



12 September 2024

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 29 August 2024. You requested the following:

Could you please advise the total amount of mortgage interest claimed by property investors as an expense against their taxable income and how much of that has been accepted by IRD, each year for the last 6 years.

Information refused

Prior to the 2021-22 tax year, taxpayers were not required to explicitly disclose their residential property interest expenses to Inland Revenue. Consequently, your request for information relating to years prior to 2021-22 is refused under section 18(e) of the OIA as the information requested does not exist.

Information being released

The introduction of residential property interest limitation rules on 1 October 2021 changed the disclosure requirements in this area. Income tax returns were amended to ask for both the total residential interest expense and the amount of that expense that the taxpayer was claiming, noting that in all but certain circumstances (including where the loan was drawn down prior to 27 March 2021), part of these expenses were denied under the property interest limitation rules. The proportion of interest expense denied changes in each year of data. More information on the residential property interest limitation rules can be found on Inland Revenue's website (ird.govt.nz) or at [property interest limitation rules](#).

Claiming of an interest expense does not necessarily mean that the tax benefit of that claim is realised in the same year as it may result in a net loss which is carried forward into future years until there is a residential rental profit to offset it against.

The table below details, as at 2 September 2024, the aggregate value reported in the return key points for total interest on residential property and interest expenses claimed from the 2021-22 tax year onwards. Note that filing for the 2023-24 tax year is not complete; therefore, the figure provided for this year is a progress total.

These figures include both individual taxpayers and non-individuals (companies, superannuation funds, trusts, Māori Authorities and clubs/societies). The number of taxpayers is rounded to the nearest 100, and interest amounts are rounded to the nearest \$100,000.

Total interest on residential property and interest expense claimed reported on income tax returns

Tax year	Number of taxpayers	Total interest on residential property (\$m)	Interest expense claimed (\$m)
2021-22	150,670	1,793.0	1,514.1
2022-23	178,950	2,812.1	2,018.6
2023-24*	68,900	1,374.8	804.6

*progress total for incomplete year

Right of review

If you disagree with my decision to refuse an aspect of 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 (www.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 for your request.

Yours sincerely



Sandra Watson

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