

Alternative monetary thresholds

Overview

- Investments in “significant business assets” under the Overseas Investment Act 2005 are usually subject to a \$100m threshold. However, New Zealand has agreed *alternative monetary thresholds* in free trade agreements with some of our key trading partners.
- The alternative monetary thresholds cannot be relied on by the New Zealand subsidiaries of overseas persons. Only an overseas registered entity can take advantage of the higher alternative monetary thresholds.
- Care is required before relying on an alternative monetary threshold, as the rules that apply depend on the country or jurisdiction the investor comes from.

What is an alternative monetary threshold

Investments in “significant business assets” under the Overseas Investment Act 2005 are usually subject to a \$100m threshold. However, New Zealand has agreed *alternative monetary thresholds* in free trade agreements with some of our key trading partners. The effect of the alternative monetary thresholds is to increase the screening threshold for some investments involving investors from those countries.

Summary of the alternative monetary thresholds

There are three broad thresholds:

- \$650m (\$676m from 1 January 2026), for some investors from Australia,
- \$200m, for some other investors, and
- \$100m, whenever an alternative monetary threshold does not apply.

A table showing the general impact of the thresholds, and which investors may benefit from them is attached to this guidance.

Each of the alternative monetary thresholds has unique eligibility requirements, while other requirements apply equally to all thresholds.

Eligibility requirements in common with all alternative monetary thresholds

To be eligible for the alternative monetary threshold, the investor must be either:

- a citizen or permanent resident, assessed under the law of the country or jurisdiction concerned, or
- carry on substantive business operations in the country or jurisdiction concerned, or meet the ownership and control test, and be:
 - an ‘enterprise’ that is constituted or organised under the laws of the country or jurisdiction concerned, or
 - a non-NZ enterprise that is acting through a branch of the enterprise from the country or jurisdiction concerned.

Citizen or permanent resident, assessed under the law of the country or jurisdiction concerned

The citizenship or residence status of the individual is assessed under the law of the country or jurisdiction concerned. Where this is not clear, you may need to seek advice from that country or jurisdiction. Being a citizen or permanent resident of more than one country or jurisdiction does not necessarily affect a person's status.

An 'enterprise' that is constituted or organised under the laws of the country or jurisdiction concerned

An 'enterprise' must be constituted or organised under the laws of the country or jurisdiction concerned. This *excludes* enterprises constituted or organised (ie: registered) in New Zealand, including the New Zealand subsidiaries of otherwise eligible investors.

For a trust (especially one that is not formally registered in any particular place), the country whose laws apply to the trust (proper law) would generally determine where it is constituted or organised for these purposes. Again, a trust subject to New Zealand trust law cannot not rely on the alternative monetary thresholds.

A non-NZ enterprise acting through a branch of the enterprise from the country or jurisdiction concerned

A "branch" broadly means an entity with a presence in the country or jurisdiction concerned, but without a body corporate, trust, limited partnership or other entity registered in that country or jurisdiction. In other words, the branch operating in one country or jurisdiction would be operating in the name of an entity constituted or organised under the laws of another country or jurisdiction.

Carrying on substantive business operations in the country or jurisdiction concerned

Whether a person is carrying on substantive business operations in the country or jurisdiction concerned is a question of fact to be determined in each case.

However, we consider that 'substantive business operations' requires more than a notional presence. A business registration, shared office, PO Box, or telephone number will not be sufficient. We generally look for a manufacturing, sales or other trading presence, and would expect a person to earn revenue, incur expenses and pay tax in the country or jurisdiction concerned, beyond those required to simply maintain a legal presence.

We also look at the business operations of a person in the context of their corporate structure. This means that the activity of the parents, subsidiaries, and 'sister' entities may be relevant to whether a person has substantive business operations in a country or jurisdiction. This is especially important for special purpose vehicles, which are commonly used for investments but generally do not have pre-existing business operations of their own (see example 2B below).

The ownership and control test (regulation 86)

The ownership and control test asks whether the person is owned or controlled by persons from the country or jurisdiction concerned. Unlike the definition of overseas person (which requires the assessment of ownership or control at every level of the ownership structure), the ownership and control test asks about the direct or indirect *ultimate* ownership or control of the person. Nonetheless, this may still require an assessment of the ownership or control at every level of the ownership structure in order to determine whether indirect ownership or control is present.

For most ownership and control factors (such as shareholding of a company or the power to control the composition of the governing body), the requirement is for the ownership and control to exceed 75%.

A \$650m threshold (\$676m from 1 January 2026) for some investors from Australia.

[Regulations 84-87 and 97-103](#) implement New Zealand's obligations under the '[Protocol on Investment to the Australia New Zealand Closer Economic Relations Trade Agreement](#)' (CER-IP).

CER-IP agreed an initial \$477m alternative monetary threshold for non-Government investors, and a \$100m alternative monetary threshold for Australian Government investors, with the threshold changing at the beginning of each calendar year based on changes to GDP.

From 1 January 2025, the thresholds are \$650m for non-Government investors and \$136m for Government investors. These thresholds will increase to \$676m and \$142m respectively from 1 January 2026.

The \$650m alternative monetary threshold applies to all transactions unless the investor is an Australian Government investor, then the \$136m threshold applies.

Any investor more than 25% owned or controlled by a Government other than New Zealand or Australia cannot rely on these alternative monetary thresholds.

| Year | Non-Government investors | Government investors |
|------|--------------------------|----------------------|
| 2013 | \$477m | \$100m |
| 2014 | \$477m | \$100m |
| 2015 | \$496m | \$104m |
| 2016 | \$498m | \$104m |
| 2017 | \$501m | \$105m |
| 2018 | \$516m | \$108m |
| 2019 | \$530m | \$111m |
| 2020 | \$536m | \$112m |
| 2021 | \$552m | \$116m |
| 2022 | \$560m | \$117m |
| 2023 | \$586m | \$123m |
| 2024 | \$618m | \$129m |
| 2025 | \$650m | \$136m |
| 2026 | \$676m | \$142m |

A \$200m monetary threshold applies for some investors

[Regulations 84-96B](#) implement New Zealand's obligations under nine agreements:

- **Type 1:**
 - the [Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu on Economic Cooperation](#),
 - the [Free Trade Agreement between New Zealand and the Republic of Korea](#),
 - the [Pacific Agreement on Closer Economic Relations Plus \(PACER Plus\)](#),
 - the [Comprehensive and Progressive Agreement for Trans-Pacific Partnership \(CPTPP\)](#),
 - the [Free Trade Agreement between New Zealand and the United Kingdom of Great Britain and Northern Ireland](#),
 - the [Free Trade Agreement between New Zealand and the European Union](#), and
- **Type 2:**
 - the [New Zealand–Hong Kong, China Closer Economic Partnership Agreement](#), and
- **Type 3 and 4:**
 - the [Free Trade Agreement between the Government of New Zealand and the Government of the People's Republic of China \(China FTA\)](#), and
- **Type 5:**
 - the [New Zealand–United Arab Emirates Comprehensive Economic Partnership Agreement \(UAE CEPA\)](#).

While the alternative monetary threshold is \$200m in each case, the scope of the exemption varies depending on the terms of the free trade agreement.

Type 1/Type A investors

See regulations [84-87](#) and [89-90](#).

Type 1/Type A investors are investors from Australia, CPTPP members¹, the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu, South Korea, the United Kingdom, the European Union, and PACER Plus members².

The \$200m alternative monetary threshold applies to all transactions

Type 2 investors

See regulations [84-87](#) and [91-92](#).

Type 2 investors are investors from Hong Kong, plus all Type 1 investors

The \$200m alternative monetary threshold applies where the investor is supplying, or seeking to supply, a service in New Zealand, and for the purpose of doing that:

- is investing to establish in New Zealand a commercial presence through which the person will supply the service; or
- is investing in a commercial presence that the person has already established in New Zealand and through which the person is supplying, or will supply, the service.

Commercial presence means any type of business or professional establishment, including through the constitution, acquisition, or maintenance of an enterprise, including a representative office within the Hong Kong area for the purpose of supplying a service.

