or no, if yes when)	Due to Minister (Week ending)
MoE reference TBC	MfU: Cc MoR	Annual report for Student Loan Scheme	Student Loan Scheme annual report prepared by MoE, Inland Revenue and MSD. Published by MoE and presented to the House by the Minister for Universities.	No	21/11/2025
MoE reference TBC	MfU: Cc MoR	Quarterly Student Loan Scheme report for Q1 2025/26	Quarterly Student Loan Scheme report for Q1 2025/26.	No	28/11/2025

Upcoming meetings/events

Date	Meeting/Events title
04/11/2025	Minister of Revenue meeting
10/11/2025	Joint Ministers' meeting
11/11/2025	Minister of Revenue meeting
12/11/2025	Meeting with Law Society- Tax Law Committee members
12/11/2025	Going for Growth Ministerial Group: Competitive Business Settings Group

Official Information Act requests

CIR OIAs – For Minister's office to note or consultation

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
26OIA1432	29/10/2025	30/10/2025	s 9(2)(a) Stuff	Number of households that have applied for FamilyBoost, number of approved and declined claims, average amount paid, and average invoice amount
26OIA1450	Received	03/11/2025	s 9(2)(a) NZ Herald	Copies of IR2025/306, IR2025/336, IR2025/221, IR2025/327 & BN2025/357
26OIA1468	Received	04/11/2025	s 9(2)(a) Newsroom	Copies of IR2025/293, IR2025/327, IR2025/336, BN2025/337 & BN2025/366
26OIA1481	30/10/2025	06/11/2025	s 9(2)(a) Best Start	FamilyBoost data, claims, payments, full entitlement recipients, IR advertising, and research into lower-than-expected claiming
26OIA1463	31/10/2025	03/11/2025	s 9(2)(a) New Zealand Taxpayers' Union	Copies of modelling, forecasts, internal reports, and reports to Ministers, produced in relation to the costings of capital expensing
26OIA1348	Extended to: 07/11/2025	Extended to: 14/11/2025	Member of the Public	Information about the tax treatment of carry (commonly referred to as carried interest or earnout), including all policy documents, all internal IR correspondence and any other information IR has which relates to the tax treatment of carry
26OIA1528	12/11/2025	18/11/2025	s 9(2) NZ Herald	Expected revenue from GST compliance improvements

FOR MINISTER'S OFFICE USE

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
26OIA1530	18/11/2025	19/11/2025	s 9(2) [redacted] NZ Herald	All documents related to efforts to increase repayment of Small Business Cash Flow Loans, including total debt, repayment likelihood, and business insolvencies linked to loan default from March 1 to 21 October 2025
26OIA1536	Received	24/11/2025	s 9(2)(a) [redacted] Newsroom	Copies of IR2025/327, IR2025/336 & BN2025/366



Inland Revenue
Te Tari Taake

POLICY

Tax policy report: **Tax monitoring report: Collections to July 2025 and near-final Revenue for the year to June 2025**

Date:	2 September 2025	Priority:	Low
Security level:	In Confidence (Information is released to a timetable)	Report number:	IR2025/352

Action sought

	Action sought	Deadline
Minister of Revenue	Note the contents of this report Refer report to Minister of Finance	None 9 September 2025

Contact for telephone discussion (if required)

Name	Position	Telephone
Sandra Watson	Policy Lead, Forecasting and Analysis	s 9(2)(a) [REDACTED]

2 September 2025

Minister of Revenue

Tax Monitoring Report: Collections to July 2025 and near-final Revenue for the year to June 2025

Purpose and context

1. The purpose of this report is to inform you of how tax collections¹ for the year to July 2025 have tracked against the Treasury's forecasts from the 2025 Budget Economic and Fiscal Update (BEFU 2025). As this is the first month of the 2025/26 fiscal year, any reported variances are for July 2025 only. No action is required from Ministers.
2. Unconsolidated tax revenue figures for the year to 30 June 2025 were not available at the time last month's report was prepared and are reported this month as near-final but remain subject to potential audit adjustment. As March results were known at the time BEFU was finalised, variances in relation to the 2025 June year cover the three-month April to June period.
3. Monthly tax outturns have a timetabled release by the Treasury and figures should not be disclosed until after publication. The results for the year to June 2025 will be published in the 2024/25 year-end financial statements which we anticipate being released in October. July, August and September are released collectively as the first quarter results, with publication in early November.

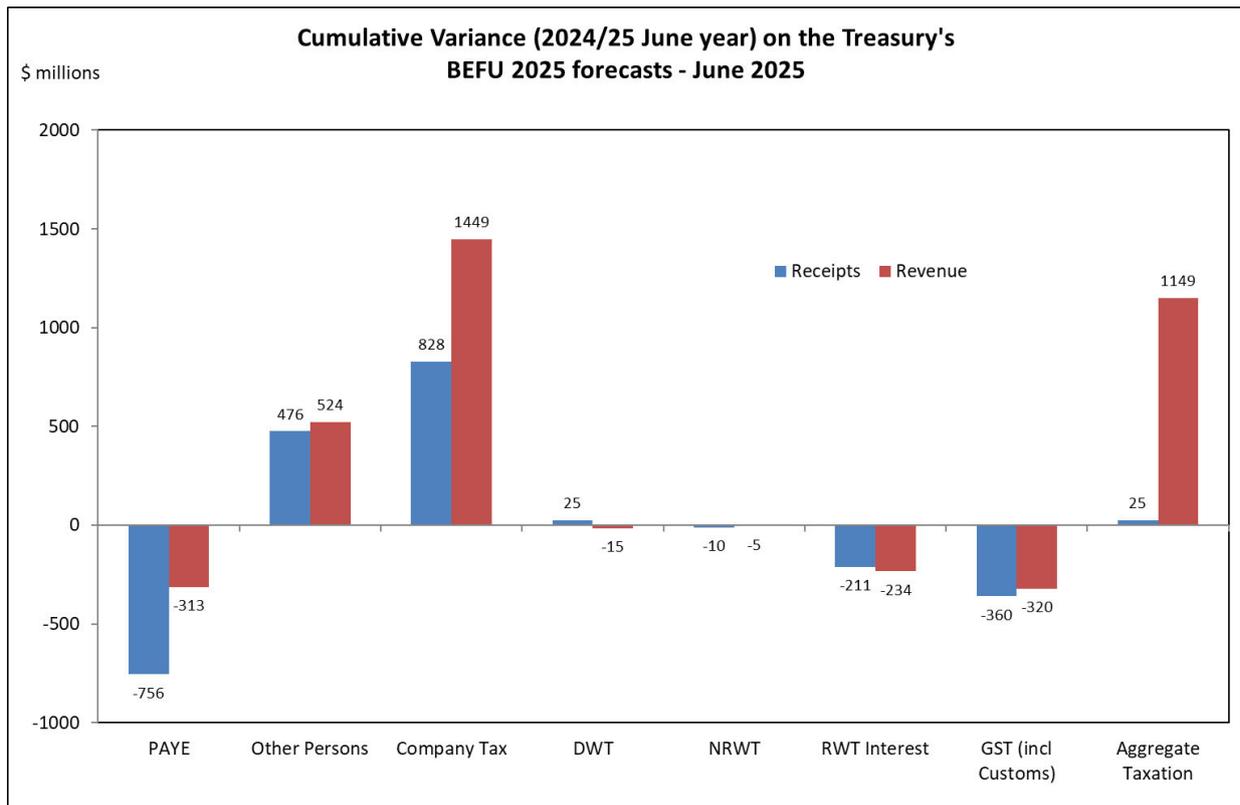
Revenue measure results for the year to June 2025 (2024/25 fiscal year)

