

Reference

BN2026/185

Date

24/06/2026

To

Revenue Advisor, Minister of Revenue – Angela Graham
Private Secretary, Minister of Revenue – Melissa Zhen

From

Felicity Barker

Subject

Investment Boost – Update on monitoring and data collection

Purpose

- 1

This note provides an update on data collection, monitoring and consultation with respect to Investment Boost.
- 2

The figures provided are preliminary because data collection is ongoing and the data available at this time is incomplete and subject to bias.

Analysis

Context

- 3

In March 2026, Inland Revenue provided a summary of the results of a survey on the awareness, uptake, and impact of Investment Boost (BN2026/35). This survey was conducted in December 2025 and completed by 825 firms. Participation in the survey was voluntary so the findings reflect the views of more engaged businesses.
- 4

The results indicated that it will take time for the 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. Among those firms that had reasonable awareness of the policy and some recent or planned investment, many reported that the incentive had increased their actual (40%) or planned (49%) spending on business assets. We plan to repeat this survey this year.
- 5

Since December 2025, Inland Revenue has progressed with data collection through our standard channels: the IR10 Financial Statements Summary (IR10) and the Business Compliance Package (BCP) survey. IR10s are primarily received from small- and medium-sized firms, while the BCP collects information from larger firms (significant enterprises).
- 6

Both sources are collected on an annual basis, based on backward-looking financial information. While data for the 2025–26 financial year is starting to come in, very little quantitative data is available at this stage.
- 7

Alongside these data collections, Inland Revenue is planning a set of workshops with investors in July 2026. The workshops will be run in collaboration with officials from the Ministry of Business, Innovation and Employment (MBIE) and the Treasury, with co-convenors from the private sector. A particular focus of the workshops will be to explore options for the tax treatment of assets when there is a substantial delay between the time the investment decision is made and the time the asset is available for use. We are also contacting Federated Farmers to understand primary sector impacts.

- 8 Additional data on uptake will become available later in the year through the Survey of Business Operations (SOBO) 2026, a nationally representative survey of around 20,000 New Zealand businesses with six or more employees. The survey is jointly owned by the MBIE and Stats NZ. The survey is being conducted by Ipsos, an independent research company, on behalf of these agencies. While participation is mandatory under the Data and Statistics Act 2022, the survey is collected over a relatively short period and does not have a fixed target response rate, so realised response rates may be lower than for other Stats NZ surveys.

Preliminary data on uptake of Investment Boost – IR10 returns

- 9 From the 2025–26 tax year onwards, the IR10 includes a new Investment Boost data field. Businesses must record the total value of assets for which they claimed Investment Boost. This provides information through which Inland Revenue can monitor uptake and claims under the programme.
- 10 Filing to date captures only a very small proportion of the expected value of Investment Boost claims for the 2025–26 year. This largely reflects the early stage of the filing cycle, as well as selection in the firms that file an IR10. Most large businesses elect to submit their financial statements along with their tax returns, rather than completing an IR10. Around 75% of companies submit an IR10, but these filers account for less than half (45.5%) of taxable income as captured by company tax returns.
- 11 In addition, early filings tend to come from smaller, less complex businesses, while larger businesses and those that use a tax agent usually file closer to the deadline of 31 March 2027.
- 12 These filing patterns are demonstrated in Figure 1. The blue bars show the aggregate value of additions to fixed assets for the 2024–25 tax year (left axis), according to the month in which IR10 returns were filed. The green bars show the same figures for the 2025–26 tax year returns, for returns filed up until 16 June 2026. The grey line indicates the cumulative percentage of additions that had been reported as at the end of each month (right axis). IR10 filings at the end of June 2025 accounted for \$4.2 billion worth of investment, 7.4% of the aggregate \$57.3 billion of additions reported for the whole year.

