26OIA2339

16 June 2026

[redacted]

Dear [redacted]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 25 May 2026. You requested the following:

> *Inland Revenue Briefing Note BN2026/123: Background to aircraft regime and investment boost*

Information being released

The document you have requested is enclosed as **Appendix A**. Some information has been withheld under section 9(2)(a) of the OIA, to protect the privacy of natural persons.

As required by section 9(1) of the OIA, I have considered whether the grounds for withholding the information requested is outweighed by the public interest. In this 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

[redacted]

Felicity Barker
Policy Lead, Economics

Briefing note

Reference	BN2026/123
Date	14/04/2026
To	Revenue Advisor, Minister of Revenue – Angela Graham Private Secretary, Minister of Revenue – Melissa Zhen
From	Elly Ward
Subject	**Background to aircraft rules and Investment Boost**

Purpose

1 The purpose of this Briefing Note is to provide background to the tax related issues raised by s9(2)(a) in his letter to the Minister dated 10 April 2026 (received 9 April 2026). Specifically, s9(2)(a) commented on three areas:

- The need to prepare International Financial Reporting Standard (IFRS) accounts,
- The complexity of the engine overhaul maintenance provisions,
- The availability of Investment Boost for helicopters.

IFRS accounts requirements

2 The need to prepare IFRS accounts is governed by the Financial Reporting Act 2013 and regulated by External Reporting Board (XRB) not Inland Revenue. For certain companies (which may possibly include s9(2)(a) company) there may be no requirement to prepare IFRS accounts. Inland Revenue still requires minimum financial reporting information to support the tax returns, but these do not have to be IFRS accounts.

Engine overhaul maintenance

3 The timing and deductibility of aircraft (including helicopters) engine overhaul expenditure is subject to specific rules in the Income Tax Act 2007.

4 These rules were extensively revised in 2017 after a review following the withdrawal of a long-standing technical ruling by the Commissioner on the timing of deductions for this type of expenditure. The revision included consultation with the industry and submissions were considered in the refinement of the final rules.

5 The new spreading rules were based on the Civil Aviation Authority's (CAA) requirements for tracking when an engine overhaul must occur. The tax accounting for the costs of these overhauls is generally consistent with the physical overhaul requirements mandated by the CAA.

6 A subsequent review of the requirements is not currently on the tax policy work programme. However, officials would be happy to meet with external stakeholders as part of the ongoing stakeholder engagement.

Investment Boost

7 Investment Boost is available from 22 May 2025 for expenditure on depreciable assets that are new to New Zealand. The measure also applies to certain categories of land improvement expenditure (such as aquaculture and agriculture) and to specified petroleum and mineral mining expenditure. The scope of Investment Boost is therefore broad, but it is closely aligned with the existing depreciation and amortisation frameworks.

8 In the context of aircrafts, Investment Boost applies where a component of an aircraft is depreciable property and the other eligibility criteria are met, including that the asset is new to New Zealand and becomes available for use in the taxpayer's business. In those circumstances, Investment Boost is available on the cost of the relevant depreciable asset in the income year in which it becomes available for use.

9 For helicopters, this means that Investment Boost can apply to parts of the helicopter that are treated as depreciable property under the Income Tax Act 2007. However, Investment Boost is not available to the extent that expenditure falls within the scope of the aircraft engine expenditure rules described above. Those rules provide a specific timing regime for deductibility of aircraft engine expenditure, and Investment Boost does not alter that treatment.

10 In the case of helicopters, the definition of aircraft engine expenditure is relatively broad. It extends beyond the engine itself to include the main transmission system, the main rotor system, the swash plate assembly, the anti-torque system, and the hydraulic system. Expenditure on those components is therefore carved out from Investment Boost where it falls within the aircraft engine overhaul regime.

11 More generally, Investment Boost has been designed to operate consistently with existing income tax settings, including the depreciation rules and other asset-specific regimes. Where possible, the measure connects directly to established concepts in the Income Tax Act. Officials have indicated that they would be open to engagement with relevant stakeholders to discuss the practical operation of these interactions.

Elly Ward

Principal Policy Advisor

s9(2)(a)