

22 January 2026

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), transferred from the Treasury on 3 December 2025. The following documents were transferred to Inland Revenue to consider (numbered for ease of response):

1. *BN2025/421 Publishing the Tax and Social Policy Work Programme*
2. *BN2025/385 Taxation and the not-for-profit sector: Draft media statement, Q&A and proactive release*
3. *BN2025/443 Not-for-profits: Inland Revenue advice to the sector during targeted consultation*

Information being released

The information you have requested is enclosed, as **Appendix A**, with some information withheld or refused under the following sections of the OIA, as applicable:

- 9(2)(a) – to protect the privacy of natural persons,
- 9(2)(f)(iv) – to maintain the effective and orderly conduct of government decision-making processes, as release at this time would prejudice the confidentiality of advice provided to Ministers while decisions are still under active consideration, and
- 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty.

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

Right of review

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

Publishing of OIA response

We intend to publish our response to your request on Inland Revenue's website (ird.govt.nz) as this information may be of interest to other members of the public. This letter, with your personal

details removed, may be published in its entirety. Publishing responses increases the availability of information to the public and is consistent with the OIA's purpose of enabling more effective participation in the making and administration of laws and policies and promoting the accountability of officials.

Thank you again for your request.

Yours sincerely



Maraina Hak
Policy Director

Briefing note

Reference: BN2025/421

Date: 13/10/2025

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

From: Thomas McKay

Subject: **Publishing the Tax and Social Policy Work Programme**

Context

1. Inland Revenue and the Treasury have finalised the public-facing Tax and Social Policy Work Programme (the work programme) after receiving feedback from the Minister of Finance and Minister of Revenue.
2. A draft work programme was circulated to Budget Ministers for consultation. There have been no changes in content to the work programme since consultation.
3. Minor wording and stylistic changes have been made during the internal review process, and the Ministers' offices have provided input.

Publishing the Work Programme

4. The Minister of Revenue is scheduled to announce the refreshed work programme at an upcoming International Fiscal Association-hosted event on 29 October. ^{s 9(2)(g)(i)}
[Redacted]
[Redacted] officials will confirm this with your office before finalising and publishing the work programme on our website.
5. Please see attached for the October 2025 iteration of the work programme. The attached document includes ^{s 9(2)(g)(i)}
[Redacted]
[Redacted]

Inland Revenue resourcing

Policy resourcing

6. Inland Revenue is confident we can deliver the policy work on the work programme in its current form. Any new substantial commissioning will need to be prioritised against the existing work programme items.

Wider Inland Revenue resourcing

7. Inland Revenue is committed to delivering the Government's work programme, including Budget 2026 initiatives and broader priorities. However, as policy development progresses and our delivery capacity becomes clearer, some initiatives may need to be reprioritised. Additional Ministerial requests may also require reprioritisation against the current programme.
8. Operationally, Inland Revenue is currently managing a significant change programme that includes:
 - Budget 2025 initiatives still to be implemented, such as changes to KiwiSaver.
 - Implementation of the Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill.
 - The revised work programme, including initiatives being considered for Budget 2026.
 - Cross-government initiatives, such as digitising government services, digital identity, open banking, the New Zealand Business Number (NZBN), and efforts to disrupt organised crime.
 - International tax integrity measures, including the Crypto-Asset Reporting Framework.
 - Compliance initiatives aligned with Inland Revenue and Government priorities to increase tax collection.
9. Our April 2026 change programme release is already at full capacity, incorporating Budget 2025 and August Bill initiatives. Therefore, our preferred timing for any new initiatives is April 2027 or later. In addition to delivering Government priorities, we must also maintain capacity for:
 - System remediation and maintenance, and
 - Enhancements that improve efficiency and effectiveness of our systems and processes.
10. This is essential to maintaining a robust tax system and making it easier for customers to comply. Delays in system maintenance can lead to increased future costs. While the current Bill and Budget 2025 initiatives are progressing, detailed design work is only beginning for the revised work programme initiatives. It is too early to fully assess the implementation and ongoing administration implications.
11. When assessing our ability to deliver the work programme and other priorities, we must consider:
 - The cumulative impact of all initiatives, not just individual ones.
 - Dependencies on the wider ecosystem, including software providers and other government agencies, which may require longer lead times.
12. We will mitigate delivery risks by providing advice on the timing and staging of implementation for initiatives.