4. Last month we reported 2025 June year-end variances for unconsolidated aggregate tax receipts, which were above the Treasury's BEFU forecast by \$25 million (0.02%). Near-final unconsolidated aggregate tax revenue outturns for the 12 months to June 2025 are now available. These total \$129,433m and are \$1,149m (0.9%) greater than the BEFU 2025 forecast. Although near-final, these figures remain subject to audit adjustment.
5. The largest positive variance is in net company tax at \$1,449m (8.3%) greater than forecast. \$661m of this variance comes from higher-than-expected PIE taxation, while the overall variance also partially reduces on consolidation.
6. Net other persons tax revenue to June 2025 was \$524m (6.6%) greater than forecast. This is the third consecutive month with a positive variance and indicates the BEFU forecast was not high enough. The year-end variances in net company tax and net other persons tax revenue are consistent with the receipts measure reported to you last month.
7. These positive variances were partially offset by negative variances in the below tax types:

¹ Limited to Inland Revenue administered tax types plus Customs GST, referred to in this document as Aggregate taxation.

- PAYE of \$51,025m was \$313m (0.6%) lower than forecast.
- Total net GST of \$42,095m was \$320m (0.8%) lower than forecast.
- Resident withholding tax on interest (RWT) of \$3,567m was \$234m (6.2%) lower than forecast.

8. These negative variances are broadly consistent with the receipts measure for each respective tax type.



Tax receipts for July 2025 (2025/26 fiscal year)

Receipts Variance

9. July 2025 is the first month of the 2025/26 fiscal year, so we only report on one month of variances. This means we do not have the benefit of smoothing effects from cumulative months, and it is too early to identify underlying trends.
10. For July 2025, unconsolidated aggregate tax receipts totalled \$11,348m, which is \$891m (8.5%) greater than BEFU 2025 forecast. The largest positive variance was in net company tax which was \$655m (25.0%) greater than forecast. This variance is still positive but significantly smaller after consolidation. July contains the third and final 2024/25 provisional payment for June-balance companies, a group of taxpayers who are often Government aligned. Their first payment for the 2025/26 year is due in November.
11. There were also positive variances in total net GST (\$187m, 7.1%) and PAYE (\$95m, 2.2%). These follow year-end negative variances for both tax types for the 2024/25 year. As this is only one month it is too early to signal a trend.

12. Strength in GST is consistent with recent strength in some economic indicators. From the retail trade survey, June quarter annual growth on the same quarter in the previous year was 2.5%. This is up from 1.4% in the March quarter. Annual inflation for the June 2025 quarter has also been measured at 2.7% compared to a BEFU forecast of 2.2%.²
13. There were smaller negative variances in residents withholding tax on dividends (\$49m), net other persons tax (\$16m) and resident withholding tax on interest (\$13m).

Receipts Growth

14. Over the twelve months to July 2025, unconsolidated aggregate tax receipts grew by \$793m (0.6%) compared to the previous year. The main contributors to this growth were:
 - **Net company tax:** increased by \$933m (5.1%),
 - **Net other persons:** increased by \$545m (7.7%), and
 - **Total net GST:** increased by \$356m (0.9%),
 - **PAYE:** increased by \$317m (0.6%).
15. The annual growth rates in company tax and GST receipts are no longer affected by Matariki³ which moved the June 2024 due date into July 2024, and which consequently boosted the year to June 2025 growth figures for these two tax types to company tax: \$3,124m (19.0%) and GST: \$4,086m (10.5%). It also affected aggregate receipts growth for the year, which was a much larger \$6,739m (5.5%). Without this timing impact, annual growth for these two tax types and the overall aggregate have now returned to a smaller order of magnitude.
16. **Residents withholding tax on dividends (DWT)** decreased by \$1,589m (62.7%) over the twelve months. This is because there were increased dividends paid ahead of the 39% trustee tax rate taking effect in April 2024, and the same activity has not happened this year.

Tax revenue for July 2025 (2025/26 fiscal year)

17. Unconsolidated tax revenue for July 2025 totalled \$10,862m, which is \$253m (2.4%) greater than forecast. The largest positive variances were in **PAYE**, which was \$192m (4.1%) greater than forecast, and **total net GST**, which was \$122m (3.5%) greater than forecast. Although slightly different in magnitude, these are both broadly consistent with the receipts measure.
18. These positive variances were partially offset by net other persons tax, which was \$100m (13.8%) below forecast.
19. Net company tax was close to forecast at \$31 million (2.7%) above and is not impacted by a significant consolidation adjustment this month.

² Source: Consumers Price Index: June 2025 quarter, released by Statistics New Zealand on 21 July 2025.

³ Matariki due date changes also affected net other persons receipts, but to a lesser extent.

Consultation and next steps

20. The Treasury has been consulted on this report.

Recommended action

We recommend that you:

21. **note** the contents of this report, and
Noted
22. **refer** a copy of this report to the Minister of Finance for their information.
Referred/Not referred

s 9(2)(a)



Sandra Watson

Policy Lead, Forecasting and Analysis

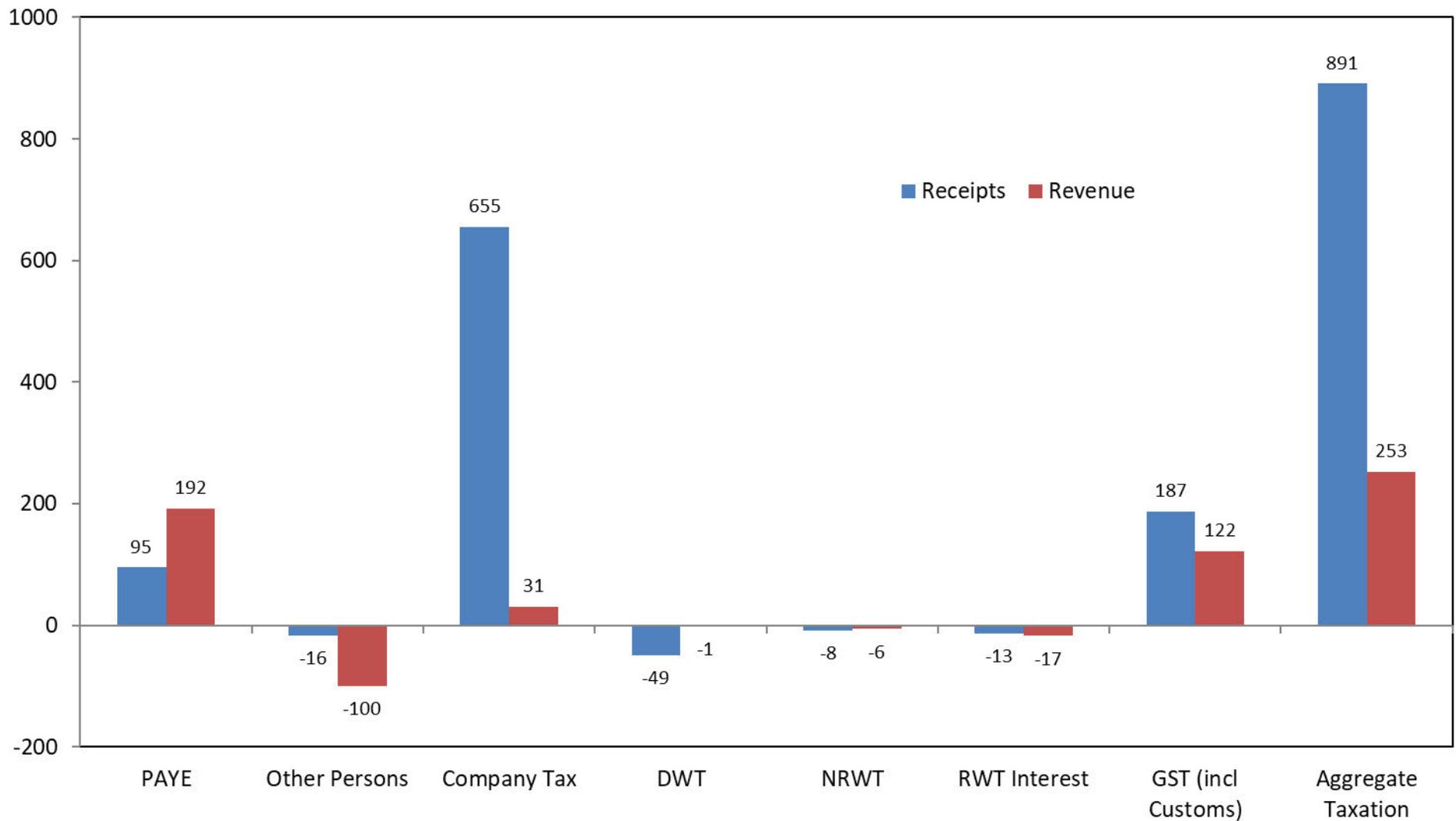
Hon Simon Watts

Minister of Revenue

/ /2025

Cumulative Variance (2025/26 June year) on the Treasury's BEFU 2025 forecasts - July 2025

\$ millions





Inland Revenue
Te Tari Taake

25SR28 Status Report

Weekly update for the Minister of Revenue

Week ending: Friday 12 September 2025
Date issued: Thursday 4 September 2025

New topical issues

New items since the last Status Report (issued on 28 August 2025).

Policy	
<p>Update - Minister of Commerce and Consumer Affairs' Cabinet Paper: Customer and Product Data Act - Proposed fees and Levies for Regulated Open Banking</p>	<p>Further to the advice provided to you last week, Inland Revenue met with officials from the Ministry of Business, Innovation and Employment (MBIE) on Tuesday to clarify how the open banking proposal will work in practice. At the meeting MBIE officials clarified the cost impact of the regime on Inland Revenue, including the impact of fees and levies. Our updated advice is as follows:</p> <p>Data holders, including banks and other financial institutions, would be prevented by legislation from passing costs onto accredited data requesters. As Inland Revenue is not a data holder, we will not be directly impacted by these levies and fees. However, Inland Revenue will be a user of these open banking services and therefore the cost recovery mechanism will indirectly impact us. We understand that the maximum cost impact on Inland Revenue by third-party intermediaries would be \$82,600 per annum, apart from the first year where no costs will be imposed. This does not include any commercial costs that third parties may choose to impose on Inland Revenue.</p> <p>Our overall conclusion is that the costs of utilising open banking APIs for a variety of tax administration reasons (currently in design), including payments, would appear to be reasonable and outweighed by the benefits. However, we would still need to complete a detailed analysis once the legislation is enacted, and any relevant commercial process is completed.</p> <p>The paper will be going to the Cabinet Economic Policy Committee (ECO) on 10 September 2025.</p>
Operational	
<p>Electronic Sales Suppression Tools (ESST) - Search Operations Whanganui and Auckland</p>	<p>As part of our ongoing efforts to address the hidden economy, Inland Revenue is continuing to focus on suspected misuse of Electronic Sales Suppression Tools to under-report income.</p> <p>Over the coming week, Customer Compliance Specialist staff will carry out a series of warranted and warrantless search operations, along with unannounced visits to hospitality businesses in the Whanganui and Auckland Regions.</p> <p>Twelve operations are scheduled, covering both residential and commercial premises. Approximately 30 Inland Revenue staff, including digital forensics experts, will be involved.</p> <p>We will inform the New Zealand Police of our activities. Our team has extensive experience conducting these operations, and Police support is available if required.</p> <p>This initiative follows similar enforcement activity in the Auckland and Northland regions earlier this year.</p>

Bills

Bill title	
Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill	
Current status	
The Bill was introduced on 26 August. First reading and referral to the Finance and Expenditure Committee is scheduled to take place on 11 September 2025.	
Key upcoming dates	
11 September 2025	First reading and referral to FEC (written submission period begins)
21 October 2025	Written submission period ends (provisional – subject to FEC decision)
4 November 2025	Oral FEC hearings (provisional – subject to FEC decision)
27 February 2026	Bill reported back by FEC
By 31 March 2026	Bill enacted

Bill title	
Income Tax (FamilyBoost) Amendment Bill	
Current status	
<p>Cabinet agreed to a standalone Bill [CAB-MIN-0217] to amend the FamilyBoost provisions in the Income Tax Act 2007. The amendments will increase the rebate percentage, increase the quarterly maximum credit payment, and reduce the abatement rate.</p> <p>A draft LEG paper has been provided to Ministers for consultation. The Bill has been drafted and is undergoing review for compliance with the Bill of Rights Act by the Ministry of Justice.</p>	
Key upcoming dates	
11 September 2025	LEG Committee
15 September 2025	Cabinet
16 September 2025	<p>Bill to be introduced and passed through all stages under urgency.</p> <p>Proactive release of key reports and earlier Cabinet papers (approx).</p>
18 September 2025	<p>Bill enacted (approx).</p> <p>Proactive release of LEG paper and minutes.</p>

Cabinet and Ministerial approvals for the Taxation (Annual Rates for 2025-26, Compliance Simplification, and Remedial Measures) Bill

Previous Cabinet and Ministerial approvals

Item	Report reference	Cabinet minute
FIF rule changes – addition of revenue account method	IR2025/007	CAB-25-MIN-0061
Tax deferred employee share schemes	IR2025/126	CAB-25-MIN-0126
Omnibus non-fiscal remedial measures	IR2025/190	N/A
Omnibus fiscal remedial measures	IR2025/191	N/A
Omnibus policy report & Cabinet paper #1: <ul style="list-style-type: none"> • Annual rates for 2025-26 tax year • Digital nomads • Repeal of s 17GB • Power to change FamilyBoost settings by OIC • Powers for CIR to set certain rates • Overseas donee status • Proceeds of crime information 	IR2025/297	CAB-25-MIN-0224
Omnibus Cabinet paper #2: <ul style="list-style-type: none"> • Residential electricity sales • Repeal of trust disclosure provisions • Ministerial agreements for information disclosures 	IR2025/274 & IR2025/285	CAB-25-MIN-0225
Further remedial measures [FBT and Investment Boost]	IR2025/295	N/A
GST & joint ventures	IR2025/200	CAB-25-MIN-0263
Omnibus LEG paper & cover report	IR2025/325	CAB-25-MIN-0287