Supply, in relation to a service, includes the production, distribution, marketing, sale, and delivery of a service.

Type 3 investors

See regulations [84-87](#) and [93-94](#).

Type 3 investors are investors from China, Hong Kong or the United Arab Emirates, plus all Type 1 investors.

The \$200m alternative monetary threshold applies where the investor is supplying, or seeking to supply, an 'annex 9' service, and for the purpose of doing that:

- is investing to establish in New Zealand a commercial presence through which the person will supply the annex 9 service; or
- is investing in a commercial presence that the person has already established in New Zealand and through which the person is supplying, or will supply, the annex 9 service.

An annex 9 service is one within a sector set out in the column titled "Sector" in [Annex 9 of the China FTA](#) (which relates to trade in services). These are:³

- environmental services (CPC 9401- 9406, 9409),
- construction and related engineering services (CPC 512, 514, 516 and 517),
- services incidental to agriculture and forestry (CPC 8811 and 8814),
- engineering services (CPC 8672),
- integrated Engineering services (CPC 8673),
- computer and related services (CPC 841, 842, 843 844, 845 and 849), and
- tourism and travel related services (CPC 641, 642, 643, 7471 and 7472).

¹ Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, Singapore, the United Kingdom of Great Britain and Northern Ireland, and Viet Nam

² Australia, Cook Islands, Kiribati, Niue, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu

³ References are to the United Nations Central Product Classification. More information is available here:

<https://unstats.un.org/unsd/classifications/Econ/cpc>

Type 4 investors

See regulations [84-87](#) and [95-96](#).

Type 4 investors are investors from China, plus all Type 1 investors.

The \$200m alternative monetary threshold applies where the investor is not supplying, or seeking to supply, a service in New Zealand.

If they are supplying, or seeking to supply, a service in New Zealand, then the exemption for type 3 investors may apply.

Type 5 investors:

See regulations [84-87](#) and 96A-96B.

Type 5 investors are investors from the United Arab Emirates or, Hong Kong, plus all Type 1 investors.

The \$200m alternative monetary threshold applies where the investor is supplying, or seeking to supply, an 'annex 9-C' service, and for the purpose of doing that:

- is investing to establish in New Zealand a commercial presence through which the person will supply the annex 9-C service; or
- is investing in a commercial presence that the person has already established in New Zealand and through which the person is supplying, or will supply, the annex 9-C service.

An annex 9-C service is one within a sector set out in the column titled "Sector" in [Annex 9 of the UAE CEPA](#) (which relates to trade in services).

The default threshold of \$100m

The default threshold of \$100m applies whenever an alternative monetary threshold does not apply. This will be the case when either the investor or the investment does not meet the requirements of the alternative monetary thresholds.

Case studies

Example 1A – shareholding investment from the United Kingdom

A Limited is an English Company. A's shareholders are X, Y, and Z, who are all citizens of the United Kingdom. A is buying all of the shares in B Limited for \$150m. A Limited does not have sensitive land or fishing quota.

A Limited DOES NOT need consent to buy B Limited

A Limited is a type 1 investor, as it is registered in England and meets the ownership and control test.

Example 1B – purchase through an SPV

Instead of buying the shares in B Limited directly, A Limited instead wishes to incorporate a New Zealand subsidiary (S Limited) to buy the shares on its behalf.

S Limited DOES require consent to buy B Limited.

While A Limited is a type 1 investor, S Limited is not because S Limited is registered in New Zealand. Being registered in New Zealand takes S Limited outside definition of 'Type A' enterprise and 'non-NZ enterprise'.

Example 2A – ownership by a third party

C Limited is a Canadian company. C's shareholders are X, Y, and Z, who are all citizens of and reside in the United States. C is a manufacturing company, with two manufacturing sites in Canada.

C is buying all of the shares in D Limited (which manufactures similar products in New Zealand) for \$150m. C Limited does not have sensitive land or fishing quota.

Example 2A – ownership by a third party

C Limited DOES NOT require consent to buy D Limited.