Consultation with the Treasury

13. The Treasury was informed about this briefing note.

Thomas McKay
Senior Policy Advisor
s 9(2)(a)

Government Tax and Social Policy Work Programme

The Work Programme's overarching priorities are simplifying tax and reducing compliance costs, addressing integrity risks, and improving fiscal sustainability, in order to rebuild the economy.

The Government is committed to transparency through public engagement on the design of tax policy via the Generic Tax Policy Process. Public consultation plays an important role in creating and sustaining a durable and widely accepted tax system.

The Work Programme covers the following workstreams:

- **Attracting and retaining capital and talent:** this workstream makes New Zealand a better place to invest capital, work and do business by minimising biases on economic decisions, reducing international tax barriers and rewarding effort and individuals' investment in their own skills.
- **Supporting small businesses:** this workstream is focused on supporting small businesses by reducing compliance costs and making tax treatment simpler and fairer
- **Simplification and integrity of the tax system:** this workstream reduces compliance costs for taxpayers and protects against tax avoidance and evasion to maintain a simple, stable and predictable tax system.
- **Social policy:** this workstream involves improving the delivery of income support payments administered through the tax system and increasing work incentives.
- **Other agency work:** this workstream involves other agency work that aligns with Government priorities that may have tax consequences or Inland Revenue delivery implications.

It is intended that the Work Programme be updated periodically to reflect the Government's current priorities. This is the latest version of the Work Programme as at October 2025.

Attract and retain capital and talent

- Monitor and refine Investment Boost*
- Review thin capitalisation settings for infrastructure
- Review the Foreign Investment Fund tax rules*
- Review the impact of the financial arrangements rules on new migrants
- Continue double tax agreement negotiations
- Simplify approved issuer levy reporting
- Modernise non-resident contractors' withholding tax
- Work on a multilateral solution to the challenges the digital economy poses to international taxation (United Nations and OECD Pillar 1 and Pillar 2 work)
- Modernise the tax treatment of visitors working while in New Zealand*
- Improve the employee share scheme regime*

Support small businesses

- Simplify fringe benefit tax
- Support the transition to digital tax administration for tax intermediaries
- Share information with other government agencies (for example, an approved information sharing agreement between Inland Revenue and the Ministry of Business, Innovation and Employment and the use of New Zealand Business Numbers)
- Consult on GST issues
- Review the tax treatment of expenditure on flood damage and land improvements

Social policy

- Continue work on FamilyBoost improvements
- Continue work on Working for Families improvements
- Student loans – overseas-based borrower settings

Simplify and uphold integrity of the tax system

- Support wider Inland Revenue compliance work and reduce tax debt
- Review elements of charities and not-for-profits
- Simplify tax compliance for Māori authorities
- Clarify the income tax treatment of software development expenditure
- Review software expenditure by businesses on Software as a Service customisation and configuration
- Review the tax treatment of interest allocation for bank branches
- Manage donee status for overseas-focused organisations (schedule 32)*
- Remove the Commissioner's power to collect information for policy purposes*
- Replace the legislative trust disclosure provisions with Commissioner powers*
- Simplify the tax treatment of income derived from the residential sale of excess electricity*
- Delegate to the Commissioner of Inland Revenue powers to set certain rates*
- Clarify GST and unincorporated joint ventures*
- Progress the remedial work programme

Other agency work

- Supporting all-of-Government response to organised crime*
- Treaty of Waitangi settlements
- Other ministerial priorities as they arise

* Items included in the Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill.