Upcoming Cabinet and Ministerial approvals

Item	Report date & reference	Cabinet committee date	Cabinet date
Thin capitalisation settings for infrastructure	05/08/2025 [IR2025/293]	TBC	TBC

Upcoming Cabinet papers

Minister(s)	Paper	Meeting	Expected meeting date
MoR, MoF	Approval to introduce an Income Tax (FamilyBoost) Amendment Bill	LEG	11/09/2025
MoR, MFAT	Approval to sign Double Tax Agreement with Croatia	FPS	18/09/2025
MoR, MFAT	Approval to sign Double Tax Agreement with the UK	FPS	07/10/2025

Upcoming reports

Policy

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/351	MoR: Agree MoF: Agree MSDE: Agree	Minimum Family Tax Credit: annual threshold review	This report seeks agreement for PCO to draft an Order in Council to adjust the MFTC amount, and for PCO to draft a change to the FTC and BSTC in case CPI exceeds 5% in October.	LEG 13/11/2025	12/09/2025
s 9(2)(f)(iv)					
BN2025/362	MoR: Agree MoF: Note	Information release for review – Income Tax (FamilyBoost) Amendment Bill 2025	This report provides all the documents and proposed redactions for the proactive release of FamilyBoost material.		12/09/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					
IR2025/332	MoR: Note MoF: Note MfSDE: Note	Release of Working for Families stewardship review	This is a noting report to you and the Ministers of Finance and Social Development attaching the final report of the stewardship review and the associated documents.		19/09/2025
IR2025/344	MoR: Note, Agree, Refer to MFAT and Lodge	Approval to sign Double Tax Agreement with Croatia	This report seeks your approval to sign the DTA with Croatia and to lodge a Cabinet paper to seek Cabinet approval.	FPS 07/10/2025	19/09/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					
IR2025/371	MoR: Note, Agree MoF: Note, Agree	Tax treatment of software - overview and policy issues under review	This report provides you and the Minister of Finance with context on the different ways that businesses use software, the tax implications from those different use cases, and the economic implications of the different outcomes of those cases. Outlines current views on which policy projects in this area should be progressed and informs of upcoming consultation.		19/09/2025
s 9(2)(f)(iv)					
IR2025/313	MoR: Note, Agree, Refer to MFAT, Lodge	Approval to sign Double Tax Agreement with the UK	This report seeks Cabinet approval to sign the DTA with the UK following the conclusion of negotiations. Attached are the Cabinet paper and the NIA.	FPS 07/10/2025 04/11/2025	26/09/2025 10/10/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					

Enterprise and Integrity Services (E&IS), CCS-I, CCS-B and TCO

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Legal requirement (yes or no, if yes when)	Due to Minister (Week ending)
IR2025/363	MoR: Note	Non-compliant employers	Report providing an overview of the work IR is doing to identify non-compliant employers, including the steps taken when we find migrant exploitation.	No	19/09/2025

Upcoming meetings/events

08/09/2025	Joint Ministers' meeting
09/09/2025	Minister of Revenue meeting
10/09/2025	Automated Tools deep dive in Ministers office
10/09/2025	Meeting with Hon Chris Penk regarding NZBN
16/09/2025	Minister of Revenue meeting
17/09/2025	Meeting with Mick Keen, International Monetary Fund
25/09/2025	Senior Technical Conference

Official Information Act requests

MoR OIAs – For Minister's office to release

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
MOIA 384-25 [26OIA1241]	08/09/2025	16/09/2025	s 9(2)(a) Stuff	Copies of IR2025/323 IR's readiness for a catastrophic Wellington event and BN2025/320 Minister of Revenue's meeting with Sanitarium
MOIA 388-25 [26OIA1251]	12/09/2025	17/09/2025	s 9(2)(a) Newsroom	Copies of IR2025/141, BN2025/151, IR2025/168, IR2025/180, IR2025/199, BN2025/201, IR2025/204, BN2025/222, IR2025/229, BN2025/234, and BN2025/247

FOR MINISTERS' OFFICE USE

CIR OIAs – for Minister's office to note or consultation.

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
26OIA1138	Extended to: 08/09/2025	Extended to: 15/09/2025	s 9(2)(a) New Zealand Taxpayers' Union	Information on the planned replacement of the Census with administrative data sharing between IR and Stats NZ
26OIA1275	16/09/2025	23/09/2025	s 9(2)(a) Labour Leaders Office	Copies of IR2025/241, IR2025/295, BN2025/304, BN2025/314, IR2025/315, BN2025/316 and BN2025/330
26OIA1286	18/09/2025	25/09/2025	s 9(2) NZME	Copy of IR2025/315: International tax update
26OIA1293	19/09/2025	26/09/2025	s 9(2)(a) Newsroom	Copies of BN2025/304: Communications plan: Proactive release of submissions on "Taxation and the not-for-profit sector" Issues Paper and BN2025/330: Family Boost updat
26OIA1295	19/09/2025	26/09/2025	s 9(2)(a) NZME	Copies of BN2025/314, BN2025/316, BN2025/33 & IR2025/315
26OIA1296	19/09/2025	26/09/2025	s 9(2)(a) NZME	Copy of IR2025/241: Tax Treaty Work Programme 2025-2026
26OIA1308	23/09/2025	30/09/2025	s 9(2)(a) NZME	Copies of any reports monitoring the Investment Boost tax credit since it was announced



Inland Revenue
Te Tari Taake

25SR29 Status Report

Weekly update for the Minister of Revenue

Week ending: Friday 19 September 2025

Date issued: Friday 12 September 2025

New topical issues

New items since the last Status Report (issued on 04 September 2025).

Policy	
s 9(2)(f)(iv)	
Operational	
GST treatment of fees and levies payable under legislation	<p>GST currently applies to most charges (such as fees and levies) paid under law where those charges are for goods or services.</p> <p>We are about to write to public sector agencies to remind them that, from 1 July 2026, GST must be applied consistently to all charges (including fees and levies) collected under legislation for goods and services.</p> <p>We do not expect this to have a material impact on fees, charges and levies paid under legislation.</p>

Bills

Bill title	
Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill	
Current status	
The Bill was introduced on 26 August. First reading and referral to the Finance and Expenditure Committee took place on 11 September 2025.	
Key upcoming dates	
21 October 2025	Written submission period ends (provisional – subject to FEC decision)
4 November 2025	Oral FEC hearings (provisional – subject to FEC decision)
27 February 2026	Bill reported back by FEC
By 31 March 2026	Bill enacted

Bill title	
Income Tax (FamilyBoost) Amendment Bill	
Current status	
<p>Cabinet agreed to a standalone Bill [CAB-MIN-0217] to amend the FamilyBoost provisions in the Income Tax Act 2007. The amendments will increase the rebate percentage, increase the quarterly maximum credit payment, and reduce the abatement rate.</p> <p>The Bill has been prepared and is currently under review by the Ministry of Justice to ensure compliance with the Bill of Rights Act. The House Office has advised that the Bill is scheduled to be introduced and passed under urgency on Wednesday 17 September.</p>	
Key upcoming dates	
15 September 2025	Cabinet
17 September 2025	Bill to be introduced and passed through all stages under urgency. Proactive release of key reports and earlier Cabinet papers (approx.).
18 September 2025	Bill enacted (approx.). Proactive release of LEG paper and minutes.

Cabinet and Ministerial approvals for the Taxation (Annual Rates for 2025-26, Compliance Simplification, and Remedial Measures) Bill

Previous Cabinet and Ministerial approvals

Item	Report reference	Cabinet minute
FIF rule changes – addition of revenue account method	IR2025/007	CAB-25-MIN-0061
Tax deferred employee share schemes	IR2025/126	CAB-25-MIN-0126
Omnibus non-fiscal remedial measures	IR2025/190	N/A
Omnibus fiscal remedial measures	IR2025/191	N/A
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Further remedial measures [FBT and Investment Boost]	IR2025/295	N/A
GST & joint ventures	IR2025/200	CAB-25-MIN-0263
Omnibus LEG paper & cover report	IR2025/325	CAB-25-MIN-0287

Upcoming Cabinet and Ministerial approvals

Item	Report date & reference	Cabinet committee date	Cabinet date
Thin capitalisation settings for infrastructure	05/08/2025 [IR2025/293]	TBC	TBC

Upcoming Cabinet papers

Minister(s)	Paper	Meeting	Expected meeting date
MoR, MFAT	Approval to sign Double Tax Agreement with Croatia	FPS	18/09/2025 07/10/2025
MoR, MFAT	Approval to sign Double Tax Agreement with the UK	FPS	07/10/2025 04/11/2025
s 9(2)(f)(iv)			

Upcoming reports

Policy

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/344	MoR: Note, Agree, Refer to MFAT and Lodge	Approval to sign Double Tax Agreement with Croatia	This report seeks your approval to sign the DTA with Croatia and to lodge a Cabinet paper to seek Cabinet approval.	FPS 07/10/2025	19/09/2025
s 9(2)(f)(iv)					
IR2025/371	MoR: Note, Agree MoF: Note, Agree	Tax treatment of software - overview and policy issues under review	This report provides you and the Minister of Finance with context on the different ways that businesses use software, the tax implications from those different use cases, and the economic implications of the different outcomes of those cases. Outlines current views on which policy projects in this area should be progressed and informs of upcoming consultation.		19/09/2025
s 9(2)(f)(iv)					

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					
IR2025/332	MoR: Note MoF: Note MfSDE: Note	Release of Working for Families stewardship review	This is a noting report to you and the Ministers of Finance and Social Development attaching the final report of the stewardship review and the associated documents.		19/09/2025 03/10/2025
IR2025/373	MoR: Note, refer to MoF	Tax monitoring report: Collections to August 2025	This is the tax outturn monitoring report for August 2025 with variances reported against BEFU2025.		03/10/2025
IR2025/313	MoR: Note, Agree, Refer to MFAT, Lodge	Approval to sign Double Tax Agreement with the UK	This report seeks Cabinet approval to sign the DTA with the UK following the conclusion of negotiations. Attached are the Cabinet paper and the NIA.	FPS 07/10/2025 04/11/2025	26/09/2025 10/10/2025
s 9(2)(a)					
IR2025/374	MoR: Note, Refer to MoF	Tax monitoring report: Collections to September 2025	This is the tax outturn monitoring report for September 2025 with variances reported against BEFU2025.		24/10/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					

Enterprise and Integrity Services (E&IS), CCS-I, CCS-B and TCO

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Legal requirement (yes or no, if yes when)	Due to Minister (Week ending)
IR2025/363	MoR: Note	Non-compliant employers	This report provides an overview of the work IR is doing to identify non-compliant employers, including the steps taken when we find migrant exploitation.	No	19/09/2025

Upcoming meetings/events

16/09/2025	Minister of Revenue meeting
17/09/2025	Meeting with Mick Keen, International Monetary Fund
25/09/2025	Senior Technical Conference

Official Information Act requests

MoR OIAs – For Minister's office to release

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
MOIA 398-25 [26OIA1307]	Received	29/09/2025	s 9(2)(a) Newsroom	A list of all briefings, reports, aide memoirs and memos produced or received by the Minister of Revenue between August 1 and 31, 2025

FOR MINISTER'S OFFICE USE

CIR OIAs – for Minister's office to note or consultation.

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
26OIA1138	Received	Extended to: 15/09/2025	s 9(2)(a) New Zealand Taxpayers' Union	Information on the planned replacement of the Census with administrative data sharing between IR and Stats NZ
26OIA1275	16/09/2025	23/09/2025	s 9(2)(a) Labour Leaders Office	Copies of IR2025/241, IR2025/295, BN2025/304, BN2025/314, IR2025/315, BN2025/316 and BN2025/330
26OIA1295	Received	26/09/2025	s 9(2)(a) NZME	Copies of BN2025/314, BN2025/316, BN2025/33 & IR2025/315
26OIA1308	23/09/2025	30/09/2025	s 9(2)(a) NZME	Copies of any reports monitoring the Investment Boost tax credit since it was announced
26OIA1348	02/10/2025	09/10/2025	Member of the Public	Information regarding tax treatment of carry



Inland Revenue
Te Tari Taake

25SR30 Status Report

Weekly update for the Minister of Revenue

Week ending: Friday 26 September 2025

Date issued: Friday 19 September 2025

New topical issues

New items since the last Status Report (issued on 12 September 2025).

Policy	
<p>Cabinet Paper consultation - Modernising the Integrated Data Infrastructure (IDI) to support social investment</p>	<p>The Minister of Statistics and Minister for Social Investment are seeking agreement to approve the indicative business case to modernise the Integrated Data Infrastructure (IDI). The paper outlines four options for improvement, noting that the IDI was built as a prototype nearly 15 years ago and is now under significant strain.</p> <p>If Cabinet agrees, the next step is to develop a detailed business case which will include commercial and procurement planning.</p> <p>Inland Revenue is supportive of the paper and the approach being taken by Stats NZ. There are no direct implications for Inland Revenue. We note that in support of this business case, the IDI is also a valuable resource for broader economic inquiries, not just for social investment initiatives. As such, it would be worth considering whether there is merit to progress a more reformative option as outlined in the indicative business case.</p>

Key performance indicators

Key metrics form Inland Revenue's set of service delivery measures that summarise our performance in areas covering customers filing and reporting accurately, customers paying on time, our support for customers that helps them meet their obligations, and revenue results.