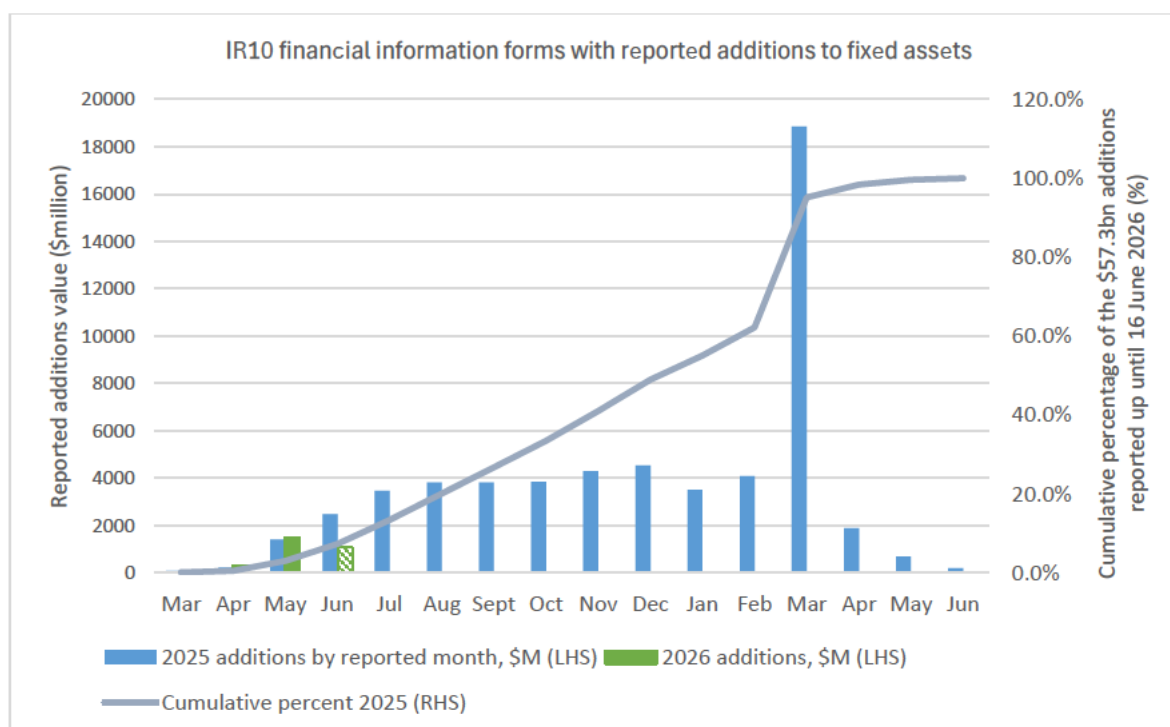


Figure 1: Timing of IR10 filing for 2024–25 and 2025–26 tax years

- 13 Table 1 provides some preliminary information on the uptake of Investment Boost, based on these early filings. Due to the limited and selective nature of these early filings, Inland Revenue does not recommend using these figures to estimate an aggregate uptake rate or expected claims values.
- 14 Table 1 (Panel A) reports the number and share of IR10 filers that reported claims under Investment Boost as a proportion of those reporting some additions to fixed assets in the 2025–26 tax year. These figures are based on the data available as at 16 June 2026. Based on observed filing patterns for 2024–25, we expect that returns to date will account for around 10% of IR10 filers that will report additions to fixed assets, and around 5% of the value of those additions. The data captures a reporting period for which Investment Boost was in place for, at most, 10 months of the year.
- 15 Early analysis of the data indicates some inconsistencies in reporting, with some firms apparently reporting the value of the deduction claimed rather than the value of assets to which the deduction has been applied. The left column of Table 1 (Panel B) reports values with conservative data cleaning, in which values are adjusted only if there is strong evidence of misreporting. The right column implements a more permissive data cleaning approach, in which values are adjusted if it is likely that they have been misreported. Inland Revenue is looking to improve guidance provided to firms and work with software providers to reduce the potential for misreporting in future.
- 16 Of the businesses that reported some additions to fixed assets for the 2025–26 tax year, 44% reported that they had claimed Investment Boost deductions for some or all of their investment (Panel A). These claims amounted to between \$528 million and \$664 million of asset value on which Investment Boost was claimed (\$106 million to \$132 million in deductions) depending on the level of data cleaning applied (Panel B).¹ This implies that the asset value on which Investment Boost has been claimed is 18%–22% of the value of additions reported to date (\$3.0 billion), or 48%–60% of the value of additions for those firms that made a claim (\$1.1 billion).

Table 1: Additions to fixed assets and Investment Boost claims for 2025–26 tax year, IR10 filers to 16 June 2026

Panel A: Uptake of Investment Boost in 2025–26 tax year (IR10 returns received by 16 June 2026)		
Businesses reporting additions to fixed assets	21,842	
Of which, businesses claiming IB	9,664 (44% of businesses)	
Panel B: Aggregate value of additions to fixed assets and assets on which Investment Boost was claimed		
	Conservative adjustment	Liberal adjustment
Aggregate value of additions to fixed assets – all IR10s filed	\$2,968m	\$2,968m
Value of additions to fixed assets – firms reporting Investment Boost claim	\$1,100m	\$1,100m
Value of assets on which Investment Boost was claimed	\$528m	\$664m
Average asset value per claimant	\$54,669	\$68,752

¹ Additions to fixed assets do not map directly to the definition of depreciable assets used for Investment Boost, which depends on the date assets become available for use. However, for smaller firms with relatively short lead times, the two measures are likely to be closely aligned.