Briefing note

Reference: BN2025/385

Date: 16 October 2025

To: Private Secretary, Minister of Finance (Revenue) – Carl Harris
Revenue Advisor, Minister of Revenue – Angela Graham
Private Secretary, Minister of Revenue – Melissa Zhen

From: Stewart Donaldson
Andrew Pillay

Subject: **Taxation and the not-for-profit sector: Draft media statement, Q&A and proactive release**

Purpose

1. The Minister of Finance's office has asked for a draft media statement and related questions and answers.
2. This briefing note is accompanied by BN2025/411 "Taxation and the not-for-profit sector: Timelines and consultation".

Draft media statement and Q&A

3. A draft media statement is in Appendix A and a draft Q&A is in Appendix B.

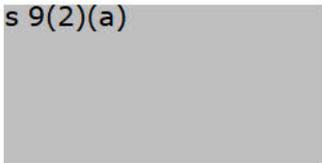
Proactive release

4. Now that Ministers have decided to cease work on five policy matters, in late October/early November 2025 we will proactively release advice that we have provided on these matters. The detail will be in a separate briefing note. We expect it to draw on the briefing notes and reports listed in Appendix C.

Consultation with the Treasury

5. The Treasury was informed about this briefing note.

s 9(2)(a)

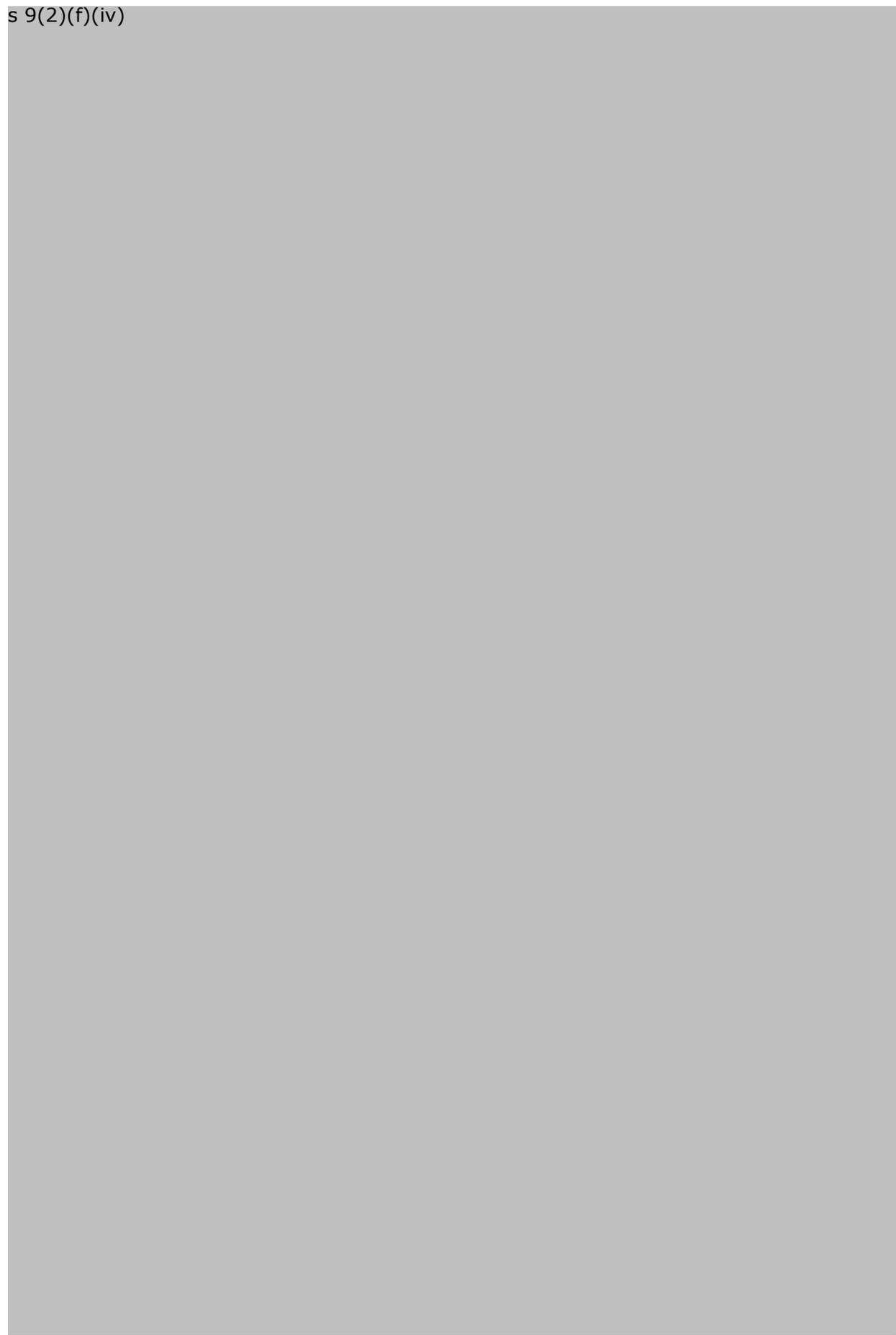


Stewart Donaldson
Principal Policy Advisor

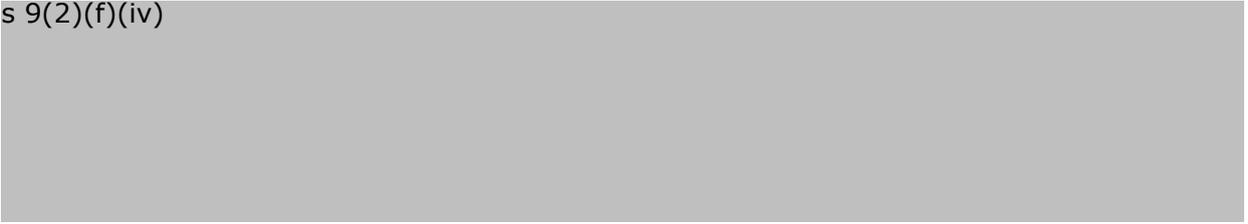
s 9(2)(a)

APPENDIX A: Draft media statement

s 9(2)(f)(iv)



s 9(2)(f)(iv)

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APPENDIX B: Reactive Q&A

s 9(2)(f)(iv)