Key results at a glance for 2025-26			
Performance Measures	August 2025	August 2024	2025-26 Target
Percentage of returns filed by customers on time ⁺	88.2% [#]	88.1% [#]	85.4%
Percent of the tax payments made by customers on time ⁺	85.3% [*]	84.3% [*]	84%
Percent of tax payments made by customers on time by value ⁺	95.1% [*]	94.1% [*]	92%
Percentage of calls answered	60.1%	69.7%	60%
Percent of child support assessments paid on time	76.0%	74.8%	70%
Percentage of NZ based student loan customers who meet their obligations ⁺	95.2%	95.0%	95%
Percentage of overseas-based student loan customers who meet their obligations ⁺	33.9%	31.6%	31-35%
Percentage of collectable debt value over two years old ⁺	38.2%	30.9%	40% or less
Percentage of collectable tax debt value under an active repayment plan ⁺	21.6%	20.4%	22.1%
+ New or updated measures for 2025-26			
# GST returns only (Income tax is included at year-end)			
* GST and employer activity payments only (Income tax is included at year-end)			
Departmental financial performance	August 2025	Variance to budget	
YTD departmental spend	\$129.6m	2% above budget	
Forecast full-year departmental spend	\$777.4m	1% below budget	

Budget 2024 and Budget 2025 compliance performance progress

Four key results are being monitored to demonstrate value from the additional Budget 2024 and Budget 2025 funding for compliance activities.

YTD Aug-24	Key result areas	YTD Aug-25	YTD Min. target	Min. YE B24/B25 Target
\$231.4m	Value from compliance interventions	\$390.3m	\$213.1m	\$1,208.0m
\$233.7m	Revenue from overdue returns filed	\$206.8m	\$334.9m	\$1,725.4m
\$465.1m	Total revenue from compliance interventions and overdue returns	\$597.1m	\$548.0m	\$2,933.4m
\$905.2m	Overdue tax collected from debt activity	\$753.9m	\$794.4m	\$4,195.4m
\$28.5m	OBB student loan repayments	\$38.7m	\$25.1m	\$206.3m

Inland Revenue is meeting two of the four key result targets. Note: when the results are combined, revenue from our compliance interventions and from overdue returns met the overall YTD target.

- The YTD result for the value from compliance interventions of \$390.3m reflects the closure of a small number of audit cases of significant value.
- Revenue assessed from overdue returns filed is significantly below the YTD target. While we have collected 935 more overdue returns than in the YTD Aug-24, the assessed revenue is \$26.9m lower.

Cash collected from debt activity was below the target this month. There were fewer overdue tax pooling transfers this year (\$33.4m for the YTD Aug-25 compared to \$142.4m for YTA Aug-24).

Overseas-based borrower (OBB) student loan repayments for Aug-25 were 28% higher than Aug-24.

Bills

Bill title	
Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill	
Current status	
The Bill was introduced on 26 August. First reading and referral to the Finance and Expenditure Committee took place on 11 September 2025.	
Key upcoming dates	
23 October 2025	Written submission period ends
4 November 2025	Oral FEC hearings (provisional – subject to FEC decision)
27 February 2026	Bill reported back by FEC
By 31 March 2026	Bill enacted

Bill title	
Income Tax (FamilyBoost) Amendment Bill	
Current status	
The Bill was introduced on 16 September and passed through all stages under urgency. The Bill awaits Royal assent.	

Upcoming Cabinet papers

Minister(s)	Paper	Meeting	Expected meeting date
MoR, MFAT	Approval to sign Double Tax Agreement with Croatia	FPS	18/09/2025 07/10/2025
MoR, MFAT	Approval to sign Double Tax Agreement with the UK	FPS	07/10/2025 04/11/2025
s 9(2)(f)(iv)			

Upcoming reports

Policy

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					
IR2025/382	MoR: Agree	Extending the RDTI general application due date for businesses with a September balance date for the 2025-26 income tax year	Extending the RDTI due dates for customers with September balance dates in the 2025-26 income year. A permanent change to extend this due date is in the current Bill, but it will not pass in time, so an order in council needs to be done for the 2025-26 income year.		26/09/2025
s 9(2)(f)(iv)					
IR2025/332	MoR: Note MoF: Note MfSDE: Note	Release of Working for Families stewardship review	This is a noting report to you and the Ministers of Finance and Social Development attaching the final report of the stewardship review and the associated documents.		19/09/2025 03/10/2025
IR2025/373	MoR: Note, refer to MoF	Tax monitoring report: Collections to August 2025	This is the tax outturn monitoring report for August 2025 with variances reported against BEFU2025.		03/10/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/313	MoR: Note, Agree, Refer to MFAT, Lodge	Approval to sign Double Tax Agreement with the UK	This report seeks Cabinet approval to sign the DTA with the UK following the conclusion of negotiations. Attached are the Cabinet paper and the NIA.	FPS 07/10/2025 04/11/2025	26/09/2025 10/10/2025
s 9(2)(f)(iv)					
IR2025/332	MoR: Note MoF: Note MfSDE: Note	Release of Working for Families stewardship review	Noting report to Ministers attaching the final report of the stewardship review and the associated documents.		10/10/2025
s 9(2)(f)(iv)					
IR2025/374	MoR: Note, Refer to MoF	Tax monitoring report: Collections to September 2025	This is the tax outturn monitoring report for September 2025 with variances reported against BEFU2025.		24/10/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					

Upcoming meetings/events

Date	Meeting/Events title
25/09/2025	Senior Technical Conference
29/09/2025	Meeting with Hon Nicola Willis and Hon Louise Upston regarding WfF
07/10/2025	Minister of Revenue meeting
07/10/2025	Tax System Forum
07/10/2025	Meeting with Hon Nicola Willis and Hon Scott Simpson regarding Capital Markets
13/10/2025	Joint Ministers' meeting
14/10/2025	Minister of Revenue meeting
15/10/2025	Inland Revenue Student Loan Overseas Borrower Briefing
21/10/2025	Minister of Revenue meeting
22/10/2025	Going for Growth Ministerial Group – Innovation Technology and Science
29/10/2025	CTG

Official Information Act requests

MoR OIAs – For Minister's office to release

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
MOIA 398-25 [26OIA1307]	Received	29/09/2025	s 9(2)(a) Newsroom	A list of all briefings, reports, aide memoirs and memos produced or received by the Minister of Revenue between August 1 and 31, 2025

CIR OIAs – for Minister's office to note or consultation

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
26OIA1308	Received	30/09/2025	s 9(2)(a) NZME	Copies of any reports monitoring the Investment Boost tax credit since it was announced
26OIA1348	02/10/2025	09/10/2025	Member of the Public	Information regarding tax treatment of carried interest or earnout
26OIA1366	10/10/2025	13/10/2025	Member of the Public	Statistics on FIF income for the years ended 2022, 2023, 2024, 2025



Inland Revenue
Te Tari Taake

POLICY

Tax policy report: **Tax monitoring report: Collections to August 2025**

Date:	25 September 2025	Priority:	Low
Security level:	In Confidence (Information is released to a timetable)	Report number:	IR2025/373

Action sought

	Action sought	Deadline
Minister of Revenue	Note the contents of this report Refer report to Minister of Finance	None 2 October 2025

Contact for telephone discussion (if required)

Name	Position	Telephone
Sandra Watson	Policy Lead, Forecasting and Analysis	s 9(2)(a) [REDACTED]

25 September 2025

Minister of Revenue

Tax Monitoring Report: Collections to August 2025

Purpose and context

1. The purpose of this report is to inform you of how tax collections¹ for the year to August 2025 have tracked against the Treasury's forecasts from the 2025 Budget Economic and Fiscal Update (BEFU 2025). No action is required from Ministers.
2. Monthly tax outturns have a timetabled release by the Treasury and figures should not be disclosed until after publication. The results for the year to June 2025 will be published in the 2024/25 year-end financial statements which we anticipate being released in October. July, August and September are released collectively as the first quarter results, with publication in early November.

