Inland Revenue
Te Tari Taake

EXPOSURE DRAFT - FOR COMMENT AND DISCUSSION ONLY

Deadline for comment | Aukatinga mō te tākupu: **18 December 2025**

Please quote reference | Whakahuatia te tohutoro: **ED0266**

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DETERMINATION > DEPRECIATION > PROVISIONAL

Tax Depreciation Rate for battery energy storage systems

Issued | Tukuna: XX XXXXX 20XX

ED0266

This determination proposes a provisional depreciation rate for a new asset class of battery energy storage systems.

Note to Determination DEPXXX:

The Commissioner proposes a depreciation rate for Battery Energy Storage Systems as a new asset class. These are used to store energy generated during off-peak periods for use during peak-demand periods, or available as an energy backup system when power generation is unable to meet energy demand or is out of service.

Scope of Determination

As power generation companies increase power generation, they have included renewable energy from sources such as wind and sun to assist when generation from other, conventional sources, cannot be guaranteed. The use of Battery Energy Storage Systems provides somewhere to store energy for use when demand is high and smooth out fluctuations in energy supply, to provide a more secure, stable, efficient, and resilient electricity grid.

Battery Energy Storage Systems come in different forms and capacity, and some can be used in home and business storage systems. However, the proposed provisional depreciation rate will only apply to modular units used by the power generation industry and in the national grid distribution networks.

DEPXXX: Tax Depreciation Rates Provisional Determination Number XXX

This determination may be cited as "Determination DEPXXX Tax Depreciation Rates Provisional Determination Number DEPXXX: Battery Energy Storage Systems (Modular).

Application

This determination applies to taxpayers who own items of depreciable property of the kind listed in the table below:

This determination applies to the 2025 income year and subsequent income years.

Determination

Pursuant to section 91AAF of the Tax Administration Act 1994, the general determination will apply to the kind of items of depreciable property listed in the table below by:

Add to the "Power Generation and Electrical Reticulation Systems" industry category and the "Reticulation Systems, including Power Generation (excluding electrical communication and gas reticulation)" asset category, the estimated useful life, and general diminishing value and straight-line depreciation rates for the asset class listed below:

Asset class	Estimated useful life (years)	DV rate (%)	SL rate (%)
"Battery Energy Storage Systems (modular)."	15.5	13	8.5

Interpretation

In this determination, unless the context otherwise requires, words and terms have the same meaning as in the Income Tax Act 2007 and the Tax Administration Act 1994, as applicable.