

**22 May 2025**

**Media Release**

**“Investment Boost” announced in Budget 2025 welcomed by wood processors and manufacturers**

From the 22 May 2025 a new tax incentive, “Investment Boost”, that allows businesses to immediately deduct 20% of the costs of new assets (or second-hand assets purchased from overseas) – such as machinery, equipment, tools and buildings – from taxable income on top of the existing depreciation write-offs is welcomed by the Wood Processors and Manufacturers Association (WPMA). Noting that the new regime can also be applied to investments that were started before the 22 May, if they are available for use the first time after that date.

For example, if a mill invested \$500,000 in new timber machinery, \$100,000 would be immediately deductible. The remaining \$400,000 would be depreciated as normal. There is no cap on this allowance which is also welcome.

The announcement was made as part of Budget 2025, with the scheme allowing wood processing and manufacturing businesses to deduct a higher percentage of the cost of eligible assets in the first year of purchase, reducing their tax burden and freeing up capital for further investment.

“Enabling capital investment for new manufacturing technologies and equipment, such as cutting-edge timber machinery and equipment, within the wood processing industry to deduct 20% of the costs of the new asset immediately will provide an added incentive for investment and increased productivity in a sector where government backing is needed” said Mark Ross, WPMA Chief Executive.

“It is hoped that this new tax rule will assist in encouraging further investment in value-added wood processing production within New Zealand”, said Ross, increased domestic wood processing will not only provide economic growth in our regions, but will also assist in providing increased sustainable wood fibre production as a pathway to meet our Paris Agreement climate change targets.

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**WPMA – who we are:**

*WPMA is an industry membership association representing companies involved in the wider wood processing and manufacturing industries, including sawn timber, pulp and paper, manufactured and engineered wood products, along with bio-forest products. Our vision champions wood processing and manufacturing as the core to New Zealand's economic growth, regional development, emissions reduction, and a sustainable environment.*