Tax receipts to August 2025 (2025/26 fiscal year)

Receipts Variance

3. For the two months ending 31 August, unconsolidated aggregate tax receipts totalled \$24,454m, which is \$830m (3.5%) greater than BEFU 2025 forecast.
4. The largest positive variance was in **net company tax**, which was \$1,053m (23.4%) greater than forecast. The company tax variance last month was \$655m, partially reducing on consolidation.
5. The month of August contains the first 2025-26 provisional tax instalments (P1) for March-balance taxpayers, the largest group. Most of the additional company tax variance in August reflects exhaustion of losses for a known case, with implications of ongoing strength in later instalments. Other P1 instalments will generally be based on uplift of a previous tax year, and are slightly above forecast, but at this stage not necessarily indicating an ongoing variance trend.
6. There were also small positive variances in **net other persons tax** (\$55m, 3.5%) and **employer superannuation contribution tax** (\$22m, 6.3%). **PAYE** was very close to forecast at \$13m (0.1%) above.
7. These positive variances were partially offset by **total net GST** which was \$297m (4.1%) lower than forecast, a reversal of the \$187m positive variance seen last month. As this is for only two months, it is too early to indicate a trend for the current fiscal year.

Receipts Growth

8. Over the twelve months to August 2025, unconsolidated Aggregate tax receipts grew by \$1,426m (1.1%) compared to the previous twelve months. The main contributors to this growth were:
 - **Net company tax:** increased by \$1,675m (9.3%),

¹ Limited to Inland Revenue administered tax types plus Customs GST, referred to in this document as Aggregate taxation.

- **Total net GST:** increased by \$1,059m (2.6%), and
 - **Net other persons:** increased by \$563m (7.8%).
9. **Residents withholding tax on dividends (DWT)** decreased by \$1,509m (60.1%) over the twelve months. This is because there were increased dividends paid ahead of the 39% trustee tax rate taking effect in April 2024, and the same activity has not happened this year.
 10. **PAYE** decreased by \$465m (-0.9%) over the twelve months, with growth impacted by personal tax cuts from 31 July 2024.

Tax revenue to August 2025 (2025/26 fiscal year)

11. Unconsolidated tax revenue for the two months ending 31 August 2025 totalled \$20,727m, which is \$302m (1.4%) lower than forecast, a reversal of the \$253m positive variance seen last month.
12. The largest negative variance was in **net other persons tax** which was \$246m (16.8%) below forecast, but which may reflect uncertainties of monthly phasing. All other tax types are broadly in line with the Treasury's BEFU 2025 forecast.

Consultation and next steps

13. The Treasury has been consulted on this report.

Recommended action

We recommend that you:

14. **note** the contents of this report, and
Noted
15. **refer** a copy of this report to the Minister of Finance for their information.
Referred/Not referred

s 9(2)(a)

Sandra Watson

Policy Lead, Forecasting and Analysis

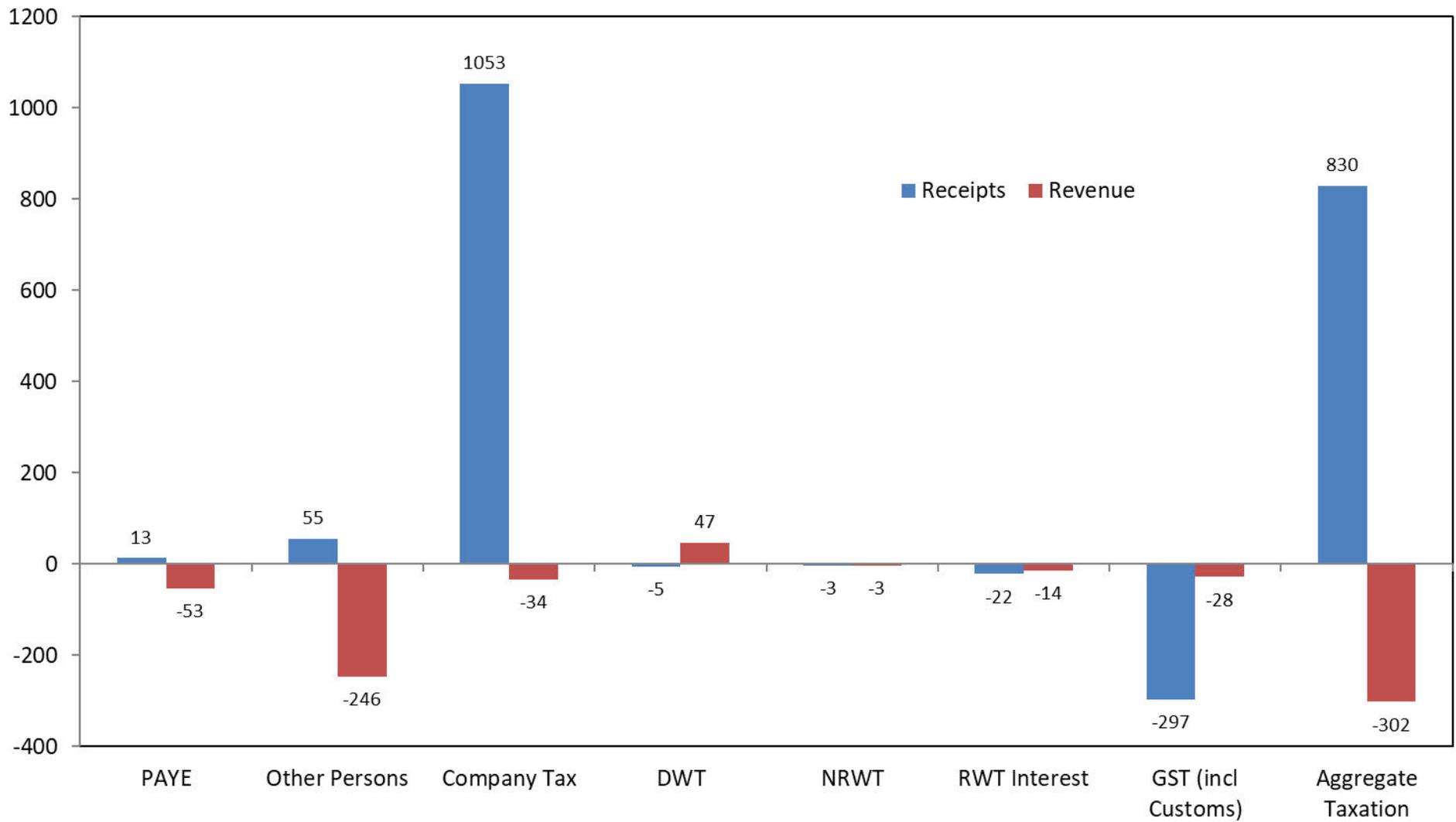
Hon Simon Watts

Minister of Revenue

/ /2025

Cumulative Variance (2025/26 June year) on the Treasury's BEFU 2025 forecasts - August 2025

\$ millions





25SR31 Status Report

Weekly update for the Minister of Revenue

Week ending: Friday 3 October 2025
Date issued: Thursday 25 September 2025

New topical issues

New items since the last Status Report (issued on 19 September 2025).

