



4 June 2024

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Dear ██████████

Thank you for your request made under the Official Information Act 1982 (OIA), received on 20 May 2024. You requested the following:

Can you please provide a month-by-month breakdown of how much revenue was collected from the bright-line test, between 2016 and 2023? The reason for this request is to observe if there was an increase in revenue gathered by Inland Revenue, after the bright-line test was extended by the Labour Government.

Information being refused

Information relating to income tax cannot be broken down on a month-by-month basis as this is only provided to Inland Revenue on a yearly basis. Therefore, your request for a month-by-month breakdown of how much revenue was collected from the bright-line test, between 2016 and 2023 is refused under section 18(g) of the OIA, as the information is not held by Inland Revenue, and we do not believe it is held by or more closely connected with the functions of another agency.

Further information

The bright-line test is one of several provisions under the Income Tax Act 2007, which taxes income from property sales. As bright-line is not a tax, Inland Revenue does not capture the amount of revenue collected that is specifically attributed to bright-line compliance.

Since the 2023 tax year (1 April 2022 to 31 March 2023), Inland Revenue has included a specific key point for customers to return net bright-line profit in their income tax return. For the 2023 tax returns that have been received to date, \$203.9 million in net bright-line profit has been returned. Please note that bright-line income may have been returned in other key points in the return and not included in this figure.

Prior to 2023, this income was included in various other key points that weren't specific to bright-line income.

It is important to note that the figure provided is income to the customer and not the resulting tax or revenue collected by the Government. In certain instances, this income may be reduced further by offsetting against previous bright-line losses or ring-fenced residential rental expenses.

As an individual tax return may include multiple income streams with the tax rate dependent on the return type and the total amount of income calculated, we are unable to provide an accurate assessment of how much revenue is collected based on the figure provided.

Right of review

If you disagree with my decision on your OIA request, you can ask an Inland Revenue review officer to review my decision. To ask for an internal review, please email the Commissioner of Inland Revenue at: commissionerscorrespondence@ird.govt.nz.

Alternatively, under section 28(3) of the OIA, you have the right to ask the Ombudsman to investigate and review my decision. You can contact the office of the Ombudsman by email at: info@ombudsman.parliament.nz.

If you choose to have an internal review, you can still ask the Ombudsman for a review.

Publishing of OIA response

We intend to publish our response to your request on Inland Revenue's website (ird.govt.nz) as this information may be of interest to other members of the public. This letter, with your personal details removed, may 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 again for your request.

Yours sincerely



Andy Evans

Acting Customer Segment Leader, Small and Medium Enterprises