

New Zealand: increasing its tax haven status

Published: January 13, 2026, 6:21 pm

New Zealand is one of the world's lesser known tax havens — and a pernicious one. Take this example:

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As a non-New Zealand resident bondholder, what New Zealand tax do I pay on interest received from the Bonds?

You have a choice of having New Zealand non-resident withholding tax (NRWT) deducted or, alternatively, paying a levy of 2% of the interest paid.

If you choose to have NRWT deducted, the rate of NRWT deduction will depend on whether there is a tax treaty between New Zealand and your country of residence. If there is no tax treaty, the NRWT rate on interest is 15%. Some tax treaties reduce this rate to 10%. If you contact the New Zealand Inland Revenue or your taxation adviser they will be able to advise you on the specific rates between New Zealand and the country in which you are resident.

Although the NRWT rate is higher than the levy rate, it should be noted that the 2% levy paid in New Zealand may not be able to be claimed as a tax credit if you reside in certain countries.

So, if you're non resident and have a deposit in NZ they'll take 2%, ask no questions and issue no documentation to anyone.

Sounds like an outright abuse designed to attract tax evaded funds to me.

I think this makes New Zealand a secrecy jurisdiction. Secrecy jurisdictions are places that intentionally create regulation for the primary benefit and use of those not resident in their geographical domain that is designed to undermine the legislation or regulation

of another jurisdiction. They do in addition create a deliberate, legally backed veil of secrecy that ensures that those from outside the jurisdiction making use of its regulation cannot be identified to be doing so.

I challenge anyone in New Zealand to say otherwise, and why. I know there are readers of this blog there.