



Inland Revenue
Te Tari Taake

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

Taxation (Use of Money Interest Rates) Amendment Regulations (No 2) 2025

SL 2025/310

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Changes have been made by Order in Council to the use of money interest rates on underpayments and overpayments of tax in line with recent changes in market interest rates.

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Taxation (Use of Money Interest Rates) Amendment Regulations (No 2) 2025 – Order in Council commentary



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Order

Section 120H of the Tax Administration Act 1994

The Taxation (Use of Money Interest Rates) Amendment Regulations (No 2) 2025 was made on 8 December 2025. The Order in Council changes the use of money interest (UOMI) rates on underpayments and overpayments of taxes and duties in line with market interest rates.

The new UOMI underpayment rate is 8.97% (previously 9.89%) per annum. The new UOMI overpayment rate is 2.25% (previously 3.27%) per annum.

Background

The UOMI underpayment rate is charged to taxpayers on underpayments of tax to Inland Revenue, while the UOMI overpayment rate is paid to taxpayers on money paid to Inland Revenue exceeding their tax liability.

Section 120H(1)(b) of the Tax Administration Act 1994 permits the making of regulations by Order in Council to set the UOMI underpayment and overpayment rates. The rates are set in the Taxation (Use of Money Interest Rates) Regulations 1998 and can be updated by Order in Council.

The UOMI underpayment rate is based on the “floating first mortgage new customer housing rate” series published by the Reserve Bank of New Zealand (RBNZ) each month, while the UOMI overpayment rate is based on the RBNZ “90-day bank bill rate” series published each month. In particular, the Taxation (Use of Money Interest Rates Setting Process) Regulations 1997 provide that the UOMI underpayment rate is set at the RBNZ floating first mortgage new customer housing rate plus 250 basis points. The UOMI overpayment rate is set at the higher of 0% and the RBNZ 90-day bank bill rate less 100 basis points.

Administrative principles provide that the two UOMI rates should both be adjusted if either the RBNZ 90-day bank bill rate or the floating first mortgage new customer housing rate has moved by 100 basis points or more since the last adjustment, or if one of these indexes has moved by 20 basis points or more and the UOMI rates have not been adjusted in the last 12 months. The UOMI rates are adjusted as required to ensure they are in line with market interest rates.

Note that the Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Matters) Bill (the Bill) proposes to repeal the current Order in Council mechanism and enable the Commissioner of Inland Revenue to vary UOMI rates by determination. If the Bill is enacted, future updates would be made by determination. The Bill proposes to incorporate the formulae in the Taxation (Use of Money Interest Rates Setting Process) Regulations 1997 into the Tax Administration Act 1994.

Effective date

The new UOMI underpayment and overpayment rates apply on and after 16 January 2026.

Further information

The new Order in Council can be found at:

[Taxation \(Use of Money Interest Rates\) Amendment Regulations \(No 2\) 2025](#)