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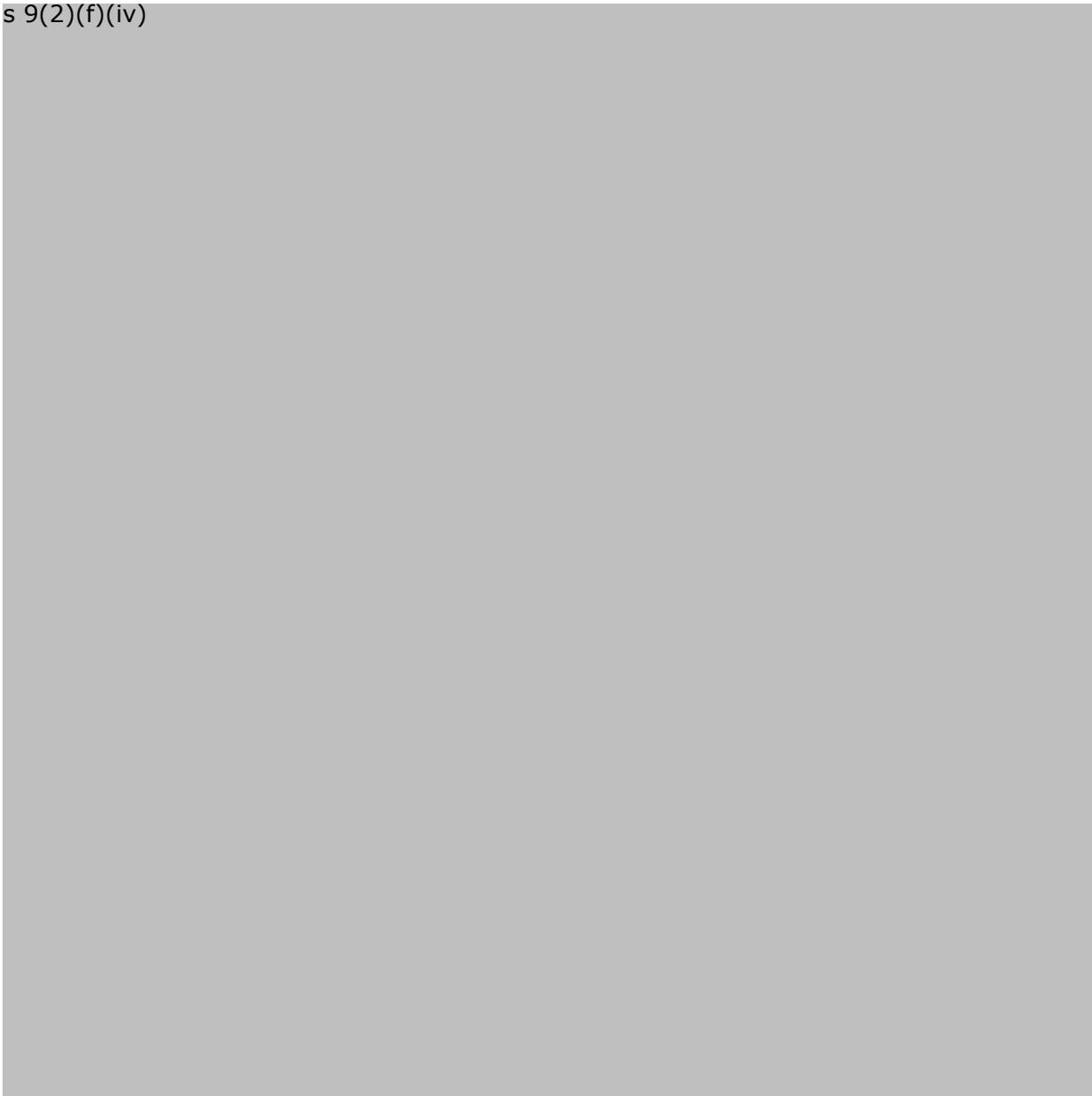
s 9(2)(f)(iv)



APPENDIX C: Proactive release

Now that Ministers have decided to cease work on five policy matters,¹ in late October/early November 2025 we will proactively release advice that we have provided on these matters. The detail will be in a separate briefing note. We expect it to draw on the following briefing notes and reports.

s 9(2)(f)(iv)



s 9(2)(f)(iv)



Briefing note

Reference: BN2025/443

Date: 30 October 2025

To: Private Secretary Minister of Finance (Revenue) – Carl Harris
Revenue Advisor, Minister of Revenue – Angela Graham
Private Secretary, Minister of Revenue – Melissa Zhen

From: Stewart Donaldson
Philip Marshall

Subject: **Not-for-profits: Inland Revenue advice to the sector during targeted consultation**

Purpose

1. On 28 October 2025 the Minister of Finance indicated she is comfortable with officials communicating Ministers' decisions about the not-for-profits tax policy work.
2. This briefing note outlines the generic update officials intend to provide during targeted tax policy consultation and in response to requests from other stakeholders when they ask about the next steps for the not-for-profits tax policy work.

Generic responses provided to submitters and stakeholders

3. From Friday 31 October 2025 we will start to proactively contact a number of sector representatives as part of targeted tax policy consultation. The consultation questions will be sent in the week beginning 10 November 2025. We anticipate that some submitters and stakeholders will also contact Inland Revenue asking what the next steps will be for the not-for-profits tax policy work, following the Minister of Revenue's announcement yesterday about the refreshed tax and social policy work programme.
4. We will tailor our responses to the specific stakeholder and provide updates on the topics that are relevant to them. Our responses will generally draw on/contain the following narrative.

