

Tax Alert

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New tax laws to know about

By Robyn Walker

New tax legislation has been enacted and now comes the task for taxpayers to understand whether there are any rule changes which impact on them, or which they could elect to benefit from.

The Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Act 2026 (the Act) contains a raft of largely taxpayer favourable and remedial tax changes aimed at reducing the compliance burden for taxpayers. The legislation was introduced in bill form in August 2025, and through the consultation process, has received some tweaks, as well as having some additional measures along the way.

In this article, we summarise what the new laws provide for in the most widely applicable changes in the Act.

Changes primarily related to business

- Thin capitalisation settings for infrastructure
- Investment boost remedials
- NRCT remedials
- Income tax debt pilot with tax pooling industry
- Credit reporting remedials
- GloBE rules – timing amendment
- GST and joint venture changes
- GST remedials

Thin capitalisation settings for infrastructure

Application date: 2026-27 and later income years

These rules allow qualifying infrastructure projects which are funded by third party debt to bypass the thin cap rules. This means that interest deductions won't be reversed, returns will be better and projects are more likely to get the green light. Refer to our [separate article](#) for more details.

What can qualify:

- Transport infrastructure (e.g. roads, rail, ports, airports, ferries)
- Energy infrastructure (electricity generation, transmission and distribution assets)
- Water infrastructure
- Telecommunications infrastructure (fibre networks, datacentres)
- Waste infrastructure
- Social infrastructure (e.g. hospitals, schools, libraries etc)

Investment Boost remedials

Application date: 22 May 2025 (when Investment Boost introduced)

The Act makes a few tweaks to how the Investment Boost rules work to ensure they apply as intended.

- To ensure that it's clear when an asset is "new", or rather "not secondhand" – the materials associated with the Act provide useful clarification for assets like cars (which may have been driven before sale) and buildings (developed for sale but rented out while looking for a buyer).
- Making it clear that the \$1,000 low value asset threshold is determined prior to taking an Investment Boost deduction.
- To ensure rules work as intended when assets are transferred between taxpayers.

NRCT remedials

Application date: 1 April 2026

Two clarifications to the non-resident contractors tax (NRCT) rules, including that NRCT does not apply to software-as-a-service, platform-as-a-service and infrastructure-as-a-service contracts, except where people are physically in New Zealand.

Income tax debt pilot with tax pooling industry

Application date: date of Royal Assent (30 March 2026)

A new change added at a late stage of the legislation process are rules to facilitate a pilot of a new way to use Tax Pooling. Income tax debt from the 2022/23 and 2023/24 tax years will be able to be paid using tax pooling until 1 October 2027. Refer to our [separate article](#) for more details.

Credit reporting remedials

Application date: 1 October 2025; 1 April 2026

Laws have been in place since 2017 to allow Inland Revenue to credit report taxpayers with tax debt, however some tweaks have been made to make this easier (in essence the existing rules were too restrictive to be of practical use):

- There is a change to no longer require "formal" notification. This was interpreted as hand delivering a notice to an actual person. Going forward options such as myIR securemail will meet the requirement.
- Clarifying that additional debt post the original credit reporting can also be credit reported (if any of the original debt remains outstanding).

GloBE rules – timing amendment

Application date: 1 January 2026

On 5 January 2026 the OECD published guidance on the new “side-by-side” system. The SBS essentially simplifies the compliance of these rules for taxpayers who are headquartered in the US.

By virtue of the way that Pillar 2 was implemented in New Zealand, we automatically adopt new OECD guidance. However, adoption is ordinarily prospective, meaning that the new SBS rules would only kick in for taxpayers with income years starting on/after 6 January 2026. As such new legislation will allow December balance dates to apply the rules from 1 January 2026 (there is also a special rule for taxpayers who have unusual balance dates around the same time).

Refer to our [February 2026 Tax Alert](#) article for more information about the side-by-side package.

GST and joint venture changes

Application date: 1 April 2026

The new rules allow flexibility for a joint venture to register for GST, or for joint venture members to separately account for GST (flow through treatment). Elections to adopt flow-through treatment will need to be made by 1 April 2027.

GST remedials

Application date: various

There are a number of other remedial changes to the GST Act, including:

- Once again allowing taxpayers to file elections to enter into the business-to-business zero-rating rules for financial services;
- Amending the taxable supply information rules to require the supplier of goods and services valued at over \$1,000 to only hold the recipient details if they notify the supplier that they are registered for GST;
- Clarifying how the bad debt rules work when a Specified Agent (e.g. liquidator) has been appointed and there are tax debts owing;
- Amendments to ensure the secondhand goods rules work as intended;
- Clarification for when properties are opted out of the GST net.

Changes primarily related to employers

- Employee share scheme deferral rule
- Fringe benefit tax (FBT) change for gift cards
- Ability to move PAYE-able benefits into FBT
- FBT exemption for protective clothing
- Contractor definition

Employee share scheme deferral rule

Application date: 1 April 2026

New optional rules exist to allow employers to run employee share schemes (ESS) where the tax obligations for employees are deferred until a liquidity event occurs. Our [September 2025 Tax Alert article](#) explained the proposals in more detail. Through the submission process some improvements were made, including excluding dividends and share exchanges (for illiquid shares) from being a liquidity event and clarifying that an employer can run both a deferral and non-deferral scheme simultaneously.

The rules now also require employers to notify the Commissioner within 20 days if “employee deferred shares” are issued.

There is a separate change to clarify the point that employers are entitled to claim a tax deduction for the cost of shares issued under an employee share scheme. There had been uncertainty whether this was the point the employee has rights to the shares (share scheme taxing date) or a date 20 days later when information is reported to Inland Revenue (ESS deferral date). The law is now clear the deduction arises on the share scheme taxing date. The application date for the rules contains some flexibility in the event that a business with an ESS was sold and the price had been determined on the former rule that the tax deduction arose on the ESS deferral date).

Fringe benefit tax (FBT) change for gift cards

Application date: 16 April 2025

After an Inland Revenue interpretation stated that “open loop cards” where subject to PAYE rather than FBT (refer to our May 2025 Tax Alert article) the law has now been amended, effective the date of the interpretation, to ensure that all gift cards remain subject to FBT (however employers can opt to pay PAYE if they prefer). The final rules ensure that FBT treatment is available to employers except where there is a purpose or effect of defeating child support rules (which is a much more targeted rule than originally proposed).

Ability to move PAYE-able benefits into FBT

Application date: 1 April 2026

If an employee is reimbursed for the cost of things which would be unclassified fringe benefits if provided directly by the employer, employers now have the choice to pay PAYE on these reimbursements (typically through a gross up) or to treat the reimbursement as a fringe benefit and pay FBT instead.

FBT exemption for protective clothing

Application date: 1 April 2028

The health and safety exemption from FBT is being retrospectively amended to ensure that personal protective equipment, including clothing, is exempt from FBT. This follows a draft Inland Revenue interpretation indicating that the exemption could not apply to clothing (refer to our [November 2025 Tax Alert](#) article).

Contractor definition

Application date: 21 February 2026

Following an employment law decision which concluded that some ride-share drivers were employees rather than contractors, the Employment Relations Amendment Act 2026 (ERA) ensured that such services would be contracting rather than employment arrangements. To ensure that tax rules wouldn't follow the approach of the Courts, the tax rules have also been amended to ensure that “specified contractors” under the ERA are also viewed as contractors.

Changes primarily related to individuals

- Foreign Investment Fund Revenue Account Method
- Digital nomads
- Residential solar exemption
- Trust disclosure rules repealed
- Financial arrangement rules, changes to cash basis person thresholds
- Student loan interest relief
- In-Work Tax Credit change

Foreign Investment Fund (FIF) Revenue Account Method (RAM)

Application date: 1 April 2025

The FIF rules now have an option for recent migrants and returning New Zealanders to use the Revenue Account Method to pay tax on realised rather than unrealised gains (refer to our [September 2025 Tax Alert article](#) for more detail of what had been proposed). While there were many submissions requesting that the rules should go further than what was proposed, the final legislation is fairly similar to the original proposal, with minor tweaks.

Digital nomads

Application date: 1 April 2026

Various exemptions are now in place to ensure that eligible visitors to New Zealand are not caught up in New Zealand tax rules if they undertake some work for themselves or a non-resident employer while they are here. The rules do not apply in circumstances where work needs to be performed in New Zealand or the non-resident employer is offering goods or services in New Zealand.

Residential solar exemption

Application date: 1 April 2026

Income earned from selling excess residential solar power into the grid will be exempt income from 1 April 2026. This exemption will only apply to natural persons who are living in the residence with the solar panels (this will include second homes).

Trust disclosure rules repealed

Application date: 2026-27 income year

The trust disclosure rules have now been repealed. This was an onerous set of annual reporting obligations (however much of the hard information collection has already been done in the 5 years the rules have been operating). While the formal trust disclosure rules are repealed it is anticipated that Inland Revenue will continue to use existing information collection powers to gather similar information. Once new requirements are clear we will let Tax Alert readers know what they are

Financial arrangement rules, changes to cash basis person thresholds

Application date: 2025-26 income year

More taxpayers will be eligible to be "cash basis persons" under the financial arrangement rules (meaning tax consequences are based on cash transactions rather than on an accrual basis) after thresholds to enter the rules were doubled and the "deferral" rule was repealed. At the request of a submitter, the application date for the change was backdated to the commencement of the 2025-26 income year (rather than the 2026-27 income year) in order for the compliance cost savings to take effect immediately.

