

Question 14067 (2016): What was the total amount of rental losses declared on New Zealand rental properties in each of the last 5 financial years, if any, broken down by income decile of the taxpayer?

Reply:

The following tables provide information in response to written questions 14067 (2016) to 14071 (2016) inclusive. Tables 1 & 2 provide data on the amount of rental losses and profit declared, tables 3 & 4 provide data on the calculated tax amount from the reported rental profit and losses and table 5 provides the total number of taxpayers that reported rental losses.

The income decile boundaries are based on the net taxable income of all individual taxpayers broken down into ten equal sized groups, with decile 1 being the bottom 10% of income earners and decile 10 being the highest 10%. The boundaries were based on the net taxable income of taxpayers who either:

- filed a personal tax return (IR3) for that income year; or
- received a personal tax summary (PTS) for that income year; or
- paid PAYE via an employer for that income year, including recipients of taxable welfare benefits, New Zealand Superannuation, earnings-related ACC, student allowances and paid parental leave.

Rental data is obtained from the "net rents" disclosure on the IR3 tax return. This disclosure does not differentiate between rental types and the resulting data may include commercial as well as residential property. The tables do not include rental properties held indirectly through other entities such as companies or trusts.

Because New Zealand has a progressive personal tax scale, tax on rental income has been calculated as if that income was the last dollar earned. Rental losses can lead to a negative net tax result, as they provide an offset against tax on each claimant's other positive income.

Table 1: Total rental losses \$m

Income decile	2011	2012	2013	2014	2015
1	-110	-86	-71	-62	-68
2	-26	-17	-16	-16	-17
3	-18	-13	-11	-10	-11
4	-17	-14	-13	-12	-14
5	-27	-19	-18	-16	-20
6	-51	-36	-32	-31	-34
7	-62	-51	-44	-40	-45
8	-78	-71	-63	-58	-65
9	-99	-103	-92	-84	-91
10	-151	-190	-177	-164	-182
All	-638	-599	-536	-492	-547

Table 2: Total rental profit \$m

Income decile	2011	2012	2013	2014	2015
1	38	47	43	41	36
2	27	33	36	38	35
3	24	26	27	27	30
4	25	33	37	41	46
5	47	61	66	72	80
6	84	104	113	121	119
7	85	112	121	129	126
8	101	132	143	153	150
9	136	187	200	213	212
10	313	446	478	525	509
All	880	1,182	1,264	1,358	1,344

Table 3: Total tax on rental profit \$m

Income decile	2011	2012	2013	2014	2015
1	0	1	1	1	1
2	3	3	3	4	3
3	3	3	3	3	4
4	4	4	5	6	7
5	8	10	11	12	14
6	15	17	19	20	20
7	16	19	21	22	22
8	21	27	30	34	35
9	37	50	54	59	59
10	103	139	150	166	161
Total	209	272	297	325	326

Table 4: Total tax on rental losses \$m

Income decile	2011	2012	2013	2014	2015
1	-17	-13	-11	-9	-11
2	-4	-2	-2	-2	-2
3	-3	-2	-2	-2	-2
4	-3	-2	-2	-2	-3
5	-5	-3	-3	-3	-4
6	-10	-7	-6	-6	-7
7	-14	-11	-10	-9	-11
8	-23	-21	-19	-18	-20
9	-33	-33	-29	-27	-29
10	-53	-63	-58	-54	-60
Total	-167	-157	-143	-132	-149

Table 5: Number of taxpayers with rental losses

Income decile	2011	2012	2013	2014	2015
1	11,300	9,700	8,800	8,100	7,800
2	4,200	3,700	3,700	3,400	3,500
3	3,400	3,100	2,700	2,600	2,800
4	3,100	3,000	3,100	3,200	3,200
5	4,500	4,100	4,300	3,900	4,400
6	8,000	7,400	7,200	6,900	6,900
7	9,900	10,000	9,500	9,200	9,300
8	12,100	13,100	12,700	12,100	12,400
9	15,100	17,600	17,300	16,600	16,800
10	18,500	23,100	23,400	22,600	23,600
Total	90,100	94,800	92,700	88,600	90,700

Notes for all five tables:

1. Taxpayer counts have been rounded to the nearest hundred.
2. 2015 data is an incomplete progress total, with tax returns still being filed.