



Briefing note

Reference BN2026/223

Date 24/07/2026

To Revenue Advisor, Minister of Revenue – Angela Graham
Private Secretary, Minister of Revenue – Melissa Zhen
Private Secretary, Minister of Finance – Carl Harris

From Matt Pilkinton

Subject **Response to Corporate Taxpayers Group list of policy priorities**

Purpose

- 1 On 21 July 2026 the Corporate Taxpayers Group (CTG) sent the Minister of Revenue a letter outlining a list of policy proposals CTG would like to be included in either the 2026-27 Annual Rates Bill or the Tax and Social Policy Work Programme (TSPWP). This briefing note provides an initial assessment of CTG’s policy proposals.

Inclusion of proposals in 2026–27 Annual Rates Bill

- 2 Officials have already recommended that the 2026–27 Annual Rates Bill (the Bill) include CTG’s proposal addressing blackhole expenditure and abandoned software development (IR2026/158 refers).

s9(2)(f)(iv)

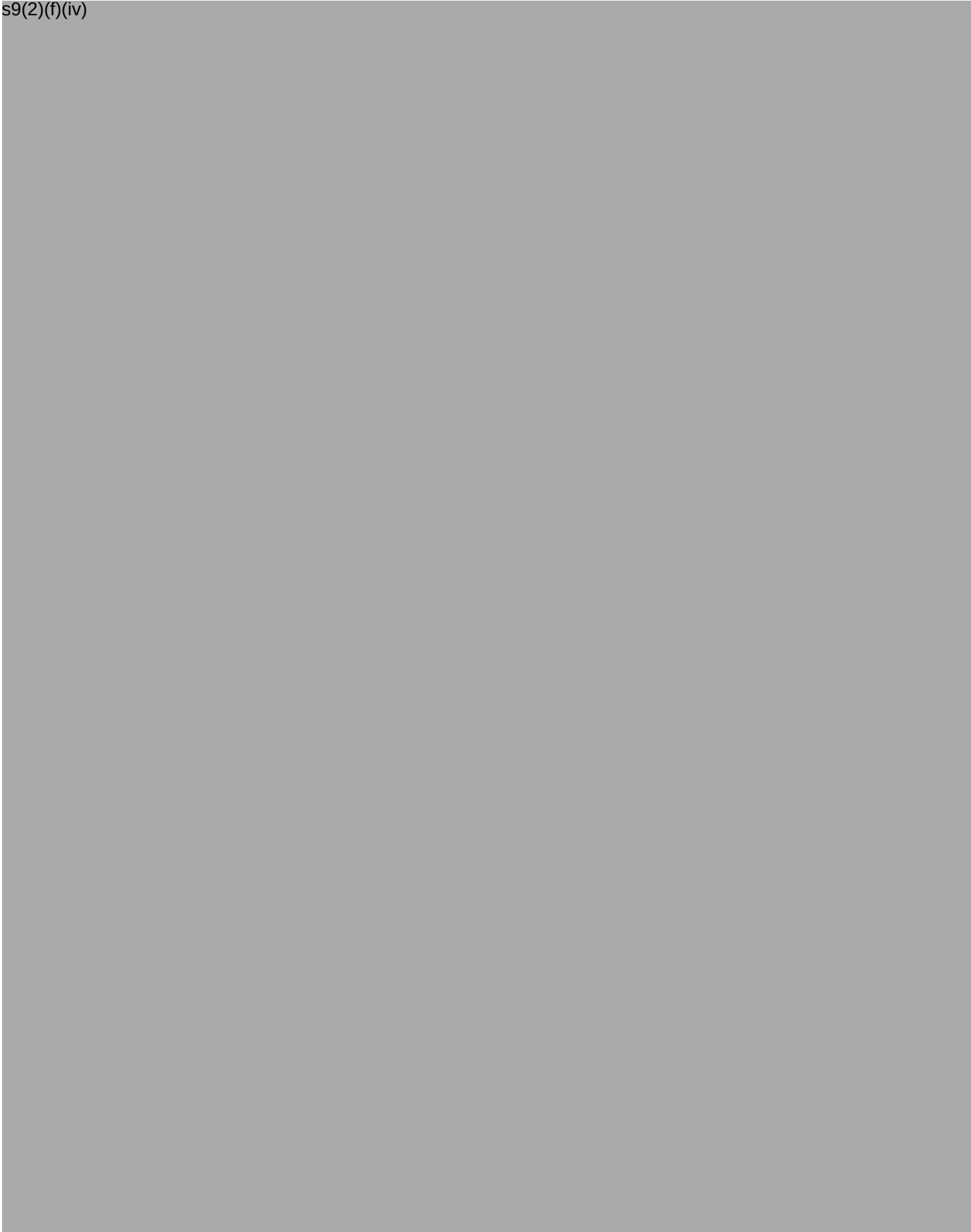
- 4 It is not feasible to include CTG’s other proposals in the Bill at introduction. The draft Cabinet paper seeking approval to introduce the Bill is due to be provided to the Minister of Revenue on 18 August 2026 for consideration at the Cabinet Legislation Committee meeting on 3 September 2026. There is very limited time available to complete the policy analysis and legislative drafting required to add new items to the Bill and still meet these timeframes. The dissolution of Parliament at the end of September also limits the scope to push out these timeframes and still have the Bill receive its first reading (and referral to select committee) before the election.
- 5 Many of CTG’s proposals would have significant complexity and would benefit from the full generic tax policy process (GTPP) before inclusion in a Bill. In addition, some proposals would have systems and operational impacts that need to be worked through with the relevant parts of the department before they could be progressed.