Any taxpayers with foreign currency mortgages can apply a new rule which may allow currency fluctuations to be removed from cash basis person calculations.

Student loan interest relief

Application date: 30 March 2026

The Commissioner has a new discretion to remit student loan interest on overseas borrowers in situations where it is considered equitable to do so.

In-Work Tax Credit change

Application date: 1 April 2026

In response to the Middle East conflict, the Government has made a targeted change to the in-work tax credit calculation from 1 April 2026. This will allow qualifying families to receive up to \$50 per week of additional credits. This is a time limited benefit which is expected to last for up to 1 year. If the cost of 91 octane petrol drops below \$3 per litre for four consecutive weeks the in-work tax credit will revert to its previous level.

Contact



Robyn Walker
Partner

✉ robwalker@deloitte.co.nz
☎ +64 4 470 3615

Thin cap infrastructure exemption passed

By Hamish Tait and Rhianna Windle

Summer might be over, but New Zealand is set to become a hot destination for foreign infrastructure investors.

At least, that is the hope of the Government, with a new infrastructure exemption now included in the thin capitalisation rules.

The exemption, included as part of the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Act 2026 came into force on 1 April 2026 and applies from the 2026/27 income year.

New Zealand's "standard" thin capitalisation rules limit interest deductions for non-resident controlled entities where New Zealand group debt exceeds 60% of net assets plus interest-bearing debt (unless the worldwide group is more highly geared). The purpose of the rules is to prevent non-residents from artificially loading debt against the New Zealand tax base. However, the rules are a "trade-off", given their undesirable effects of raising the cost of capital and disincentivising genuine foreign investment in New Zealand. As we've previously set out in our June 2025 Tax Alert article this adversely impacts on New Zealand's ability to correct our infrastructure deficit. Infrastructure projects can commonly be debt funded in excess of the 60% safe harbour threshold.

The good news is the statute book now includes a generous, targeted exemption from the thin capitalisation rules specifically for certain infrastructure investment. Under the new rules, qualifying infrastructure entities should be able to fully deduct interest expenditure on third party, limited recourse debt.

The new legislation follows the issue originally being raised with the Government by the private sector, an indication that rules would be implemented in Budget 2025 and consultation in May – June 2025.

Summary of new rules

To qualify for the new exemption:

1. The taxpayer must be an eligible infrastructure entity (or an eligible group), which requires carrying on some form of infrastructure business/project, and meeting the asset "value test"; and
2. The infrastructure business/project must involve qualifying infrastructure assets; and
3. The debt on which the interest arises must be qualifying infrastructure debt.

Entities that meet these requirements can choose to apply the exemption by making an annual election with their income tax return, including whether to opt in on an individual or group basis (discussed further below).

1. What is an "eligible infrastructure entity"?

An eligible infrastructure entity is a New Zealand entity which is controlled by foreign investors whose operations are primarily focused on infrastructure. This means:

- The entity must have a principal operation of carrying on a business or project of creating, operating, maintaining or upgrading "qualifying infrastructure assets" that it owns; and
- The entity must meet the asset value test, meaning at least 95% of the total value of all the entity's assets are either used in or held for the purpose of the infrastructure business. For the purpose of the asset value test, all assets on the balance sheet are considered including deferred tax, goodwill and other intangible assets; and

- The entity must have no permanent establishment outside New Zealand or investment in an overseas entity, nor have any overseas assets (with some exceptions for hedging with an overseas counterparty, or where the overseas asset is minor or overseas for 6 months or less).

2. What is a "qualifying infrastructure asset"?

A qualifying infrastructure asset is the core piece of infrastructure which the business/project is required to be centred around. It is defined as a tangible asset located in New Zealand that provides essential services on a "shared-use" basis, whether to the public or another class of users. The exemption contains a non-exhaustive list of examples:

Examples of qualifying infrastructure assets:

- Transport infrastructure (*for example, roads, rail, ports, airports, and ferries*);
- Energy infrastructure (*for example, electricity generation, transmission, and distribution assets*);
- Water infrastructure (*for example, water supply, wastewater, and stormwater systems*);
- Telecommunication infrastructure (*for example, fibre networks, data centres, and communication towers*);
- Waste infrastructure (*for example, recycling facilities and landfills*);
- Social infrastructure (*for example, hospitals, schools, libraries, prisons, large-scale student accommodation or similar public facilities*);

Commercial buildings, industrial buildings and dwellings are excluded, albeit they are included to the extent they are explicitly included on the list (e.g. airport buildings).



3. What is 'qualifying infrastructure debt'?

Under the new rules, unrestricted interest deductions will only be available on qualifying infrastructure debt applied to the infrastructure business/project. This must be:

- Genuine third-party debt with no equity-like features; and
- Limited recourse debt (meaning the lender only has recourse to the assets or income of the entity including shares/partnership interests – effectively it must be “project debt”).

Infrastructure groups

A group of 100% wholly owned companies can elect to be treated as a single infrastructure group for the purposes of applying the above rules. This is intended to accommodate more complex group structures, including where the infrastructure business/assets are split across several subsidiaries (for example, with some holding the infrastructure assets and others undertaking the supporting activities). It may also be beneficial to consider entities as an infrastructure group in order to meet the asset value test and limited recourse debt requirement.

Deloitte analysis

The new rules demonstrate a willingness by the Government to follow through on altering tax settings to help address the infrastructure deficit that New Zealand is currently facing. Reducing barriers to foreign investment is essential as foreign investors have a critical role to play in providing the large amounts of long-term capital that infrastructure demands.

The exemption also recognises the commercial reality that infrastructure projects are typically highly geared, not to minimise tax, but because they are capital intensive and have long term revenue streams that support genuine debt funding. Limiting interest deductions in these situations, where there is a low risk of artificial debt/equity structuring, has long felt like an overreach of the thin capitalisation rules and the new infrastructure exemption goes some way to addressing that.

Targeted, but more complex, approach

The approach taken also adds complexity in determining whether the exemption applies. Although the list of “qualifying infrastructure assets” is non-exhaustive, there is a level of uncertainty for fringe cases such as retirement villages and social housing. In these borderline cases, taxpayers may need to seek rulings in order to confirm eligibility.

Greenfield vs brownfield

The new rules do improve on the initial options put forward by Officials in the 2025 consultation document by applying to both new and existing infrastructure. This is a welcome feature as it avoids investment decisions being distorted towards greenfield projects (and the reality the investment economics are eroded where the on-sale value is diminished). It also recognises that upgrading and maintaining existing infrastructure is equally important. However, the practical effect of this may be reduced as the rules require entities to own the infrastructure assets (whereas it is common for those carrying out maintenance and operations of infrastructure to instead lease those assets under long-term arrangements).

Strict guardrails for investment structure, eligible debt, and lender security

The new rules are very prescriptive in terms of the requirements for an eligible entity's legal structure, and its balance sheet. For example, there is an absolute prohibition on having any interest in non-resident entities (meaning for infrastructure groups corporate tax residency will be very important to manage and have good governance for). This means that it will be important for corporate groups to monitor their eligibility on an ongoing basis.

Investors such as managed funds will also need to be conscious of any related entities providing debt funding, as there are strict rules to ensure interest is deductible only in respect of "third party" debt. Any related party debt must be added back in full as income.

There are also prescriptive restrictions in terms of what is a permissible security package able to be provided to lenders. In effect, the eligible debt is limited to true project debt only. Where the broader group is eligible to apply the rule, a broader security package may also be able to be provided. However, this will be essential to work through and plan for as part of structuring any new infrastructure investment, to ensure security provided does not "overstep". Existing projects should also reflect on their current package if eligibility is seen as important for project economics.

Annual election to opt in

Inland Revenue's guidance on the new rules is clear that they only apply where an appropriately worded annual election is filed with a tax return, including specifying details of the specific members of the eligible infrastructure group.

Taxpayers should also be conscious that electing part of the group into the rules will remove that asset base from their "normal" thin capitalisation calculations. Therefore, while there appears to be flexibility around the election, taxpayers with "mixed" activity groups will need to proactively consider what options provide the more favourable outcome before filing tax returns.

Therefore it will be important to have good processes in place to ensure taxpayers understand what rules apply to them, and are not inadvertently disadvantaged by compliance mishaps. The "standard" thin capitalisation rules can be more forgiving in that regard.

Does it go far enough?

That said, the targeted nature of the exemption raises an obvious question – should it have gone further? The logic underpinning the exemption does not stop at infrastructure. Where any business is able to secure third party, limited recourse debt from foreign investors, it is hard to argue that the thin capitalisation rules should deny interest deductions as there is clearly a commercially acceptable level of debt. In that sense, by confining the exemption to infrastructure, the new rules have missed an opportunity to refine the thin capitalisation regime to the mischief it intends to target.

Next steps

Infrastructure businesses and investors should assess their eligibility for the exemption as early as possible, as part of planning any project or investment. Given the need for a proactive election, and the potential complexity for less straightforward debt structures or security packages, existing taxpayers should actively consider their position well before filing.

