

Briefing note

Reference BN2026/042

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To Revenue Advisor, Minister of Finance – Carl Harris
Revenue Advisor, Minister of Revenue – Lonnie Liu
Private Secretary, Minister of Revenue – Melissa Zhen

From Felicity Barker

Subject **Investment Boost information**

Purpose

- 1 This briefing note provides Investment Boost information from a recent Inland Revenue survey of taxpayers on the impacts of Investment Boost and information on the estimated impacts on the effective marginal tax rates of various asset types.

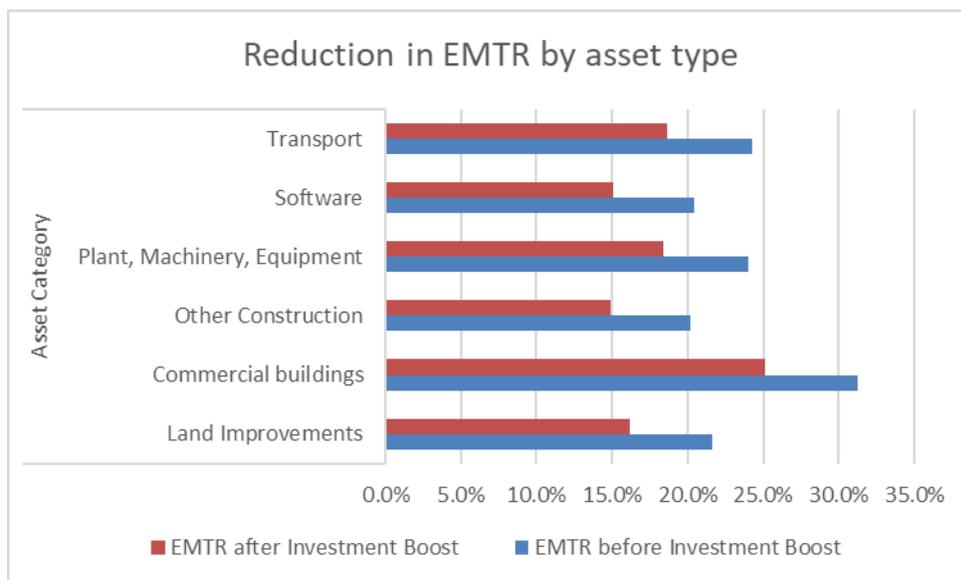
Survey of taxpayers

- 2 Investment Boost was introduced for taxpayers from 22 May 2025. In December 2025, Inland Revenue surveyed our business customers to gain an early indication of how firms are responding to Investment Boost. Over 800 firms provided information on their recent investment activity and awareness of Investment Boost. As participation in the survey was voluntary, the results are likely to reflect the views of more engaged businesses. This means awareness and uptake of IB may be overstated compared with the wider business population.
- 3 Survey results indicate that it will take time for the full effects of Investment Boost to flow through to economic activity. Investment spending in 2025 largely reflects existing investment plans, economic conditions and business needs. One third of respondents, especially those in small and micro enterprises, had limited awareness of the policy and its implications for their business.
- 4 While it is still very new, the policy is already having an impact on investment activity. Among firms that made some investment in assets in 2025 and had reasonable awareness of IB (379 respondents), **40% reported that the policy had increased their investment spending over the past 12 months**. 11% reported a significant increase due to the policy, while the remaining 29% reported that tax benefits of IB somewhat increased their spending.
- 5 This impact is expected to increase over time. While many firms have yet to make their forward-looking investment plans, **nearly half (49%) of those that are intending to invest over the next five years say that Investment Boost is having a positive effect on those plans**, with 14% anticipating a “large increase” in investment due to the policy. Over half (57%) are adjusting other aspects of their investment planning, including: timing of investment (33%); prioritisation across projects (25%); choice between new and second-hand assets (23%); decisions to purchase rather than lease (20%).

Reduction in tax impost

- 6 Investment Boost reduces the effective marginal tax rate (EMTR) for investors investing in capital assets. A lower EMTR means that the tax system is taking less out of the return generated, which means that investors will be willing to invest in assets that would otherwise not provide a large enough profit. This is expected to result in an increase in capital investment in New Zealand
- 7 The Inland Revenue model estimated a decrease in EMTR of, on average, approximately 5 to 6 % for various asset categories. Firms that invest in a mixture of assets (for example a business that has a commercial building and equipment used for manufacturing) will benefit from faster tax deductions on new investments in those assets, exactly how much benefit will depend on the asset type.
- 8 A summary of the Inland Revenue results used in the modelling is provided below. Updated international comparisons will not be available until next year.

Table to show EMTR changes by asset type							
	Asset Category						
	Land Improvements	Commercial buildings	Other Construction	Plant, Machinery, Equipment	Software	Transport	
EMTR before Investment Boost	21.6%	31.2%	20.2%	24.0%	20.4%	24.3%	
EMTR after Investment Boost	16.2%	25.1%	14.9%	18.4%	15.1%	18.6%	
Reduction in EMTR	5.4%	6.1%	5.3%	5.6%	5.3%	5.6%	



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