



22 October 2025

[Redacted]

Dear [Redacted]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 3 October 2025. You requested the following (numbered for ease of responding):

1. *Aide Memoire T2025/2154: Inland Revenue's tax debt report*
2. *Inland Revenue Report IR2025/327: Evaluation and monitoring of Investment Boost*

On 8 October 2025, we transferred item 1 of your request to the Treasury.

I am partially releasing document 2 with some information 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.

Thank you again for your request.

Yours sincerely

[Redacted signature]

Felicity Barker
Policy Lead, Economics



POLICY

TE TAI ŌHANGA
THE TREASURY
Tax policy report: Evaluation and monitoring of Investment Boost

Date:	26 August 2025	Priority:	Medium
Security level:	In Confidence	Report number:	IR2025/327 T2025/2216

Action sought

	Action sought	Deadline
Minister of Finance	Agree to recommendations	8 September 2025
Minister of Revenue	Agree to recommendations	8 September 2025

Contact for telephone discussion (if required)

Name	Position	Telephone	Suggested first contact
Felicity Barker	Policy Lead	s 9(2)(a)	<input checked="" type="checkbox"/>
Jean Le Roux	Manager, Tax Strategy	s 9(2)(a)	<input type="checkbox"/>
Hien Nguyen	Senior Policy Advisor	s 9(2)(a)	<input type="checkbox"/>

26 August 2025

Minister of Finance
Minister of Revenue

Evaluation and monitoring of Investment Boost

Purpose

1. This report responds to Cabinet's request for agencies to develop a performance reporting plan for major spending policies. It provides information on how Inland Revenue and the Treasury intend to monitor the impacts of Investment Boost, including being able to estimate the cost of Investment Boost on an ongoing basis.

Context and background

2. Cabinet has made the decision (ECO-24-SUB-0231 refers) that major Budget Spending and savings decisions now need a clear plan for performance reporting. Investment Boost is one of the major spending decisions identified by Treasury that meet this requirement.
3. Inland Revenue and the Treasury have worked together to develop a framework for evaluation and monitoring of the Investment Boost policy.

Monitoring the cost of Investment Boost

4. Inland Revenue will monitor the annual cost of Investment Boost. However, we will only be able to estimate, not measure, the fiscal cost of Investment Boost. The fiscal cost is the annual cost of claims net of an offsetting reduction in residual depreciation over time. The former is measurable or can be estimated, but the offset is not directly measurable as Inland Revenue does not hold information on the underlying depreciation rates and will not be able to determine which assets received Investment Boost and which assets did not. The compliance costs of collecting such information would outweigh any benefits from gathering it. At best, to estimate the net fiscal cost, we would need to estimate, not measure, the offset component.
5. The estimated cost will not be fully comparable to the forecast of the cost of the policy.
6. We expect the estimated cost to be closer to the truth than the forecast because:
 - 6.1 It will be based on firm-level rather than macro-level data.
 - 6.2 It will be more accurate at picking up behavioural factors such as the change in firms' investment behaviours.
 - 6.3 While an estimate, it will be a backward-looking estimate informed by the economic conditions that actually prevailed, rather than a forecast that included predictions of economic conditions.
7. Inland Revenue can start reporting the estimated net fiscal cost of Investment Boost for the 2025/26 tax year onwards, that is from late 2027. The performance reporting for major spending decisions will be published on our website, in our annual report and directly to the Treasury.

Measuring uptake of Investment Boost

8. Inland Revenue can in part measure uptake of the policy through tax returns.
9. Inland Revenue plans to ask for information on the amount of Investment Boost claimed through a question in the IR10 returns. This is an optional form and hence does not have full coverage of taxpayers. However, it does have good coverage of companies and will hence provide a reasonable basis from which to estimate uptake.
10. It is not possible to ask for this information in the 2024/25 tax year returns. We will first collect this information for the 2025/26 tax year returns. Information from IR10s for the 2025/26 tax year will not be available until late 2027.
11. Inland Revenue also plans to collect information on uptake from large businesses through its Basic Compliance Package survey. This is an annual survey of 450 significant enterprises. This information would be available by August 2026.
12. Inland Revenue also plans to undertake a firm survey at the end of 2025. This will provide qualitative information on whether firms are utilising Investment Boost.
13. We note that information on uptake provides limited information on the extent to which Investment Boost has stimulated new investment. This is because uptake covers investment that would have occurred anyway.