Preliminary data on impact of Investment Boost – BCP survey

- 17 The Basic Compliance Package (BCP) survey collects information from around 1,400 firms, on a rolling three-yearly basis. The BCP population is restricted to significant enterprises, defined as New Zealand-owned firms with turnover above \$80 million and foreign-owned firms with turnover above \$30 million.
- 18 Data collection occurs in March and April each year for the previous financial year. That is, data collected in 2026 refers to the 2024–25 financial year. Only firms with balance dates between May and September will have had the opportunity to claim partial expensing of investment under Investment Boost, for assets becoming available for use between 22 May and, at most, 30 September.
- 19 The 2026 BCP collects two pieces of information on Investment Boost: the asset value over which Investment Boost was claimed in the 2024–25 financial year, and a self-reported indicator of whether the business has increased planned investment in the short (12 month) or long term due to Investment Boost.
- 20 This information will also be collected from compliance managed customers, 50 of the largest firms that are reviewed annually by Inland Revenue compliance managers. The review of compliance managed customers will be completed by 3 July 2026 with data expected to be available shortly thereafter.
- 21 Among the 498 BCP respondents, 27 reported claiming on Investment Boost for the 2024–25 tax year. Table 2 reports statistics relating to these claims, focusing on the types of assets for which Investment Boost has been claimed. Among the small number of claimants in the 2024–25 tax year, 60% of the asset value on which Investment Boost was claimed was categorised as plant and machinery. Commercial and industrial buildings (including fittings) account for a further 24%, with vehicles and other fixed assets making up the remaining 13% of asset value.

Table 2: Value of assets on which Investment Boost has been claimed, 2024–25 tax year (27 businesses)

Asset type	Value of assets (\$m)	Share of value
Commercial and industrial buildings	\$20.0	24.4%
Plant and machinery	\$49.3	60.2%
Vehicles	\$6.2	7.6%
Other fixed assets	\$4.3	5.2%
Total	\$82.0	

Results based on the 27 BCP respondents that indicated having made an Investment Boost claim for the 2024–25 tax year.

- 22 Responses to the question on investment plans differ markedly from those reported in the Investment Boost survey from December 2025. Only 13 of the 498 BCP respondents (3%) indicated that Investment Boost had led them to increase their planned investment in either the short term (next 12 months), the long term, or both. This contrasts with the 32% of large firms that indicated either a small (23%) or large (9%) increase in planned investment in the survey.² We are using the upcoming BCP review process and compliance management discussions to better understand how firms are answering these questions, including whether BCP respondents are well-informed about forward-investment plans, and to gain a more nuanced view of how

² Firms that did not respond to the relevant question are included in the denominator for both data sources. That is, numbers compare explicit “yes” responses with the number of eligible responses to the survey overall, rather than the eligible responses to the planning specific questions.

businesses are responding to Investment Boost. We would caution against drawing any strong interpretations until that assessment is complete.

Consultation on long lead time assets

- 23 Stakeholders have raised concerns regarding the effectiveness of Investment Boost for projects with long lead times, when there is a delay between the investment decision being taken and the asset becoming available for use. Some stakeholders have indicated that Investment Boost is not currently being factored into decisions for these projects, due to uncertainty about whether the incentive will still be in place when the asset becomes available and hence eligible for partial expensing.
- 24 A number of proposals have been put forward to address this issue, including bringing forward the Investment Boost deduction to the point at which expenditure is incurred. We have concerns that such options may have limited impact on investment in large, long-term projects. Allowing the deduction as expenditure is incurred will not fully reduce uncertainty when expenditure takes place over many years. In addition, some investor types (such as new infrastructure investors with no existing taxable income in New Zealand) may still see little value from the deductions if based on an expenditure incurred basis.
- 25 This issue highlights the importance of stable and predictable tax settings to support long-term investment decisions. We expect that certainty in Investment Boost will naturally increase over time if the policy remains in place, with little change, and investors will begin to factor the deduction into long-term decisions.
- 26 We consider that engagement with industry will be important in designing any effective response. We are planning a series of workshops with relevant investors, jointly led by Inland Revenue and MBIE, with private sector co-convenors and involvement from the Treasury. These workshops are expected to include representatives from general business, infrastructure, and property sectors. Insights from this engagement will inform further advice on potential policy options. Workshops are currently planned for July 2026, and we will report back on the outcomes in early August 2026.

Next steps

- 27 Inland Revenue will continue to monitor IR10 returns as they are received, to build a more complete picture of Investment Boost claims over time. Work is also underway to improve guidance to support accurate and consistent reporting.
- 28 We will also make use of face-to-face engagement with around 100 significant enterprises as part of the annual risk review process to clarify how large firms are interpreting survey questions on the impact of Investment Boost and get a more nuanced understanding of their response to the policy.
- 29 Targeted consultation with industry is planned to begin in July 2026. This will inform further advice on potential policy or operational responses.
- 30 We will report back on emerging findings from this monitoring, engagement, and consultation activity.

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