



Inland Revenue
Te Tari Taake

[NEW LEGISLATION](#) > [ORDER IN COUNCIL COMMENTARY](#)

Income Tax (Tax Credit) Order 2025

SL 2025/260

Issued: December 2025

This Order in Council commentary provides information on changes to the Family Tax Credit and the Best Start Tax Credit rates, and on changes to the Minimum Family Tax Credit threshold amount, which will apply in 2026.

FIRST PUBLISHED

November 2025 by Policy, Inland Revenue, PO Box 2198, Wellington 6140.

Income Tax (Tax Credit) Order 2025 –
Order in Council commentary



© Crown Copyright

This work is licensed under the Creative Commons Attribution 4.0 International Licence. In essence, you are free to copy, distribute and adapt the work, as long as you attribute the work to the Crown and abide by the other licence terms.

The document is available at

<https://www.taxpolicy.ird.govt.nz/publications/2025/oic-sl-2025-260>

Inland Revenue can provide an alternate version of this material if requested. Please cite this document's title, website address, or PDF file name when you email a request to policy.webmaster@ird.govt.nz.

Order

Section MF 7 of the Income Tax Act 2007

The Income Tax (Tax Credit) Order 2025 was made on 17 November 2025. The Order sets rates of tax credit payments and thresholds (as set out in the table below) for the 2026–27 tax year and later tax years.

Background

Under the Income Tax Act 2007, the Family Tax Credit and Best Start Tax Credit payment rates must be adjusted for inflation once the cumulative value of quarterly increases in the consumers price index (CPI) reaches 5%. These inflation-indexed increases ensure these two tax credits maintain their real value over time. The cumulative CPI was 5.27% from 1 October 2023 to 30 September 2025, which will require a higher rate of payment from 1 April 2026.

The Government has agreed to increase the threshold amount of the Minimum Family Tax Credit to help maintain its policy objective of encouraging sole parents with dependent children to move off a main benefit and into work. The threshold amount is usually adjusted annually. This can be done by Order in Council under the Income Tax Act 2007.

Key features

The Family Tax Credit and Best Start Tax Credit rates, and the Minimum Family Tax Credit threshold have been increased under section MF 7 of the Income Tax Act 2007. The current and new tax credit rates and thresholds per year are provided in the table below:

Tax Credit	Current amount \$	New amount \$
<i>Family Tax Credit rate</i>		
Eldest child	7,524	7,921
Subsequent children	6,130	6,454
<i>Best Start Tax Credit rate</i>	3,838	4,041
<i>Minimum Family Tax Credit threshold</i>	35,316	36,604

The Family Tax Credit amounts for the first child and subsequent children in section MD 3(4)(a) and (b) have been increased for inflation in accordance with section MF 7(1)(a). The Best Start Tax Credit amount in section MG 2(2)(a) has also been adjusted for inflation in accordance with section MF 7(1)(db).

The Minimum Family Tax Credit threshold amount in section ME 1(3)(a) has been increased to help maintain its policy objective, in accordance with section MF 7(1)(d).

The previous Income Tax (Tax Credit) Order 2023 (SL 2023/288) is revoked.

Effective date

The new prescribed tax credit amounts and thresholds will apply for the 2026–27 tax year and later tax years

Further information

The new Order in Council can be found at:

[Income Tax \(Tax Credit\) Order 2025 \(SL 2025/260\)](#)