

# Government Tax and Social Policy Work Programme

The Work Programme's overarching priorities are simplifying tax and reducing compliance costs, addressing integrity risks, and improving fiscal sustainability, in order to rebuild the economy.

The Government is committed to transparency through public engagement on the design of tax policy via the Generic Tax Policy Process. Public consultation plays an important role in creating and sustaining a durable and widely accepted tax system.

The Work Programme covers the following workstreams:

- **Attracting and retaining capital and talent:** this workstream makes New Zealand a better place to invest capital, work and do business by minimising biases on economic decisions, reducing international tax barriers and rewarding effort and individuals' investment in their own skills.
- **Supporting small businesses:** this workstream is focused on supporting small businesses by reducing compliance costs and making tax treatment simpler and fairer
- **Simplification and integrity of the tax system:** this workstream reduces compliance costs for taxpayers and protects against tax avoidance and evasion to maintain a simple, stable and predictable tax system.
- **Improve social policy:** this workstream involves improving the delivery of income support payments administered through the tax system and increasing work incentives.

The remedial programme plays an important part in maintaining the tax system. The current year's Bill currently contains 43 remedial amendments, covering themes such as Investment Boost, employee share schemes, GST, FBT, and KiwiSaver, as well as a further 24 maintenance amendments. Further items may be added as the Bill progresses. This substantial programme highlights the Government's commitment to progress remedial amendments.

It is intended that the Work Programme be updated periodically to reflect the Government's current priorities. This is the latest version of the Work Programme as at October 2025.

## Attract and retain capital and talent

- Refine and evaluate Investment Boost\*
- Review thin capitalisation settings for infrastructure
- Review the Foreign Investment Fund tax rules\* (including FIF stage 2)
- Review the impact of the financial arrangements rules on new migrants
- Continue double tax agreement negotiations
- Simplify approved issuer levy reporting
- Modernise non-resident contractors' withholding tax
- Work on a multilateral solution to the challenges the digital economy poses to international taxation (United Nations and OECD Pillar 1 and Pillar 2 work)
- Modernise the tax treatment of visitors working while in New Zealand\*
- Improve the employee share scheme regime\*

## Support small businesses

- Simplify fringe benefit tax
- Progress the transition to digital tax administration for tax intermediaries
- Share information with other government agencies (for example, an approved information sharing agreement between Inland Revenue and the Ministry of Business, Innovation and Employment and the use of New Zealand Business Numbers)
- Consult on GST issues
- Review the tax treatment of expenditure on flood damage and land improvements

## Simplify and uphold integrity of the tax system

- Progress wider Inland Revenue compliance work and reduce tax debt
- Review elements of charities and not-for-profits
- Simplify tax compliance for Māori authorities
- Clarify the income tax treatment of software development expenditure
- Review software expenditure by businesses on Software as a Service customisation and configuration
- Review the tax treatment of interest allocation for bank branches
- Manage donee status for overseas-focused organisations (schedule 32)\*
- Remove the Commissioner's power to collect information for policy purposes\*
- Replace the legislative trust disclosure provisions with Commissioner powers\*
- Simplify the tax treatment of income derived from the residential sale of excess electricity\*
- Delegate to the Commissioner of Inland Revenue powers to set certain rates\*
- Clarify GST and unincorporated joint ventures\*
- Progress the remedial work programme
- Support all-of-Government response to organised crime\*
- Treaty of Waitangi settlements

## Improve social policy

- Improve FamilyBoost, including investigating a possible direct data feed with ECEs
- Progress Working for Families improvements
- Progress measures to improve student loans overseas-based borrower settings

\* Items included in the Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill.