



Investment boost for businesses

Investment Boost is a new optional tax deduction available to New Zealand businesses when they invest in new capital assets for business use.

The investment boost explained

From 22nd May 2025 businesses can now accelerate depreciation by claiming an upfront 20% deduction on the cost of eligible new assets in the year of purchase. Standard depreciation can then be applied to the remaining (residual) value of the asset after the Investment Boost deduction.

The Investment Boost applies to most new depreciable business assets, including commonly purchased items such as machinery, equipment, and work vehicles. It also extends to newly imported used assets and the purchase of new commercial and industrial buildings — that do not currently allow depreciation deductions.

What assets qualify for the investment boost?

Asset type: <i>The following are common examples, though a wide range of other assets may also qualify</i>	Eligible/not eligible
New business vehicles	Eligible
New business equipment & assets like plant, trucks & excavators	Eligible
Used business equipment & assets like plant, trucks & excavators	Not eligible, unless the asset has not previously been used in New Zealand
Business builds new commercial premises on land already owned	Eligible
Developer purchasing block of land for commercial development	Not eligible
Tenant purchasing existing commercial premises	Not eligible

Considerations

The deduction for new investment assets reduces the asset's adjusted tax value. Like depreciation, some or all of it may be recovered if the asset is sold for more than its adjusted value. Different rules apply to non-depreciable assets. Be sure to check with your accountant or tax adviser to understand how the Investment Boost and depreciation rules apply to your situation.



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Information sheet

Investment Boost

What is Investment Boost?

Investment Boost is a new deduction available to New Zealand businesses when they purchase new capital assets for their business. The deduction allows businesses to accelerate the depreciation of their assets by taking a larger deduction in the year of purchase.

Why is the Government introducing Investment Boost?

Investment Boost supports productivity and economic growth by providing a benefit to businesses that make new investments. More investment means greater productivity and higher wages for working New Zealanders.

How does Investment Boost work?

Businesses can deduct 20% of the cost of new assets in the year that they purchase the asset. You can claim both Investment Boost and a standard depreciation deduction in the year you purchase the asset.

What assets does Investment Boost cover?

Investment Boost applies to the purchase of most assets that are depreciable for tax purposes – common examples include machinery, equipment and work vehicles. Investment Boost also applies to the purchase of new commercial and industrial buildings – that do not allow depreciation deductions.

What assets does Investment Boost not cover?

Investment Boost does not cover:

- assets that have previously been used in New Zealand
- land
- trading stock
- residential buildings (dwellings)
- fixed life intangible assets (such as patents)
- assets that are fully expensed under other rules.

Further technical information

Do I have to claim Investment Boost?

No. Investment Boost is optional for new assets. You can depreciate your asset under the standard depreciation rules.

How do I calculate my depreciation deductions after I have claimed Investment Boost?

The base from which standard depreciation is calculated is reduced by the amount of the Investment Boost deduction. In the year that you purchase the asset you can claim:

- 20% of the cost of the asset, plus
- the amount of the usual depreciation deduction that would otherwise apply but calculated as if the cost of the asset were reduced by 20%.

Are there any limits on the number of assets I can claim Investment Boost for?

No. You can claim Investment Boost on all your eligible assets and there is no value limit.

Can I claim Investment Boost for assets I purchase from overseas?

New and secondhand assets that have been imported from overseas may be eligible for Investment Boost if they have not been used before in New Zealand.

Can I claim Investment Boost for an asset that is only partly used in my business?

You can claim Investment Boost on the business-use portion of the asset. You cannot claim Investment Boost for an asset to the extent it is used for private purposes.

Can I claim Investment Boost on new buildings?

New commercial and industrial buildings are eligible for Investment Boost. Residential buildings are not eligible for Investment Boost. This means that most buildings used to provide accommodation are not eligible for Investment Boost. There are explicit exceptions for some buildings such as hotels, hospitals, and rest homes.

What if I have a construction project underway, can I claim Investment Boost when it is completed?

If you started a construction project before 22 May 2025, your asset may be eligible for Investment Boost. The asset needs to be used or available for use for the first time on or after 22 May 2025. The asset must meet the other qualifying conditions.

Are new capital improvements eligible for Investment Boost?

Yes. Improvements to depreciable property are eligible for Investment Boost if the asset that they are improving is eligible for Investment Boost. An example of an improvement is significant strengthening of an industrial building.

What happens when I sell my asset that I claimed Investment Boost for?

The deduction for new investment assets generally reduces an asset's adjusted tax value (or equivalent). Just like depreciation, some or all of the deduction may be recoverable if the asset is disposed of (or deemed to be disposed of) and the consideration is more than the asset's adjusted tax value. Separate rules apply for assets that are not depreciable property.

Is anything else other than depreciable property eligible for Investment Boost?

Yes. Certain assets that are allowed depreciation-like deductions but are not depreciable property have been included in the policy. These include improvements to farmland, planting of listed horticultural plants, improvements to aquacultural business and improvements to forestry land. Certain kinds of petroleum development expenditure and mineral mining development expenditure are also eligible for Investment Boost.

Can I claim Investment Boost and the R&D tax credit?

Yes. The deduction is an eligible expenditure for the purposes of the research and development tax credit.