Evaluating the economic benefits of Investment Boost

14. There are several options as to how to undertake evaluation of the benefits of Investment Boost. We could take more than one approach. Evaluation can be resource intensive and so more ambitious options will require more resources or require us to outsource work (at a cost).
15. Inland Revenue and the Treasury have worked together to develop a shared monitoring and reporting approach. The spectrum of options can be summarised as:
 - 15.1 Undertaking qualitative surveys to understand firms' self-assessment of whether Investment Boost has impacted their investment decisions.
 - 15.2 Undertaking quantitative modelling work to assess whether Investment Boost has had a significant impact on the level of investment.
 - 15.3 Undertaking quantitative modelling work to assess whether Investment Boost has had a significant impact on other variables such as GDP.
 - 15.4 Keeping abreast of international literature on the impacts of investment tax incentives.

Impacts on investment

16. Inland Revenue intends to undertake some work on determining if Investment Boost has a significant impact on the level of capital investment or investment rate over time or capital investment decisions by firms.
17. We expect that benefits may not be empirically detectable in the short term. They may accumulate over time and suitable data will become available with a lag. This means approaches in the short term will need to focus on qualitative assessment approaches such as self-assessment by firms.

In the short term, Inland Revenue could undertake firm surveys and/or interviews

18. There are two survey approaches that Inland Revenue can utilise in the short term.

Approach 1 – Basic Compliance Package

19. As noted, the Basic Compliance Package includes a survey of around 450 large enterprises each year.
20. Inland Revenue plans to add additional questions to the Basic Compliance Package questionnaire on whether firms are utilising Investment Boost. This can include asking firms how much Investment Boost they have claimed and if they have changed their plans due to Investment Boost. This will provide information on whether Investment Boost has had impacts on firm's decisions.
21. We will send the questionnaires in February 2026 to collect the information. We could report the outcomes when those questionnaires are due to be submitted to us, which is expected to be August 2026.

Approach 2 – Firm survey and/or interview

22. We could undertake a firm survey and/or interview to examine if they have utilised Investment Boost. This would be a new survey for businesses of all sizes focused on Investment Boost specifically. We could ask firms if they have changed their investment plans due to Investment Boost. This survey could be conducted at the end of 2025.
23. Such surveys and qualitative data would not provide statistically robust information but provide a level of information that is useful and timely for policy evaluation. This information would not be directly tied to tax returns and would also focus on changes to investment behaviour. This means that the information will be available earlier than the Basic Compliance Package.

In the longer term, Inland Revenue could undertake more complex modelling

24. There are several approaches to measure the impact of Investment Boost on investment by utilising different data sources. However, we will be unable to do this until sufficient data for these analyses becomes available. Additionally, as noted above, the cumulative benefits may not be detectable for a few years.
25. We expect to be able to start conducting these analyses in late 2028 at the earliest.
26. We note that undertaking these analyses will require a significant investment in modelling capability for Inland Revenue.

Impact on GDP

27. Using Inland Revenue's estimate of the impact of Investment Boost on investment, the Treasury could then estimate the implied impacts on wider macroeconomic variables such as GDP. This evaluation can most likely be completed using the Treasury's existing modelling resources.

Resourcing and funding

28. At present, Inland Revenue expect that monitoring of the benefits of the policy can be met from existing funding. However, if Ministers are ambitious in the level of evaluation they would like to see, this may have resourcing implications.

Next steps

29. Officials are available to meet with you to discuss the different approaches to measure the economic impacts of the policy for Budget 2026. Once we have feedback on the options you prefer, we will engage with the stakeholders to develop a more detailed approach to support final decision making mid-2026.

30. Officials will engage with stakeholders to develop a full strategy of monitoring and evaluation. We expect this to take approximately three months. We will inform the Ministers on the full strategy.

Recommended action

31. We recommend that you:

a) **discuss** the contents of this report at the Joint Ministers' meeting on 8 September 2025.

b) **indicate** which of these following options you would like Inland Revenue/The Treasury to pursue for monitoring and evaluating the policy

i. Collecting information on the uptake of Investment Boost

Request/Do not request

Request/Do not request

ii. Firm-level surveys and/or interviews

Request/Do not request

Request/Do not request

iii. Empirical assessment of investment impacts

Request/Do not request

Request/Do not request

iv. Empirical assessment of GDP impact

Request/Do not request

Request/Do not request

Jean Le Roux

Manager, Tax Strategy
The Treasury

s 9(2)(a)

Felicity Barker

Policy Lead
Inland Revenue

s 9(2)(a)

Hon Nicola Willis

Minister of Finance
/ /2025

Hon Simon Watts

Minister of Revenue
/ /2025