s9(2)(f)(iv)

Analysis

- 6 The table in **Annex A** provides an initial assessment of CTG's policy proposals. Note the table does not include analysis of the blackhole expenditure and abandoned software development proposal because it is already scheduled for inclusion in the Bill.

s9(2)(f)(iv)



Operational suggestions

- 9 In addition to the policy proposals, CTG's letter also recommended some operational changes in relation to non-resident contractors' tax (NRCT) and the research and development tax incentive (RDTI).

NRCT – digital registration portal

- 10 Changes to simplify and modernise NRCT were announced as part of Budget 2026. These changes will be included in the 2026–27 Annual Rates Bill.

s9(2)(f)(iv)

RDTI – Introduce operational service standards and key performance indicators

s6(c)

- 13 Most RTDI returns are processed relatively quickly and the timeframes to process returns have been reducing each year. In 2021 the median timeframe to process RTDI returns was 72 days. This reduced to 22 days by 2024. While returns are still being processed for 2025 and 2026, the median time to process returns for these years is currently 17 and 10 days respectively.
- 14 We acknowledge that in some cases the time required to complete our review of the supplementary return can be lengthy. There are a number of factors that can contribute to this, such as, complexity from significant claims relating to multiple R&D activities, a lack of contemporaneous records, delays in responding to Inland Revenue requests for further information, and inadequate responses to information requests.
- 15 CTG have agreed to provide specific examples to Inland Revenue. These will be considered and worked through in due course including determining the reasoning for the delay and what could be done differently to avoid unnecessary delays.
- 16 CTG have suggested introducing and measuring KPIs, including target timeframes for initial review of applications, issuing information requests or queries, responding to taxpayer correspondence, and finalising reviews. However, Inland Revenue's system (START) currently has limited recording functions for the processing of an RDTI supplementary return, it can only record when the return is filed and when it is approved/released. It does not record dates on the intermediate steps suggested by CTG.

Next steps

- 17 Officials would welcome discussing this note with the Minister of Revenue.

Matt Pilkinton

Bill Manager

s9(2)(a)

Peter Frawley

Policy Lead

s9(2)(a)

Annex A – Initial assessment of CTG’s policy priorities**Infrastructure projects and pre-commencement business expenditure****Proposal**

s9(2)(f)(iv)

Allow deductions for pre-commencement business expenditure for infrastructure projects.