If you would like to discuss the changes and how they might impact your business, please contact your usual Deloitte advisor.

Contact



Hamish Tait
Director

✉ htait@deloitte.co.nz
☎ +64 9 306 4411



Rhianna Windle
Consultant

✉ rwindle@deloitte.co.nz
☎ +64 9 956 9710

Managing historic income tax arrears: How tax pooling can reduce penalties and interest

By Amy Sexton, Robyn Walker and Josh Taylor

Given the continued increase in outstanding tax debt, and the focus on debt collection by both Inland Revenue and the Government, it is unsurprising that recovery initiatives remain firmly in the spotlight.

Against that backdrop, Inland Revenue announced in late March 2026 a debt-recovery pilot programme that will allow eligible taxpayers with income tax debt for specified tax years to use tax pooling to repay that debt.

Firstly, what is tax pooling?

Tax pooling is a unique feature of the New Zealand tax system designed to help manage cashflow and income tax obligations when the amount and/or timing of income tax may be uncertain. Broadly, taxpayers deposit funds into a shared "pool" administered by an Inland Revenue-approved intermediary. One of the key benefits is that, where tax is ultimately due, taxpayers may be able to reduce or eliminate use of money interest (UOMI), late payment penalties and, in some cases, shortfall penalties. Our [May 2022](#) and [February 2025](#) Tax Alert articles provide further background on how tax pooling works and when it may be useful.



How can this help with tax debt?

Historically, tax pooling has not generally been available to repay existing tax debt. During the COVID-19 pandemic, however, Inland Revenue temporarily extended the regime to assist taxpayers with income tax arrears, enabling them to retrospectively purchase tax through a tax pool. In practical terms, this could replace Inland Revenue's higher UOMI and late payment penalties with the lower tax pooling interest rate, while still requiring the underlying core tax to be paid. In other words, the measure supported liquidity, but it did not write off or forgive debt. That extension was time-limited and targeted at COVID-19 related arrears.

The introduction of the March 2026 pilot suggests Inland Revenue considers that temporary measure delivered worthwhile outcomes, and is now testing whether similar relief can support the collection of other income tax debt.

How does the pilot scheme work?

Income tax debt from the 2022/23 and 2023/24 tax years will be able to be paid using tax pooling until 1 October 2027.

Under tax pooling, if, for example, a taxpayer had provisional tax debt from 28 August 2022, they can purchase tax from a tax pooling intermediary as at that date (assuming the tax pool has existing pre-paid tax to sell at that date). This effectively deems the payment to be made to Inland Revenue on time, meaning there is no initial late payment penalty, and no 1% monthly incremental late payment penalty, and no UOMI (at between 7.96% - 10.91% p.a.). Taxpayers have to pay interest to the pooling intermediary, but the rate will likely be significantly less than 7.96% - 10.91%.

Who can use it?

The new proposed section RP 17C applies to someone who:

- Asks a tax pooling intermediary to help on or before 1 October 2026, noting they do not need to fully complete the contract until 1 October 2027
- Asks for help with provisional tax, terminal tax, or interest thereon for the 2022/23 or 2023/24 income year
- On the date the contract is entered into, the person is not:
 - bankrupt/liquidated and has not committed an act of bankruptcy
 - unable to pay their debts under the Companies Act
 - subject to legal proceedings for unpaid tax
- All income tax, GST and PAYE returns are up to date
- All GST and PAYE amounts have been paid

There is some discretion to waive criteria if financial relief has been granted.

Is this good?

We asked Josh Taylor – co-founder of New Zealand’s leading tax pooling provider, Tax Traders – to explain the significance of Inland Revenue’s debt-recovery pilot programme for taxpayers.

“This pilot marks the first time tax pooling has been explicitly enabled at scale to help Inland Revenue address historic income tax debt.

Currently, income tax for historic tax periods can only be settled with Tax Traders in certain reassessment or voluntary disclosure situations.

Inland Revenue data shows there is \$1.2 billion in income tax debt across these two tax periods. By allowing eligible taxpayers to use tax pooling, the pilot provides a legislated and structured pathway to resolve older income tax liabilities, while reducing the ongoing impact of interest and penalties.

For taxpayers who qualify, this creates greater certainty and affordability in terms of cost savings, while ensuring the underlying tax is paid in full in a manner that suits taxpayers’ business cashflow.

Tax Traders acknowledges the work of Inland Revenue policy officials and members of the Finance and Expenditure Select Committee in recognising the role tax pooling can play in supporting effective debt recovery outcomes.”

Further information

If you’d like to learn more about Inland Revenue’s debt-recovery pilot programme, Tax Traders recently ran a webinar that dives further into the legislative amendment, eligibility criteria and deadlines. You can watch the webinar [here](#).

Contact



Robyn Walker
Partner

✉ robwalker@deloitte.co.nz
☎ +64 4 470 3615



Amy Sexton
Associate Director

✉ asexton@deloitte.co.nz
☎ +64 9 953 6012



Josh Taylor
Co Founder - Tax Traders

✉ josh.taylor@taxtraders.co.nz
☎ +64 21 623 465

The Uber Effect:

The employee-contractor debate reignited

By Andrea Scatchard, Brenna Shepherd and Nathan Hodge

The question of whether a worker is an employee or a contractor is one that businesses keep coming back to!

Employees receive minimum entitlements such as holiday pay, benefit from protections as set out in employment legislation (such as the right to take personal grievances) and must have PAYE deducted from their pay. Contractors, by contrast, do not receive those employment benefits, must manage their own tax affairs, and can usually claim deductions for expenses incurred in earning their income. A recent Supreme Court case has pushed that age-old question back into the spotlight and has shown just how significant the consequences can be when worker status is challenged.

The case that brought the issue back

In November 2025, the Supreme Court ruled in [Rasier Operations BV v E TÛ Incorporated](#) [2025] NZSC 162 that four Uber drivers were employees while logged into the Uber app, ending a four-year dispute about their legal status. The Court focused on the real nature of the relationship, not just how they described themselves in the contracts. The Court found Uber had significant control over the drivers through fare-setting and performance management, and that the drivers were integrated into the business rather than running their own businesses. This decision had the ability to seriously disrupt the rideshare and delivery sectors.

Employment law moved quickly

Following the earlier case decisions in the lower courts, the Government had signalled that it would legislate to protect the independent contractor status that parties may agree to, primarily to provide certainty for employers who might otherwise face claims challenging a person's employment status. This came to fruition with changes to the Employment Relations Act 2000, effective from 21 February 2026, by introducing the new concept of a "specified contractor".

To determine if a worker is a "specified contractor" a new gateway test has been introduced. Where workers meet all requirements of the gateway test, they are considered a contractor for legal purposes and this cannot be challenged. To meet the gateway test, all of the following must be satisfied:

- a written agreement that says the individual is an independent contractor, or is not an employee;
- they are allowed to work for another person (but not simultaneously);
- they can choose when to work/are not required to work at certain times or for minimum periods, or they can subcontract the work;
- they can decline an offer to work without the arrangement being terminated; and
- they have had a reasonable opportunity to seek legal advice before signing the agreement.

If a worker doesn't meet all requirements of the gateway test, they will not be a specified contractor and common law should be used to determine if the worker is a contractor.

Why tax law appeared to be misaligned

Even after the employment law change, there was still the question of whether tax law would respect the legal status of a specified contractor. There is no definition of "employee" in the tax legislation, which means we look at common law to determine whether someone is an employee or not for tax purposes. The Courts have devised the following tests to assess whether a person is an employee or independent contractor:

- the intention test;
- the control test;
- the independence test;
- the fundamental or business test; and
- the integration test.

You can read more about the Inland Revenue approach to these here but broadly this requires an assessment of whether the person is truly in business themselves or not – which is what the Supreme Court focused on in the Rasier Operations case.

Given the Supreme Court decision in 2025 represents the most recent common law decision on the matter, this meant that we could have had a mismatch where a worker may be treated as a contractor for employment law purposes (because they meet the definition of a specified contractor) but for tax law they could still be an employee (by reference to common law).



Last-minute changes

The good news is that the tax legislation was amended in March to deal with this problem.

The amendment ensures that workers who meet the new definition of “specified contractor” and who are treated as contractors for employment law purposes, are also treated the same way for tax purposes. The changes are backdated and take effect from 21 February 2026, the date that the definition of specified contractor was enacted.

For businesses engaging with specified contractors, this should give both the workers and the businesses greater confidence that the tax treatment they are following is correct, at least on a prospective basis.

What does this mean?

This is a helpful change, but it is not an answer for every arrangement.

Whether someone falls within the new specified contractor rules will still depend on the facts and on whether the gateway test is met in full. Businesses should not assume that every contractor arrangement will operate in exactly the same way and there will be many contractor relationships where the individual will not be a specified contractor. In such situations, it will still be necessary to consider the common law tests above and determine whether the person is truly an independent contractor.

If you would like to discuss how these changes might apply to your business or contractor arrangements, please get in touch with your usual Deloitte advisor.

Contact



Andrea Scatchard
Partner

✉ ascatchard@deloitte.co.nz
☎ +64 7 838 4808



Brenna Shepherd
Director

✉ bshepherd@deloitte.co.nz
☎ +64 7 834 7877



Nathan Hodge
Consultant

✉ nhodge@deloitte.co.nz
☎ +64 7 838 7931

Raising the bar on interest /penalty remissions and tax debt relief

By Amy Sexton and Campbell Rose

Continuing on with the very topical themes of tax debt and [insolvency](#) Inland Revenue has published a draft [Standard Practice Statement Options for relief from tax debt \(the statement\)](#).

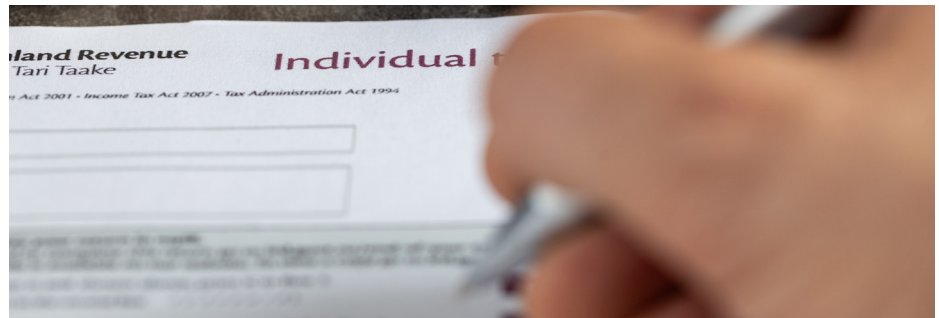
It updates and, once finalised, will replace SPS 18/04. While the technical framework is largely unchanged, the new statement clarifies but tightens the Commissioner of Inland Revenue's (Commissioner) approach to applications for relief from tax debt. The statement also outlines the requirements for remission of interest and/or penalties and the circumstances when the Commissioner may consider remission.

Options for financial relief

When people think about "tax debt relief", they often think first of having tax written off. In practice, write offs are only one (and a limited) option - there is a range of relief mechanisms available depending on the taxpayer's circumstances.

Instalment arrangements

Probably the most commonly used option, instalment arrangements allow a taxpayer to pay off a tax debt over time or at a later date, usually by making multiple payments. Interest continues to accrue during the term of the instalment arrangement.



Relief for serious hardship (write offs)

Serious hardship relief applies only to natural persons or shareholders of a "relief company" (broadly, where a taxpayer owns 50% or more of the shares, the taxpayer is a shareholder-employee, and the company has five or fewer natural person shareholders). A shareholder of a relief company can apply for serious hardship relief for the company if recovery of the tax debt would place the shareholder in serious hardship.

The statement outlines a two-step approach that the Commissioner uses to consider serious hardship applications:

1. *Is there serious hardship?*
2. *What relief, if any, should be granted?*

The guidance in the statement explains the very specific criteria that the Commissioner must consider when determining if a taxpayer would face serious hardship. If the answer is "no" to any of the factors listed in the guidance the taxpayer will not meet the test for serious hardship.

If the answer is "yes", the Commissioner can then consider what relief (if any) should be granted. The relief options are:

- Write off the outstanding debt in full;
- Write off the outstanding debt in part and have the remainder paid under an instalment arrangement; or
- Allow the debt to remain and take steps to bankrupt the taxpayer or liquidate the relief company.

Requesting financial relief

While financial relief applications can be made before or after a tax payment due date, it is best practice to apply for relief before a due date as it may help stop some payment penalties from being applied.

Both instalment arrangements and serious hardship relief applications can be made verbally, in writing or via myIR. Simple instalment arrangement applications made through myIR can often be automatically accepted and set up quickly. Where Inland Revenue is likely to undertake a fuller review, the following factors are worth keeping in mind:

- An arrangement should be for as short a period as possible, and generally no more than three years.
- A taxpayer can request that an instalment arrangement be renegotiated, but any renegotiation is treated as a new request for financial relief (and may not be accepted).
- Throughout the term of an instalment arrangement, the taxpayer is expected to meet current tax obligations.
- The Commissioner may cancel an instalment arrangement if false or misleading information has been provided, or if the taxpayer does not meet the arrangement's ongoing requirements.

Remission of interest and/or penalties

Penalties are intended to encourage voluntary compliance and sanction non-compliance, while use of money interest compensates the Commissioner for the time value of money. The Inland Revenue recognises, however, that in some circumstances charging interest or penalising a taxpayer for an unintended default may undermine voluntary compliance and discourage voluntary disclosure.

In this regard section 183 of the Tax Administration Act 1994 contains a number of remission provisions. We focus below on section 183D (the "consistent with duty to collect the highest net revenue over time" provision).

Section 183D

Section 183D allows the Commissioner to remit interest and/or penalties if satisfied that this is consistent with the duty to collect, over time, the highest net revenue that is practicable within the law. Most penalties are eligible for remission under this provision (except shortfall penalties). When deciding whether to grant remission, the Commissioner must consider:

1. *Is remitting the interest and/or penalties consistent with the Commissioner's duty to collect over time the highest net revenue that is practicable within the law?*
2. *Does imposing penalties and interest promote compliance, especially voluntary compliance?*

A taxpayer's financial situation must not be taken into account when considering a section 183D remission request. The Commissioner may, however consider:

1. *Why did the taxpayer pay or file late?*
2. *Was the non-compliant action the result of a genuine oversight or a one-off default?* (This applies to penalties only as interest will not be remitted in these cases given it is a compensation for the loss of use of money).
3. *What other information does the Commissioner consider to be relevant in assessing the application?* (Particularly, how will the remission contribute to the collection of the highest net revenue over time and otherwise promote voluntary compliance?).

What happens when the Commissioner says no?

There is no statutory right of challenge for decisions to grant, decline or cancel relief (the statutory disputes process does not apply). However, the statement notes that if a taxpayer considers their circumstances have not been properly taken into account they should raise this with the Inland Revenue officer they have been dealing with, and in the first instance, request a review by that officer's leader.

Raising the bar

Although much of the underlying framework will be familiar, Inland Revenue's draft statement draws clearer but tighter boundaries around when relief will (and will not) be granted. The practical implication is a more disciplined approach to both hardship relief and remission requests.

In particular, the statement:

- Places greater emphasis on the Commissioner's duty to collect the highest net revenue over time, reiterating that relief is not available as of right (including in serious hardship contexts);
- Signals a tighter approach to instalment arrangements, with a clear expectation that arrangements are short term (generally not exceeding three years) and that renegotiations may be limited; and
- Clarifies and narrows the acceptable grounds for remission requests, particularly under section 183D, along with an explicit statement that a taxpayer's financial position is not relevant for section 183D remission.

If you would like to discuss tax debt relief options or a remission request, please contact your usual Deloitte adviser.

Contact



Amy Sexton
Associate Director

✉ asexton@deloitte.co.nz
☎ +64 9 953 6012



Campbell Rose
Partner

✉ camrose@deloitte.co.nz
☎ +64 9 303 0990

Bringing your UK pension home: “Scheme Pays” now in force

By Angus Isherwood and Kristy Hallett

An amendment to the pension transfer regulations enacted in the Taxation (Annual Rates for 2024–25, Emergency Response, and Remedial Measures) Act is now in force and will reduce friction for New Zealanders returning from the United Kingdom (UK) and new migrants who are bringing their pension with them.

The change will make it easier for New Zealanders to settle their tax liabilities without the potential of suffering from hefty UK tax charges.

Inland Revenue’s hope is that the change will reduce barriers to transfers and encourage investment into New Zealand capital markets. However, the change will also produce a new set of pitfalls (discussed below) that savers need to be aware of. While the legislation introducing the changes has been enacted, we are still waiting on further guidance from Inland Revenue on the practical implications of the changes.

For more information on pre-existing challenges that may arise from transferring a UK pension, please refer to our June 2024 Tax Alert article.



The Catch-22 of settling NZ tax debt

The clashing rules governing taxation of pension schemes in New Zealand and the UK have long made it difficult for returning ex-pats and new migrants from the UK to transfer their pension to New Zealand without incurring a substantial tax liability. A taxpayer has a four-year window in which they can transfer their pension from the UK to a New Zealand Superannuation scheme tax-free (and later withdraw it tax-free too). Any amounts transferred outside of this four-year exemption period will give rise to a New Zealand tax liability calculated with reference to the individual's personal marginal income tax rate (up to 39%).

Historically, a New Zealander in such a situation could not have the tax payable deducted directly from their transferred funds. That tax could be a substantial amount if the individual transfers a large pension fund many years after becoming New Zealand resident. This, combined with UK pension rules that prevent premature withdrawals from pension funds (non-complying withdrawals can be charged at a rate of up to 55%) results in a Catch-22 where a transferee wishing to settle their New Zealand tax liability by withdrawing some of their pension cannot do so because of the exorbitant penalties that the HMRC would impose.

The (imperfect) solution: Make the scheme pay

The rules now allow a person transferring their overseas pension to a New Zealand superannuation scheme the choice of having the scheme deduct the tax payable on their behalf, effective from 1 April 2026 known as "scheme pays". Where scheme pays is elected, the scheme will deduct a Transfer Scheme Withholding Tax (TSWT) at a flat rate of 28%. The TSWT is a final tax, meaning there will be no further tax payable (or refundable) regardless of the person's own marginal income tax rate. Notably, TSWT will only apply to transfers to a New Zealand superannuation scheme; lump sum withdrawals and pensions derived from an overseas pension scheme will continue to be taxed at the personal marginal income tax rates.

Significantly, the mechanics of scheme pays have been purposely designed to enable the individual to clear their New Zealand tax liability using the funds transferred without breaching UK pension restrictions and triggering a UK tax charge.

However, while scheme pays addresses the core concerns and should simplify the pension transfer landscape, there are still some complexities to be mindful of:

- Scheme pays is optional. It is the person making the pension transfer's choice whether to elect into scheme pays. The election is made at the time of making the transfer. However, once the election is made it is irrevocable.
- TSWT will be set at a flat rate of 28%. This will be a final tax, regardless of the individual's own personal marginal income tax rate. Making a pension transfer can push you into a higher tax bracket (e.g. 17.5% to 30%) so the decision whether to elect for "scheme pays" may not be as obvious as first thought.
- If an individual's marginal tax rate (after taking into account the transfer) is below 28%, then they will pay excess tax under scheme pays on the transfer which cannot be refunded.

- It is the individual's responsibility to provide the New Zealand scheme provider with the correct transfer information including determining the taxable amount of the transfer within ten working days of their scheme receiving the foreign pension funds. If the scheme provider is incorrectly advised of the taxable amount, any shortfall of tax will need to be funded by the individual from other income sources (i.e. you will not be able to settle the additional tax due by making a further deduction from the funds transferred). Further, as TSWT will be a final tax, any overpayment of tax will not be refundable. The rules for calculating the taxable amount of a pension transfer can be complex so care will need to be taken to ensure this is calculated correctly to avoid any unexpected tax bills down the track.
- While QROPS (Qualifying Recognised Overseas Pension) schemes are required to offer scheme pays, KiwiSaver providers are not required to offer scheme pays services for their customers - it is worth checking whether yours does before proceeding with a transfer.

Increased Inland Revenue Visibility

It is also worth noting that a further change enacted in the Act will re-classify transfers from overseas pension schemes to New Zealand schemes as "investment income". This will apply regardless of whether a person has elected for scheme pays and requires scheme providers to submit monthly reports of transfers they have received to Inland Revenue.

This means Inland Revenue will now be notified by the New Zealand scheme providers of the transfers they are receiving. The increased visibility Inland Revenue will have, and the risk of future audits further elevates the importance of correctly determining the correct amount of assessable income when making a transfer.

I need help, what can I do?

Transferring your pension fund can have consequences far beyond those discussed here. You need to consider your future needs, compare your expected returns from re-investing, and your potential exposure to various asset classes and currencies before making any big decisions. A financial advisor can help you to navigate the complexities of your personal situation, please note Deloitte is not a registered financial advisor.

If you are considering transferring or withdrawing your UK or overseas pension entitlements and have questions about the tax implications could mean for you, please contact your usual Deloitte advisor.

Contact



Angus Isherwood
Consultant

✉ angisherwood@deloitte.co.nz
☎ +64 9 975 8617



Kirsty Hallett
Director

✉ kihallett@deloitte.co.nz
☎ +64 4 470 3508

Tax governance and the BCP:

Key considerations for 2026 and beyond

By Annamaria Maclean, Vicky Yen and Charlotte MacKenzie

With the new tax year in full swing, now is an opportune time to reflect on the state of your tax governance and any potential actions that may be required.

Tax governance has been a significant focus area for Inland Revenue, and if it becomes aware of governance weaknesses it can lead to an audit and reduced scope for shortfall penalty mitigation. As raised in our [December 2025 Tax Alert article](#), taxpayers who have now received a Basic Compliance Package (BCP*) request (for the 2025 income tax year) would have seen the addition of the following governance focused questions:

- Whether there have been any significant changes to the Tax Governance control framework within the last three years.
- A self-assessment using Inland Revenue's Tax Governance Maturity Model (emerging, progressing, established or aspirational) of which phase best describes the current maturity of the taxpayer.
- An indication of the key challenges taxpayers are facing in improving tax governance maturity.

Taxpayers who are subject to this year's BCP request have until 30 April 2026 to respond, and should be prepared for follow up questions. Other taxpayers within the BCP population (New Zealand owned multinationals with a turnover of at least NZD 80 million or foreign owned multinationals with a turnover of at least NZD 30 million) which were not selected this year should expect engagement from Inland Revenue either next year or the year after, under the three-yearly BCP cycle. We expect governance to continue as a key, ongoing consideration in future BCP rounds.

Beyond the BCP process, governance remains fundamental for taxpayers of all profiles and will continue to play an important part in Inland Revenue's risk assessment procedures more generally. We have also seen an increase in other governance related compliance activity, with Inland Revenue actively undertaking specific tax governance audits, where it has used the [10 point tax governance checklist](#) as a starting point for audit discussions and information requests.

How we can help

Participating advisor tax governance review

The participating advisor tax governance review is a good option for taxpayers who would like independent testing to be undertaken, with feedback provided on a tax type by tax type basis. Under the participating advisor framework, Inland Revenue has reviewed and approved Deloitte's methodology and this review also comes with the protection that Inland Revenue should not separately undertake further testing on governance for a four-year period (provided there are no significant organisational or system changes). For more detail on the participating advisor framework please see [December 2025 article](#) and the relevant Inland Revenue and [Deloitte](#) webpages.

Tax governance review - Lite version

A "lite" version of the tax governance review is also available as an alternative option. This involves a reduced questionnaire that you would pre-populate for further collaborative discussion in a Deloitte-led workshop. Our deliverables include a risk heatmap presented at an overall organisational level (compared to the full review which presents our risk heatmap and findings for each tax type), Deloitte's initial view of placement on Inland Revenue's maturity model and a discussion on key recommendations. While not a participating advisor review, we believe this 'lite' review would also be viewed favourably by Inland Revenue as a Deloitte guided, proactive self assessment based on current commentary and expectations.



Other ways

Other common ways Deloitte can provide support include assistance with drafting and reviewing governance documentation, and holding strategy by design workshops /walk throughs to capture and review the design of processes and controls.

Please reach out to your usual Deloitte advisor if you would like to discuss the various ways we can support you on your journey to establishing, maintaining and testing a good tax governance framework.

***What is a BCP?**

A basic compliance package (BCP) is an Inland Revenue compliance tool for taxpayers that are New Zealand owned multinationals with at least NZD 80m turnover or foreign-owned multinationals with at least NZD 30m turnover. The BCP includes the submission of a questionnaire and data (including group structures, financial statements and tax reconciliations). The Inland Revenue use the information provided to assess risk and identify issues that may lead to a risk review or audit.

Contact



Annamaria Maclean
Partner

✉ anmaclean@deloitte.co.nz
☎ +64 9 303 0782



Vicky Yen
Associate Director

✉ vicyen@deloitte.co.nz
☎ +649 975 8610



Charlotte Mackenzie
Senior Consultant

✉ cmackenzie@deloitte.co.nz
☎ +64 9 306 4490

Inland Revenue clarifies transfer pricing documentation expectations

By Bart de Gouw and Liam O'Brien

In a further example of Inland Revenue's increased focus on transfer pricing (see also our Tax Alert articles from [February 2026](#) and [September 2024](#)), Inland Revenue recently updated the transfer pricing documentation guidance on its [website](#).

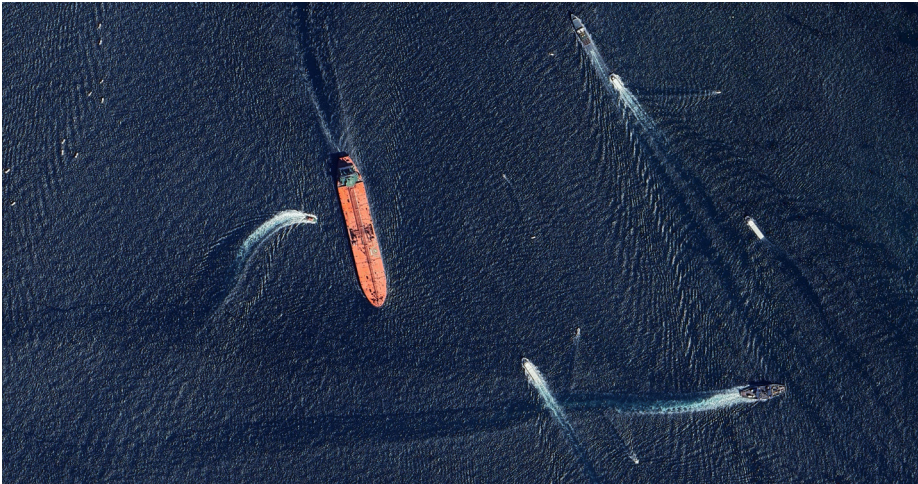
The guidance has been updated to more clearly articulate Inland Revenue's expectations that New Zealand taxpayers (which includes subsidiaries/branches of overseas headquartered multinationals) are now expected to maintain sufficient transfer pricing documentation.

Inland Revenue's communications on this update suggest that it has been compelled to revise its transfer pricing documentation guidance based on what it is seeing in recent risk review and audit activity, including through the 2025 Transfer Pricing Documentation campaign, which was launched in [October 2025](#).

What is 'sufficient' transfer pricing documentation?

Inland Revenue's updated guidance provides a detailed overview of expectations regarding 'good' documentation packages. Critical elements include:

- **Detailed functional analysis:** Good documentation includes a detailed analysis of the functions performed, assets used and risks assumed by the relevant parties to a cross-border associated party transaction. The updated guidance emphasises, in particular, that the functions, assets and risks regarding relevant intangible assets are addressed and that further consideration needs to be given to risk assumption (Inland Revenue's observation is that transfer pricing documentation often states which entity bears risk without a clear rationale supporting the statement).
- **Local facts and circumstances:** The guidance is clear that where material local facts and circumstances are omitted, or materially differ from the position documented in the centrally prepared documentation, the local documentation will be inadequate. Documentation prepared for New Zealand taxpayers should accurately reflect the facts and circumstances relevant to that taxpayer. Inland Revenue makes it clear that local management are best placed to review and confirm the factual accuracy of the New Zealand documentation.
- **Timely preparation:** New Zealand's tax system operates on a self-assessment basis, where the taxpayer is expected to keep sufficient records to support its tax positions. From a practical perspective, transfer pricing documentation, therefore, should be prepared prior to the filing of the annual income tax return to support the transfer pricing positions taken by the taxpayer during the income tax year. In addition, Inland Revenue notes that taxpayers are required to provide documentation on request (which may occur as part of a risk review or audit) and it is not Inland Revenue's practice to allow extensions to enable the preparation of documentation for the purposes of responding to a request from Inland Revenue.
- **Regular review:** New Zealand taxpayers should be reviewing transfer pricing policies on a regular basis to ensure that cross-border associated party transactions continue to be priced in accordance with the arm's length principle. It is good practice to perform this review on an (at least) annual basis and the annual preparation and/or update of the company's transfer pricing documentation is a good way of maintaining this discipline.



What are the consequences of not having 'sufficient' transfer pricing documentation?

Inland Revenue's guidance notes that the potential consequences of not having sufficient transfer pricing documentation include an increased risk of audit and the imposition of shortfall penalties in the event of a transfer pricing adjustment.

In particular, the guidance provides that:

"As the burden of proof for transfer pricing matters rests with the taxpayer, a lack of adequate documentation may make it difficult for the company to rebut an alternative transfer price proposed by us"

and

"If we make transfer pricing adjustments, the quality of supporting documentation will be a key factor in determining the extent to which penalties might apply. A failure to prepare adequate transfer pricing documentation or acceptance of pricing that is clearly inappropriate could result in a 40% shortfall penalty for gross carelessness if apparent problems involving material associated party transactions are simply brushed over or even ignored."

The explicit reference to the 40% shortfall penalty for gross carelessness in the updated guidance is a clear indicator of Inland Revenue's heightened expectations of New Zealand taxpayers regarding the quality of documentation.

What can taxpayers do?

Inland Revenue's updated transfer pricing documentation guidance further emphasises the importance of proactively managing transfer pricing positions and preparing supporting documentation, particularly in the current environment where Inland Revenue is sufficiently resourced to interrogate taxpayer positions.

For many New Zealand companies, this updated guidance will continue to support their established processes to review and update their New Zealand specific transfer pricing documentation on an annual basis, whilst for others, it will be a timely reminder that an uplift in their transfer pricing documentation is overdue.

If you have any questions on how to best manage your transfer pricing positions and prepare transfer pricing documentation, please contact your usual Deloitte advisor.

Contact



Bart de Gouw
Partner

✉ bdegouw@deloitte.co.nz
☎ +64 9 303 0889



Liam O'Brien
Director

✉ lobrien3@deloitte.co.nz
☎ +64 9 956 7865

Pillar Two FAQs Updated

By Joe Sothcott, Young Jin Kim and Annamaria Maclean

With the Pillar Two rules now in force in New Zealand and as we edge closer to the first registration deadlines, we take a look at the common queries and questions we have received about how the Pillar Two rules work in New Zealand (Note: answers are accurate as at April 2026).

Have the Pillar Two rules been enacted in New Zealand?

Yes - the New Zealand Government enacted legislation to formally implement the OECD Global Anti-Base Erosion (GloBE) Pillar Two rules in March 2024. The new Pillar Two rules will apply to multinational enterprise groups (MNE groups) with global turnover above EUR750m in two of the four preceding income years.

In addition to the 20 to 25 New Zealand-headquartered groups on Inland Revenue's radar, the Pillar Two rules will apply to inbound groups operating in New Zealand (e.g., via a subsidiary, branch or permanent establishment) where that group meet the global turnover threshold of EUR750m.

The GloBE rules, as enacted in New Zealand, include:

- The Income Inclusion Rule (IIR) and Under Taxed Profits Rule (UTPR) that will apply to both New Zealand-headquartered groups and inbound groups for income years beginning on or after 1 January 2025.
- The Domestic Income Inclusion Rule (DIIR) will apply for income years beginning on or after 1 January 2026.

The Qualified Domestic Minimum Top-up Tax (QDMTT) has not been enacted in New Zealand.

Please refer to our previous Tax Alert articles on Pillar Two for an [overview of the GloBE rules](#) and our comments on the [recommended next steps](#) that groups should take to understand their exposure to these rules. Information about the OECD Pillar Two side-by-side package can also be found [here](#).

New Zealand registration requirements

New Zealand constituent entities are required to register in New Zealand six months after the end of the first fiscal year they are in scope of the GloBE rules. For example, for an entity with a fiscal year end of 31 December, the registration due date is 30 June 2026 (being six months after the end of the first year the rules apply – 1 January 2025). This also means 30 June 2026 is likely the earliest possible registration deadline (unless a taxpayer has an unusual transitional/part year). This applies to both New Zealand headquartered MNEs and groups with a subsidiary, branch or permanent establishment in New Zealand. Failure to register could result in a penalty of up to NZD100,000.

Groups operating in New Zealand can register **now** via a new international exchange of information account in **myIR**. Required registration details [include](#):

- The name and IRD number of the New Zealand constituent entity lodging the registration;
- The name, jurisdiction of tax residence and Tax Identification Number (TIN) of the ultimate parent entity;
- Names and IRD numbers of all New Zealand constituent entities in the MNE group;

- Name of entity that will file the GloBE Information Return (GIR), their TIN, and where it will file the GIR. This will satisfy the GIR notification requirement on behalf of all New Zealand constituent entities in the Group;
- Start and end dates of the ultimate parent entity's fiscal year;
- Whether any New Zealand-owned constituent entities of the MNE group are intermediate parent entities or partially owned parent entities (specifying which);
- Contact details of New Zealand constituent entity applying; and
- Tax agent details.

The notification made during registration will remain current until changes are made (i.e. a standing / continuous notification). If changes to the notification are required, this will be done in the international exchange of information account.

Inland Revenue has confirmed only a single registration for each MNE Group with constituent entities in New Zealand will be required, with a designated New Zealand constituent entity registering and completing the notification and report on behalf of the other New Zealand constituent entities. Inland Revenue has said that where the MNE Group is New Zealand headquartered, the Ultimate Parent Entity should register.

Inland Revenue has also confirmed that a tax agent may complete the registration and filing, even if they are not linked to the taxpayer's other accounts. The tax agent for the GloBE account can differ from agents associated with other accounts.

Annual Multinational top-up tax return

The New Zealand Annual Multinational top-up tax return (MTTR) must be filed within 16 months of the last day of the relevant fiscal year or 20 months for the first year of application. For example, if a New Zealand constituent entity has a 31 December balance date and is first subject to the GloBE rules in the 2025 fiscal year, their first MTTR will be due on 31 August 2027 (20 months after 31 December 2025). Their second MTTR will be due on 30 April 2028 (16 months after 31 December 2026). Payment of any multinational top-up tax would also be due on the same day the MTTR is due to be filed with Inland Revenue.

Inland Revenue has recently [confirmed](#) that a nominated New Zealand constituent entity may file a single MTTR on behalf of all New Zealand entities within the same MNE group.

While the MTTR requirements are still under consideration, Inland Revenue's indicative proposal for the MTTR would require the following information:

- Constituent entity name (and related IRD number) filing on behalf of the group
- Ultimate parent entity name
- Amount of top-up tax payable (as per GloBE Information Return)
- Schedule of constituent entities (and related IRD numbers) covered in the return.

This streamlined approach reflects that all necessary calculations under the IIR (including DIIR) and UTPR will be included in the GloBE Information Return and will not be required to be replicated in the MTTR.

For completeness, we note that under current legislation, a New Zealand constituent entity is required to file an MTTR, even if no top-up tax is payable. However, Inland Revenue is considering a remedial law change that would remove the filing requirement where no top-up tax liability exists. They are also reviewing how the time bar would apply in such cases.

GloBE Information Return

The GloBE Information Return (GIR) must be filed in New Zealand within 15 months from the last day of the relevant fiscal year. This is extended to 18 months for the first year of application. For example, if a New Zealand constituent entity has a December balance date and is first subject to the GloBE rules in the 2025 fiscal year, their first GIR will be due on 30 June 2027 (18 months after 31 December 2025). Their second GIR will be due on 31 March 2028 (15 months after 31 December 2026).

Care will need to be taken on the timing if the multinational group is subject to the GloBE rules in another country in an earlier year. Inland Revenue recommends that New Zealand MNEs file the GIR within 15 months of their first fiscal year end, even though the NZ Pillar Two rules allows the GIR to be filed 18 months after the end of the first fiscal year. This is to align with other jurisdictions that may already be in their second year of application, where the transitional year extension is no longer available.

The GIR does not need to be filed in New Zealand where it is filed on time by the Ultimate Parent Entity or Designated Filing Entity located in a jurisdiction that has a Qualifying Competent Authority Agreement with New Zealand. A Qualifying Competent Authority Agreement is a bilateral or multilateral agreement between Competent Authorities that allows for automatic exchange of information.

This limits the compliance burden on MNE Groups by limiting the number of jurisdictions where the GIR is required to be filed. However, Inland Revenue have noted that foreign-headquartered MNE groups proposing to file the GIR in another jurisdiction must notify Inland Revenue during the registration process, and that any future change in filing the GIR requires an update via myIR. As noted above, Inland Revenue plans to implement a standing notification system, where only changes need to be reported after the initial notification at registration.

The above exception does not apply to New Zealand headquartered MNE groups and Inland Revenue requires the GIR to be filed in New Zealand for income years beginning on or after 1 January 2025.

GIRs that are filed in New Zealand will follow the standard template that has been developed by the OECD.

Does New Zealand have a Qualified Domestic Minimum Top-up Tax?

New Zealand has not implemented a QDMTT for foreign-owned subsidiaries operating in New Zealand.

However, New Zealand has implemented a DIIR with effect from 1 January 2026. New Zealand's DIIR functions like a QDMTT but only applies to New Zealand headquartered groups. The DIIR means New Zealand-headquartered groups do not have to pay any top-up tax on undertaxed New Zealand income (if there were any) to other countries under the UTPR.

If you have any questions, please contact your usual Deloitte advisor.

Contact



Joe Sothcott
Consultant

✉ jsothcott@deloitte.co.nz
☎ +64 9 975 8500



Young Jin Kim
Associate Director

✉ youngjinkim@deloitte.co.nz
☎ +64 9 306 4361



Annamaria Maclean
Partner

✉ anmaclean@deloitte.co.nz
☎ +64 9 303 0782



Snapshot of recent developments

Tax legislation and Policy Announcements

Taxation and the not-for-profit sector – information release

On 4 March 2026, Inland Revenue [published](#) an information release of documents relating to Taxation and the not-for-profit sector consultation (2025).

Inland Revenue's use of artificial intelligence

On 6 March 2026, Inland Revenue [published](#) an information release of documents relating to Inland Revenue's use of artificial intelligence

Additional financial support from 1 April 2026

On 29 March 2026, the Minister of Finance [announced](#) that superannuitants, working families, students and beneficiaries will receive additional cost-of-living support from 1 April 2026. The changes are as follows:

- The annual general adjustment for social assistance, including NZ superannuation, veteran's pension, jobseeker support and student allowances.
- An increase in the family tax credit. Eligible families with one child will receive an extra \$400 a year, rising to \$720 for families with two children and \$1,050 with three.
- An increase of \$50 per week to the in-work tax credit. Families with dependent children where at least one parent is in paid employment and neither parent receives a main benefit from Work and Income are eligible for the credit.
- Budget 2025 changes to the Working for Families abatement threshold come into effect from 1 April 2026.

Background Papers to Treasury's Long-term Fiscal Statement

On 30 March 2026, Treasury published four analytical papers to support the [Treasury's 2025 Long-term Fiscal Statement](#). These publications examine the fiscal implications of an ageing population, transnational migration patterns, and consider alternative tax strategies to meet impending fiscal pressures.

ACC changes from 1 April 2026

From [1 April 2026](#), the following changes to the ACC levy are taking effect:

1. The no claims discount is ending.
2. Experience Rating will become self-funding.
3. Interest will apply to new or rolled-over levy instalment plans.
4. Changes will be made to how late payment interest for overdue levies and instalments is applied, and how interest rates are set.

From 1 April 2026 the ACC Earner Levy rate is \$1.75 per \$100 (1.75%) to a maximum earnings level of \$156,641 (maximum levy of \$2,741.22)

Inland Revenue Statements and Guidance

Determination: list of the participating jurisdictions for the CRS applied standard

On 25 February 2026, Inland Revenue issued determination [AE 26/01](#). The determination lists the 125 participating jurisdictions that have agreed to provide New Zealand with financial account information under the Common Reporting Standard from 1 April 2026. Cameroon, Mongolia, and Trinidad and Tobago are the new additions since the last update in 2025.

Tax Information Bulletin: Vol 38, No 2 (March 2026)

On 3 March 2026, Inland Revenue [issued](#) TIB Vol 38, No 2 (March 2026):

Determinations

- PROV28: Provisional depreciation rate for battery energy storage systems (modular)
- DET 26/01: Declaration that the January 2026 severe weather event is an emergency event for the purposed of family scheme income

Product rulings

- BR Prd 25/07: New Zealand Bloodstock Finance and Leasing Limited
- BR Prd 25/08: Northride New Zealand Limited

Technical decision summary

- TDS 26/01: Opening value of FIF income calculation

Determination: Investors cannot use the fair dividend rate method to calculate FIF income from NZD class units of the Daintree High Income Trust

On 4 March 2026, Inland Revenue issued determination [FDR 2026/01](#) providing that a NZ resident investor cannot use the fair dividend rate method to calculate Foreign Investment Fund income from an investment in Daintree High Income Trust – NZD class units. The determination applies for the 2026 and subsequent income years, except if a person's income year begins before the date of the determination.

Inland Revenue: Warning about impersonation scams

On 5 March 2026, Inland Revenue [warned](#) people to be wary of social media scams impersonating well known New Zealanders. An image of a man said to be the Commissioner of Inland Revenue Peter Mersi (despite little resemblance), was used as part of a social media scam inviting people to a closed live webinar on upcoming crypto tax changes.

There is more information online on the [IR website](#) and at [Scams and fraud - Own Your Online](#).

Inland Revenue: Improvements to the process of removing a company or limited partnership from the Register

On 9 March 2026, Inland Revenue released the new [standard form](#) to request a letter of no objection for removal from the New Zealand Companies Office register.

Inland Revenue: Information release relating to Order in Council - Tax Administration (Reportable Jurisdictions for Application of CRS Standard) Amendment Regulations 2026

On 10 March 2026, Inland Revenue [published](#) an information release of documents relating to the Order in Council: Tax Administration (Reportable Jurisdictions for Application of CRS Standard) Amendment Regulations 2026.

Revenue Alert: Failure to pay PAYE deductions to Inland Revenue

On 16 March 2026, Inland Revenue published [Revenue Alert 26/01](#) *Failure to pay PAYE deductions to Inland Revenue*. The Revenue Alert reminds employers that they must pay PAYE and other amounts deducted from an employee's salary or wages to Inland Revenue by the due date. An employer making deductions and failing to pay them to Inland Revenue is liable for a criminal offence carrying a maximum sentence of up to 5 years in prison. The Commissioner of Inland Revenue will consider, where appropriate, the possibility of prosecution action where this behaviour is identified. Anyone concerned that they have entered such an arrangement or are considering doing so should contact their tax advisor or Inland Revenue for advice about the tax implications.

Determination: Non-attributing active insurance

On 16 March 2026, Inland Revenue released determinations providing that certain Tower insurance subsidiaries in [Tonga](#), [American Samoa](#), [Samoa](#), [the Cook Islands](#) and [Fiji](#) are all non-attributing active Controlled Foreign Companies (CFCs) under s EX 21B. This means a person will have no attributed CFC income or loss from those specified companies under ss CQ 2 and DN 2. The determinations apply for the 2026 and 2027 income years.

Inland Revenue: myIR systems updates complete

On 17 March 2026, Inland Revenue completed [updates](#) to myIR. Minor changes have been made to how users update physical addresses, unsubscribe from IR emails, update password, and request a direct debit mandate. Users must also now have a myIR account to apply for unclaimed money either for themselves or on behalf of someone else.

Inland Revenue: New Investment Boost keypoint on IR10

On 17 March 2026, Inland Revenue advised that they updated the IR10 (financial statements summary) for the 2026 income tax year and later years. Businesses must now record the total value of assets they have claimed Investment Boost for in Box 60 'Total value of Investment Boost asset(s) being claimed'. This should not include amounts for private use. Businesses still need to include the total amount of Investment Boost claimed in Box 52 'Tax depreciation'. Inland Revenue have updated the IR10 [guide](#) to reflect the changes.

Inland Revenue: Tax agents survey results

On 18 March 2026, Inland Revenue published the [survey results](#) from the October to December 2025 Tax Agents survey. 92% of tax agents reported satisfactory overall experiences with Inland Revenue. Faster response times was the most suggested area for improvement, with satisfaction currently at 70%.

Inland Revenue: Prison time for tax and COVID offending

On 19 March 2026, Inland Revenue [published](#) details regarding the 24 month prison sentence imposed on a Tauranga man for paying himself GST refunds, filing false income tax returns, and dishonestly applying for COVID-19 support payments for the company he incorporated during the pandemic which made no sales nor incurred any expenditure.

