



Global Mobility Alert

September 2025

New Zealand

New Zealand proposes changes aimed at easing tax obligations for new migrants and remote workers

A [new tax bill](#) proposes significant changes to the New Zealand tax regime which will impact international employees and their employers. Significant changes include amendments to the foreign investment fund (FIF) regime and changes for remote workers and “digital nomads”.

Several other amendments are also proposed, including changes to the timing of taxation for certain employee share schemes and changes to the fringe benefit tax (FBT) treatment of some benefits.

The changes will be effective from 1 April 2026, subject to the legislative consultation and approval processes.

Executive summary

On 26 August 2025, the New Zealand Government introduced the [Taxation \(Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures\) Bill](#) (the Bill). The Bill contains amendments aimed at boosting the New Zealand economy, helping businesses grow and easing tax obligations for new migrants and remote workers. A wide array of changes is proposed, including amendments to:

- The FIF regime, with the changes predominantly affecting new migrants
- Tax settings for “digital nomads”, visitors and remote workers
- New Zealand tax obligations for foreign employers of digital nomads and remote workers to limit such obligations
- Timing of taxation for certain employee share schemes, intended to assist the start-up sector
- The FBT rules, including in relation to the treatment of certain gift cards and reimbursements of certain benefits provided to employees.

The Bill now awaits its first reading in Parliament and referral to the Finance and Expenditure Select Committee for public submissions.

Detailed discussion

Changes to the FIF regime

The Bill proposes a new optional “revenue account method” that would allow eligible taxpayers to calculate the FIF income of certain foreign investments on a realization basis. Under the new method, New Zealand taxation would apply only to dividends received, and a proportion of realized gains or losses on disposal.

These amendments are proposed to apply from 1 April 2025 to individuals who became tax resident in New Zealand on or after 1 April 2024. The person must have been non-resident for at least five years before becoming New Zealand tax resident. Transitional residents and family trusts may also be eligible in some cases.

The revenue account method would broadly be available in relation to:

- Unlisted shares in a foreign company that were acquired before the person became a New Zealand tax resident
- All foreign shares where the person is concurrently liable for tax in another country on the disposal of the shares on the basis of their citizenship or a right to work and live in that country, provided New Zealand has a tax treaty with the other country.



Shape the future
with confidence

Several other eligibility criteria and requirements would apply, and specific rules would cover circumstances where the individual has multiple entry and exit points – including rules that would, in some cases, apply a deemed disposal.

The proposals are aimed at ensuring New Zealand's FIF rules do not act as a deterrent to migrants choosing to settle in New Zealand. The changes would provide welcome relief for some migrants, particularly those subject to citizenship-based taxation (such as citizens of the United States).

Digital nomads and remote workers

Several amendments are proposed to allow overseas visitors working remotely to stay longer in New Zealand before triggering certain tax obligations. The changes are proposed to apply to visitors arriving in New Zealand on or after 1 April 2026. Key aspects include the following:

- Eligible “non-resident visitors” would be deemed to be non-resident for New Zealand tax purposes for up to 275 days in any 18-month period.
- This new rule would allow visitors to work for their offshore employers; but visitors would not be allowed to undertake work for New Zealand residents or work that requires physical presence in New Zealand and could not sell any goods or services to New Zealand customers.
- New Zealand tax residence would be on a prospective basis. Eligible non-resident visitors who lawfully stay beyond the 275 days would be subject to the existing tax residence rules on the date they cease to be a non-resident. Retrospective residence would however arise for unlawful overstayers, to ensure tax settings support integrity in immigration laws.
- Certain employment and professional services income earned by visitors would be exempted where the services are performed for a non-resident.
- The new rule would limit the impact of the visitor's New Zealand presence for determining the tax residence of their foreign employer or associated entities (for example when the visitor is a company director). The visitor's presence would therefore not trigger tax obligations under the “centre of management” or “director control” rules of corporate tax residency, and the activities of the visitor would be disregarded when determining whether a non-resident enterprise has a permanent establishment in New Zealand.

In an increasingly mobile working world, these reforms should help provide certainty for visitors and their employers.

Other changes

The Bill also proposes numerous other changes, some of which are summarized below.

Employee share schemes

From 1 April 2026, unlisted companies could elect to defer taxation on certain employee share scheme benefits until a “liquidity event” occurs, at which point the shares could be more easily valued and sold. Deferral would apply to both income for the employee, and to the deduction claimed by the employer. This change is intended to help the start-up sector, including overseas companies, attract and retain talent.

In addition, the Bill includes a proposed amendment to clarify the taxing date for shares when an employee has an unconditional right to receive the shares. The amendment would clarify that the taxing date can arise before the shares are held by, or for the benefit of, an employee share scheme beneficiary. This change would also apply from 1 April 2026.

Changes relating to FBT

From 1 April 2026:

- Employers would generally not be subject to PAYE obligations in addition to FBT when the employer has accounted for FBT, even if the benefit should have technically been subject to PAYE
- Employers would be provided with two options for accounting for FBT on global insurance policies

The Bill also includes a change that would give employers the option of treating certain gift cards (sometimes referred to as “open loop gift cards”) provided to employees as being subject to FBT rather than PAYE. This change is intended to help reduce compliance costs and would apply for benefits provided from 16 April 2025.

Implications

The Bill is expected to be enacted by 1 April 2026, although the proposals are subject to change during the Parliamentary process.

The changes will be welcome news for many individual taxpayers and their employers. For eligible new migrants to New Zealand, the new revenue account method will relieve cashflow concerns imposed by the current FIF regime.

Employers looking to allow flexible working arrangements for their staff will be pleased to see the new "non-resident visitor" rules. The growth in mobile working globally can at times trigger complex taxation consequences for employers, remote workers and business entities. New Zealand will be providing some additional flexibility in recognition of the modern ways of working, ensuring employers and visitors have clarity as to their New Zealand tax obligations.

Key steps

EY will continue to monitor these developments.

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

© 2025 Ernst & Young LLP.

All Rights Reserved.

EYG no. 007211-25Gbl

2101-3682263

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

ey.com

Rohini Ram
Partner, People Advisory Services - Tax
Tel: +64 274 899 917
Email: Rohini.Ram@nz.ey.com

James Barlow
Assistant Director,, People Advisory Services - Tax
Tel: +64 274 899 099
Email: James.Barlow@nz.ey.com

Elizabeth Wheatcroft
Senior Manager, People Advisory Services - Tax
Tel: +64 274 899 084
Email: Elizabeth.Wheatcroft@nz.ey.com