Currently, some expenditure incurred in undertaking an infrastructure project may be non-deductible because it is incurred before a business is established. This can particularly occur when:

- a special purpose vehicle is established to undertake an infrastructure project, or
- a non-resident without an existing commercial operation in New Zealand undertakes an infrastructure project.

Software expenditure– Tax treatment should follow accounting**Proposal**

s9(2)(f)(iv)

Allow taxpayers that prepare audited IFRS financial statements to elect for the tax treatment of software-related expenditure to follow the accounting treatment. This includes the costs of customising and configuring SaaS products into a business. In effect, this would mean more costs are immediately deductible rather than depreciable.

Depreciation – simplification of depreciation rates

Proposal

s9(2)(f)(iv)

Allow greater use of default asset classes rather than being required to use the specific depreciation rate applying to each asset.

For example, if the default depreciation rate applying to building fitout was 10%, then a person could choose to use this rate for all assets that form part of the fitout and not have to identify whether a more specific rate applied to any individual asset.

Increasing low-value asset threshold

Proposal

s9(2)(f)(iv)

Increase the low-value asset threshold from \$1,000 to \$5,000.

This would allow taxpayers to immediately deduct expenditure on assets that cost up to \$5,000 rather than depreciating them over the life of the asset.

Removing restrictions on expensing low-value assets

Proposal

s9(2)(f)(iv)

An asset costing \$1,000 or less can generally be immediately expensed rather than depreciated over time. However, a low-value asset cannot be immediately expensed if:

- it is acquired together with other low-value assets of the same type, and the total value of the assets is over \$1,000, or
- the asset has been or will become part of any other depreciable asset.

CTG has proposed removing these restrictions on expensing low-value assets. This would, for example, allow a person to acquire 100 office chairs together for \$500 each (\$50,000 total) and immediately expense each chair. Currently the chairs would need to be depreciated.

Add online casino gambling licenses to list of depreciable intangible assets

Proposal

s9(2)(f)(iv)

Schedule 14 lists what qualifies as a depreciable intangible asset. It lists some generic types of intangible property (eg, the right to use a copyright or a patent) and some specific types (eg, a license under the Radiocommunications Act 1989).

This proposal would add a licence granted under the Online Casino Gambling Act 2026 to Schedule 14.

Accommodation exemption for projects of limited duration – extend time limit to five years

Proposal

s9(2)(f)(iv)

The three-year time-limit applying to the exemption for accommodation allowances should be extended to five years.

Accommodation exemption for projects of limited duration – extend exemption to NZ employees working in remote parts of NZ

Proposal

s9(2)(f)(iv)

Introduce a similar exemption for New Zealand employees working in remote parts of New Zealand to the exemption for overseas employees working in New Zealand.

Exemption for meals provided to employees in temporary accommodation without adequate cooking facilities**Proposal**

s9(2)(f)(iv)

Introduce a new exemption from tax for meals provided to employees in temporary accommodation without adequate cooking facilities.

Review Schedule 4 – schedular payments**Proposal**

s9(2)(f)(iv)

Review and simplify Schedule 4 schedular payment categories (the rules mainly dealing with payments to primarily labour only contractors).

FBT on motor vehicles – EV chargers

Proposal

Along with the changes to FBT on motor vehicles in Budget 2026 there should be an easy formula, a figure Inland Revenue can provide, like the mileage rates, to deal with the provision of EV chargers and reimbursement for charging those vehicles at an employee's house. Alternatively, copy Australia's exemption for associated benefits.

s9(2)(f)(iv)

FBT on consolidated returns for corporate groups

Proposal

CTG would like to see progress made on allowing employer groups to file a single FBT group return. The need for each employer company to separately file returns can materially add to the compliance burden.

s9(2)(f)(iv)

Loss carry-back regime

Proposal

Enact a loss carry-back regime to allow taxpayers to carry losses back to enable refunds of previous tax paid.

s9(2)(f)(iv)