For the exemption to apply to C Limited, it must either have substantive business operations in Canada or meet the ownership and control test (which requires the ownership and control to be with either Type A or New Zealand investors). As the three shareholders are citizens of and reside in the United States, C Limited does not meet the ownership and control test.

However, C clearly has substantive business operations in Canada (its manufacturing presence clearly meets this standard) and so the C Limited may rely on the alternative monetary threshold.

Example 2B – purchase through an SPV

Instead of buying the shares in D Limited directly, C Limited instead wishes to incorporate a Canadian subsidiary (S Limited) to buy the shares on its behalf. C Limited's other investments, including its Canadian manufacturing presence, is also structured through subsidiaries.

S Limited DOES NOT require consent to buy D Limited.

While the newly incorporated S Limited will not have any trading history, LINZ would consider its place in C Limited's broader group structure and the substantive business operations in Canada of C Limited and its other subsidiaries.

On these facts, we are likely to conclude that S Limited has substantive business operations in Canada.

Similarly, if C Limited is a holding company only and has no business operations in Canada of its own but has two other Canadian subsidiaries, each of which owns and operates a manufacturing facility in Canada, then, again, LINZ is likely to consider the operations in Canada of S Limited's sister companies in concluding that S Limited has substantive business operations in Canada.

More information

The information contained in this document is intended for general guidance only, and the examples provided are for illustrative purposes only.

For more information, we recommend that you seek legal advice from a lawyer who has experience in dealing with the Act.

We also encourage investors to consider meeting with us before submitting an application for consent. A '[pre-application meeting](#)' will help you prepare a clearly reasoned application that contains all the information we will need to assess your application.

You will be able to:

- Explain (at a high level) your overall application for consent and your investment proposal
- Ask any questions you have about presenting specific aspects of your application or the process of applying
- Get our feedback on how you may be able to improve the quality of your application
- Ask any questions you have about the application process.

For more information:

Phone: 0800 665 463 (New Zealand only),
Phone: +64 7 974 5595 (international callers),
Email: oio@linz.govt.nz

About LINZ's overseas investment regulatory function

LINZ regulates access to New Zealand's land, residential properties and significant business assets by overseas investors, and makes decisions on overseas investment applications. It administers and applies the Overseas Investment Act. Its work contributes to more homes and jobs for New Zealanders, thriving companies and industries, protection of the places Kiwis treasure, and greater access to them.



Summary of alternative monetary thresholds

| | | AUS | Type 1 (CPTPP and others) | Type 2 (HK) | Type 3 (China) | Type 4 (China) | Type 5 (UAE) |
|------------------------------------|-------------------------------|---------------------|--|----------------|------------------------|--------------------|-------------------------|
| Standard Threshold | | \$650m ⁴ | \$200m | | | | |
| NNZGI⁵ threshold | | \$136m ⁶ | Standard \$100m threshold in s 13 ⁷ | | | | |
| Limits | | None | | Service supply | Annex 9 service supply | Not service supply | Annex 9C service supply |
| Non-OSP | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Type A investors | Australia | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | CPTPP⁸ | X | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Taiwan | X | ✓ | ✓ | ✓ | ✓ | ✓ |
| | South Korea | X | ✓ | ✓ | ✓ | ✓ | ✓ |
| | United Kingdom | X | ✓ | ✓ | ✓ | ✓ | ✓ |
| | European Union | X | ✓ | ✓ | ✓ | ✓ | ✓ |
| | PACER Plus⁹ | X | ✓ | ✓ | ✓ | ✓ | ✓ |
| Hong Kong | | X | X | ✓ | ✓ | X | ✓ |
| China | | X | X | X | ✓ | ✓ | X |
| United Arab Emirates | | X | X | X | ✓ | X | ✓ |

⁴ \$676m from 1-Jan-26

⁵ Non-NZ Government investor

⁶ \$142m from 1-Jan-26

⁷ There is no special treatment for NNZGIs other than for Australian NNZGIs

⁸ Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, Singapore, the United Kingdom of Great Britain and Northern Ireland, and Viet Nam

⁹ Australia, Cook Islands, Kiribati, Niue, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu