



6 September 2024

A O'Sullivan  
fyi-request-28107-867e133a@requests.fyi.org.nz

Dear A O'Sullivan

Thank you for your request made under the Official Information Act 1982 (OIA), received on 19 August 2024. You requested the following:

*For the tax year ending 31 March 2022 and 2023 (if possible as may not be available yet), could you please advise*

- *the number of taxpayers (individual and non-individual) declaring negative net rents (that is, residential rental losses), and*
- *the average amount of the loss.*

### **Information being released**

The information you have requested is detailed in the table on the following page. Residential rental income and expenses information is taken from income tax returns and was extracted from Inland Revenue's systems on 23 August 2024. I have interpreted your request to be for the current year's net rental income for the taxpayer (before any carried forward deductions are applied).

For the 2021-22 income year, residential rental income was recorded in a field on tax returns that also included other income from residential property such as income from the sale of a property that was subject to brightline tax. This was changed for the 2022-23 income tax return, with residential rental income being specifically requested in a separate field. In both years, current year residential deductions are captured in a single field.

A taxpayer is defined as having negative residential rental income if their residential income (2022) or residential rental income (2023) is less than their reported current year residential deductions. The split between individual and non-individual is based on the type of income tax return filed, and I have shown which return is included in each category in the table. The non-individuals return types include companies, superannuation funds, trusts, Māori Authorities, and clubs or societies. The individuals return types include non-residents as well as residents.

**Taxpayers with negative residential rental income for the 2022 and 2023 income years**

	2021-22			2022-23		
	Number of taxpayers	Total negative net rent (\$m)	Average negative net rent (\$)	Number of taxpayers	Total negative net rent (\$m)	Average negative net rent (\$)
<b>Individuals (IR3, IR3NR)</b>	39,810	-225.9	-5,670	41,000	-278.1	-6,780
<b>Non-individuals (IR4, IR44, IR6, IR8, IR9)</b>	11,930	-159.5	-13,380	12,350	-202.9	-16,430
<b>All</b>	<b>51,740</b>	<b>-385.4</b>	<b>-7,450</b>	<b>53,350</b>	<b>-481.0</b>	<b>-9,020</b>

The number of taxpayers has been rounded to the nearest 10, total negative net rent has been rounded to the nearest \$0.1m, and average negative net rent has been rounded to the nearest \$10.

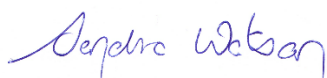
Net losses attributable to residential rental properties are ringfenced for tax purposes; the net loss can only be offset against any current or future rental profits.

**Publishing of OIA response**

We intend to publish our response to your request on Inland Revenue's website ([www.ird.govt.nz](http://www.ird.govt.nz)) as this information may be of interest to other members of the public. This letter, with your personal details removed, will be published in its entirety. Publishing responses increases the availability of information to the public and is consistent with the OIA's purpose of enabling more effective participation in the making and administration of laws and policies and promoting the accountability of officials.

Thank you for your request.

Yours sincerely



Sandra Watson

**Policy Lead, Forecasting and Analysis**