Announcement by Minister of Revenue

5. Officials received comprehensive feedback from over 900 submitters during consultation in February/March 2025. The consultation document, submissions and a summary of the submissions are published on the tax policy website ([the link is here](#)). The submissions informed decision-making and helped Ministers decide where best to focus attention.

6. The Minister of Revenue released the Government's refreshed tax and social policy work programme on 29 October 2025 ([the link is here](#)). The Minister said that the Government will continue to focus on simplifying the tax system and improving integrity, and this includes ongoing policy work looking at the taxation of charities and not-for-profits.
7. When the Minister spoke about the work programme on 29 October 2025, he said the Government has stopped work on taxing charity business income. He was concerned the complexities, compliance costs and distortions associated with a change would impose significant costs on charitable organisations and distract them from their core purposes. However, the Minister said he expects Inland Revenue to increase its enforcement efforts to make sure charity businesses are complying with the existing rules.
8. The Minister said that Inland Revenue will continue to work on donor-controlled charities as the main focus because these types of charities receive generous tax concessions, and it is vital that the rules governing them are clear, fair, and robust.
9. The Minister said Inland Revenue will also work with the Department of Internal Affairs on improving transparency for charitable funds that are accumulated.
10. The Minister said final policy decisions will be made in early 2026.

Donor-controlled charities

11. Officials will undertake targeted tax policy consultation on the following matters affecting donor-controlled charities:
 - a proposed definition for donor-controlled charities
 - a proposed minimum distribution rule
 - proposed integrity measures, including whether a donation tax concession ceiling should apply to donations made to donor-controlled charities
 - a proposal to subject donor-advised funds to the same rules as donor-controlled charities, as well as other integrity rules, and
 - a proposed "pay in money" rule for private trust income allocations to tax-exempt beneficiaries.

Taxable associations: subscriptions, mutual transactions and related matters

12. A draft operational statement, ED0265 "Mutual transactions of associations (including clubs and societies)" was released in April 2025. The statement reiterated Inland Revenue's current position that member trading transactions (for example, food and drinks at a club) are taxable. It also outlined Inland Revenue's updated view that membership subscriptions and levies may be taxable.
13. Officials will undertake targeted tax policy consultation on the following matters affecting taxable associations:
 - a proposal to clarify the circumstances when membership subscriptions and levies could be exempt
 - a proposal to raise the annual tax-free threshold¹ from \$1,000 to \$10,000 based on advice from submitters

¹ Refer to section DV 8 of the Income Tax Act 2007.

- a proposal to require taxable not-for-profits to have simplified income tax return filing requirements, and
- a proposal to require financial institutions to provide Inland Revenue with financial information for all not-for-profits that rely on the section DV 8 tax-free threshold.

Simplifications for volunteers and donors

14. Officials will progress work to simplify tax rules for volunteers, as discussed in the issues paper.
15. The Government supports providing more options to claim donation tax credits to encourage philanthropic giving. Officials will undertake targeted tax policy consultation on the following matters affecting donor simplifications:
 - proposals that will allow donors to claim in-year donation tax credits, and
 - proposals that will allow donors to allocate donation tax credits to the charity they donated to.

Exemptions

16. Officials consulted on whether to remove several not-for-profits tax exemptions in the 2025 officials' issues paper.

s 9(2)(f)(iv)



Targeted consultation

20. Ministers have asked officials to undertake targeted consultation on the policy design of matters that will be progressed, so that final decisions can be made in early 2026. Consultation will occur over the period November 2025 to early February 2026, starting in the week beginning 10 November 2025.
21. Targeted consultation will draw from the pool of people who submitted on the 2025 issues paper.

Consultation with agencies

22. The Treasury and the Department of Internal Affairs were informed about this briefing note.

Stewart Donaldson
Principal Policy Advisor

s 9(2)(a)