Policy	
s 9(2)(f)(iv)	
Update - Minister of Commerce and Consumer Affairs' Cabinet Paper: Banking Designation and General Requirements	<p>This is an update to advice provided to you earlier this month (Ref 25SR28). The paper seeks Cabinet's agreement to two sets of regulations and further policy decisions to give effect to the scheme. IR is supportive of both including:</p> <ul style="list-style-type: none">• Prohibition on Charges: The shift from capped fees to a full prohibition on charges for accredited requestors is a pragmatic adjustment. This is likely to significantly reduce the cost impact of using open banking services for IR and will also encourage participation in the regime.• Phased Implementation: The staggered designation of banks and temporary exceptions for certain services reflect an understanding of operational readiness.• Strong Governance and Safeguards: The accreditation framework, reporting obligations, and inter-agency information sharing provisions provide a robust foundation for trust and security in the regime. <p>This paper is to be considered by Cabinet on Monday.</p>
s 9(2)(f)(iv)	

s 9(2)(f)(iv)

Tax Council Office

s 18(c)(i)

Operational

Community
Compliance:
Overdue Debt
Outreach Campaign

As part of IR's increased focus on overdue debt, we're launching a targeted initiative focused on customers with GST and/or employer deductions overdue less than 12 months.

	<p>IR's Community Compliance teams will begin calling affected businesses, aiming to secure full payment or establish an instalment arrangement. Where customers fail to respond or take meaningful steps to resolve their debt, face-to-face visits will be undertaken as needed.</p>
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The initiative will commence within the week Monday 6 October and run through to Friday 12 December 2025.

Bills

Bill title	
Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill	
Current status	
The Bill was introduced on 26 August. First reading and referral to the Finance and Expenditure Committee took place on 11 September 2025. Committee has given permission for officials to consult potential submitters.	
Key upcoming dates	
23 October 2025	Written submission period ends
5 November 2025	Oral FEC hearings
By 10 March 2026	Bill reported back by FEC
By 31 March 2026	Bill enacted

Upcoming Cabinet papers

Minister(s)	Paper	Meeting	Expected meeting date
MoR, MFAT	Approval to sign Double Tax Agreement with Croatia	FPS	18/09/2025 07/10/2025
MoR, MFAT	Approval to sign Double Tax Agreement with the UK	FPS	07/10/2025 04/11/2025

Upcoming reports

Policy

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
BN2025/391	MoR: Note	Update on credit reporting rules	This briefing note informs the Minister of Revenue on the current status of work on the credit reporting rules.		26/09/2025 03/10/2025
BN2025/391	MoR: Note	Update on credit reporting rules	This briefing note informs the Minister of Revenue on the current status of work on the credit reporting rules.		26/09/2025 03/10/2025
s 9(2)(f)(iv)					
IR2025/382	MoR: Agree	Extending the RDTI general application due date for businesses with a September balance date for the 2025-26 income tax year	Extending the RDTI due dates for customers with September balance dates in the 2025-26 income year. A permanent change to extend this due date is in the current Bill, but it will not pass in time, so an order in council needs to be done for the 2025-26 income year.		26/09/2025 03/10/2025
IR2025/332	MoR: Note MoF: Note MfSDE: Note	Release of Working for Families stewardship review	This is a noting report to you and the Ministers of Finance and Social Development attaching the final report of the stewardship review and the associated documents.		19/09/2025 03/10/2025
IR2025/373	MoR: Note, refer to MoF	Tax monitoring report: Collections to August 2025	This is the tax outturn monitoring report for August 2025 with variances reported against BEFU2025.		03/10/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/394	MoR: Agree, Refer to MoF	Update on GST officials' issues paper	Updates the Minister on feedback received from private sector stakeholders on topics proposed by officials for inclusion in an upcoming officials' issues paper on current GST issues and seeks his agreement to officials drafting the issues paper for Cabinet to consider. It also discusses emerging issues that have been raised with officials since our last report on this topic, which might also be considered for inclusion in the issues paper.		03/10/2025
s 9(2)(f)(iv)					
BN2025/385	MoR: Note	Taxation and the not-for-profit sector: Impact analysis	The key report for the not-for-profit project.		26/09/2025 10/10/2025
IR2025/313	MoR: Note, Agree, Refer to MFAT, Lodge	Approval to sign Double Tax Agreement with the UK	This report seeks Cabinet approval to sign the DTA with the UK following the conclusion of negotiations. Attached are the Cabinet paper and the NIA.	FPS 07/10/2025 04/11/2025	26/09/2025 10/10/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					
IR2025/332	MoR: Note MoF: Note MfSDE: Note	Release of Working for Families stewardship review	Noting report to Ministers attaching the final report of the stewardship review and the associated documents.		10/10/2025
s 9(2)(f)(iv)					
IR2025/374	MoR: Note, Refer to MoF	Tax monitoring report: Collections to September 2025	This is the tax outturn monitoring report for September 2025 with variances reported against BEFU2025.		24/10/2025
s 9(2)(f)(iv)					

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					

Enterprise and Integrity Services (E&IS), CCS-I, CCS-B and TCO.

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Legal requirement (yes or no, if yes when)	Drafter & area responsible	Ideal time to be provided (background about when)
IR2025/395	MoR to table in Parliament	Inland Revenue 2025 Annual Report to present to the House	Final Annual report for the MoR to table in Parliament. Printed copies will be provided.	Yes, by 17 Oct	Teresa Dillon	Early Oct

Upcoming meetings/events

Date	Meeting/Events title
29/09/2025	Meeting with Hon Nicola Willis and Hon Louise Upston regarding WfF
07/10/2025	Minister of Revenue meeting
07/10/2025	Tax System Forum
07/10/2025	Meeting with Hon Nicola Willis and Hon Scott Simpson regarding Capital Markets
13/10/2025	Joint Ministers' meeting
14/10/2025	Minister of Revenue meeting
15/10/2025	Inland Revenue Student Loan Overseas Borrower Briefing
21/10/2025	Minister of Revenue meeting
22/10/2025	Going for Growth Ministerial Group – Innovation Technology and Science
23/10/2025	Meeting with Law Society – Tax Law Committee members
29/10/2025	CTG

Official Information Act requests

MoR OIAs – For Minister's office to release

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
MOIA 414-25 [26OIA1396]	15/10/2025	22/10/2025	s 9(2)(a) [REDACTED] PSA	Inland Revenue's 2025 Performance Plans

CIR OIAs – for Minister's office to note or consultation

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
26OIA1348	02/10/2025	09/10/2025	Member of the Public	Information regarding tax treatment of carried interest or earnout
26OIA1366	10/10/2025	13/10/2025	Member of the Public	Statistics on FIF income for the years ended 2022, 2023, 2024, 2025