Inland Revenue: Severe weather conditions in Whanganui and South Wairarapa districts in February

On 19 March 2026, Inland Revenue [published](#) an update on how Inland Revenue can help those affected by the severe weather conditions.

Inland Revenue: Short-term extra security step for myIR (international IP addresses only)

On 23 March 2026, Inland Revenue [announced](#) there will be a temporary CAPTCHA security step for taxpayers accessing their myIR from an international IP address.

Interpretation Statement: GST treatment of supplies of payment processing or facilitation services to merchants

On 24 March 2026, Inland Revenue published Interpretation Statement [IS 26/02](#): *GST treatment of supplies of payment processing or facilitation services to merchants*. This Interpretation Statement applies to entities that provide payment processing or facilitation services, including payment technology, to merchants. These entities include payment service providers (PSPs), buy now, pay later (BNPL) providers and other suppliers of payment technology or infrastructure. The statement provides a framework to determine whether services provided to merchants are financial services. When the supply to merchants includes settlement services, there will be a supply of financial services, and these supplies will be GST exempt (or zero-rated if applicable). The statement also explains whether there is a single supply or multiple supplies of services that may have different GST treatments.

Inland Revenue: Ongoing compliance and debt campaigns

On 24 March 2026, Inland Revenue [announced](#) that their focus will be on GST and PAYE debtors in the construction sector. From late March, Inland Revenue will be calling debtors in the construction sector and making site visits more frequently.

Inland Revenue: COVID offending leads to community detention

On 24 March 2026, Inland Revenue [issued](#) a media release detailing the 16-week community detention sentence imposed on a Wainuiomata woman who fraudulently applied for \$30,000 worth of COVID-relief payments that her company was not entitled to.

Inland Revenue: Former tax agent sentenced to home detention

On 25 March 2026, Inland Revenue [issued](#) a media release detailing a former Wellington tax agent's fraudulent claim for COVID relief payments against Inland Revenue and the Ministry of Social Development. The former tax agent was sentenced to ten months home detention for applying for \$50,600 of unentitled relief and submitting 18 fraudulent bank statements to Inland Revenue.

Inland Revenue: Nil income tax returns – non-active entities

On 25 March 2026, Inland Revenue [issued](#) a few reminders for taxpayers' filing obligations for non-active entities. A taxpayer can check their Returns tab in myIR to find out whether they are expected to file a return

Inland Revenue: April 2026 changes – remaining webinars now available

On 25 March 2026, Inland Revenue announced that the remaining [webinars](#) covering the April 2026 tax changes are now available to watch. The latest webinars cover changes to income tax, international tax, and best of the rest. They follow on from the GST and Employer webinars already released.

Interpretation Statements: Shortfall penalties

On 27 March 2026, Inland Revenue published the finalised shortfall penalties Interpretation Statements and accompanying fact sheets:

- [IS 26/03](#): *Shortfall penalties – requirements for a “tax position” and a “tax shortfall”.*
- [IS 26/03 FS 1](#): *Shortfall penalties – requirements for a “tax position” and a “tax shortfall” - fact sheet.*
- [IS 26/04](#): *Shortfall penalty for not taking reasonable care.*
- [IS 26/04 FS 1](#): *Shortfall penalty for not taking reasonable care - fact sheet.*
- [IS 26/05](#): *Shortfall penalty for taking an unacceptable tax position.*
- [IS 26/05 FS 1](#): *Income tax – Unacceptable tax position shortfall penalty - fact sheet.*
- [IS 26/06](#): *Shortfall penalty for gross carelessness.*
- [IS 26/06 FS 1](#): *Shortfall penalty for gross carelessness - fact sheet.*
- [IS 26/07](#): *Shortfall penalty for taking an abusive tax position.*
- [IS 26/07 FS 1](#): *Income Tax – Abusive tax position shortfall penalty - fact sheet.*
- [IS 26/08](#): *Shortfall penalty for evasion or a similar act.*
- [IS 26/08 FS 1](#): *Shortfall penalty for evasion or a similar act – fact sheet.*
- [IS 26/09](#): *Shortfall penalties – reductions and other matters.*
- [IS 26/09 FS 1](#): *Shortfall penalties – reductions and other matters.*

Tax Cases

Technical Decision Summary: Discretionary Investment Management Service fees (Private Ruling)

On 16 March 2026, Inland Revenue issued [TDS 26/02](#) Discretionary Investment Management Service fees. The ruling confirms that a single global fee from a licensed provider of Discretionary Investment Management Services (DIMS) can be a GST-exempt supply where the client does not retain the ability to direct individual investment decisions after the mandate has been agreed. The Applicant was a licensed provider of DIMS and had full authority to acquire or dispose of their clients' financial products in accordance with the agreed investment mandate. The Applicant wanted to charge a single global fee rather than dividing its regular service charges into components and sought clarification of the GST treatment of the fee. The Tax Counsel Office found that DIMS activities constituted financial services and therefore may be an exempt supply under s 14(1)(a) of the GST Act.

Australian Update

Strengthening the foreign resident capital gains tax (CGT) regime— Treasury EDs released

On 10 April 2026, Treasury [released](#) two sets of exposure drafts (EDs) in respect of:

- *Strengthening the foreign resident CGT regime; and*
- *Renewable energy asset discount capital gains for foreign residents.*

The EDs follow the announcement in the 2024-25 Budget and Treasury's previous [consultation](#) that ran from 23 July through 20 August 2024.

The draft legislation:

- *Broadens the scope of the assets on which foreign residents must pay CGT;*
- *Broadens the scope of real property, with some changes applying retroactively as from 2006 (previously unannounced); and*
- *Provides transitional relief until 2030 for the sale of renewable energy assets as a 50% CGT discount.*

The renewable energy asset discount capital gain had not previously been discussed in the consultation paper and is in response to submissions requesting relief to support the renewable energy sector. The short two-week consultation will end on 24 April 2026.

You can read a comprehensive summary of the proposals prepared by Deloitte Australia [here](#).

OECD updates

Tax and Development Conference

On 2-3 March 2026, global tax leaders met in Tokyo, Japan, for the [2026 Tax and Development Conference of the Platform for Collaboration on Tax](#) to advance domestic resource mobilisation and international tax co-operation for sustainable development.

Nepal joins global efforts to strengthen tax transparency

On 18 March 2026, the OECD [announced](#) that Nepal has become the 173rd member of the Global Forum on Transparency and Exchange of Information for Tax Purposes.

Bulgaria joins the OECD International Compliance Assurance Programme (ICAP)

In March 2026, Bulgaria joined the OECD's [International Compliance Assurance Programme \(ICAP\)](#). ICAP is a voluntary programme that enables tax authorities to conduct risk assessments on multinational enterprise (MNE) groups using country-by-country reports and other relevant information.

Anti-Corruption and Integrity Outlook 2026

On 24 March 2026, the OECD published an [article](#) discussing measures that governments have taken to reduce corruption risks. The article refers to the OECD Anti-Corruption and Integrity Outlook 2026, which assesses the strengths and gaps in countries' integrity systems, highlighting both progress that has been made as well as the uneven implementation of integrity measures in many countries.

Interim Economic Outlook

On 26 March 2026, the OECD published an [article](#) which examines global growth and inflation figures reported in their latest Interim Economic Outlook. The Outlook projects global growth of 2.9% in 2026 and 3.0% in 2027, subject to change due to the ongoing uncertainty revolving around the conflict in the Middle East. Headline inflation in G20 countries is projected to be 4.0% in 2026, easing to 2.7% in 2027.

Global Forum on Transparency and Exchange of Information for Tax Purposes

The Global Forum is launching the [fifth edition](#) of its Women Leaders in Tax Transparency programme.

Be it Resolved – new podcast episode on the global minimum tax

Manal Corwin, Director of the OECD Centre for Tax Policy and Administration [discussed](#) the implications of the global minimum tax for corporate governance and board oversight.

Note: The items covered here include only those items not covered in other articles in this issue of Tax Alert.



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Tax Alert including joining our mailing
list, can be directed to the editor.

Amy Sexton

 +64 (9) 953 6012

 asexton@deloitte.co.nz

Auckland

Deloitte Centre, Level 20, 1 Queen Street,
Auckland, 1010
+64 (0)9 303 0700

Hamilton

Deloitte House, 24 Anzac Parade,
Hamilton, 3216
+64 (0)7 838 4800

Christchurch

151 Cambridge Terrace, Christchurch Central,
Christchurch, 8013
+64 (0)3 363 3800

Auckland – North Shore

Level 2, 55 Corinthian Drive, Albany,
Auckland-North Shore, 0632
+64 (0)9 303 0700

Rotorua

Level 2, 1176 Amohau Street,
Rotorua, 3010
+64 (0)7 343 1050

Dunedin

Otago House, 481 Moray Place,
Dunedin, 9016
+64 (0)3 474 8630

Tauranga

Level 2, Northern Quarter, 45 The Strand,
Tauranga 3110
+64 (0)9 303 0700

Wellington

Level 12, 20 Customhouse Quay,
Wellington, 6011
+64 (0)4 470 3500

Queenstown

Level 2, 10 Memorial Street,
Queenstown, 9300
+64 (0)3 901 0570

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