



4 February 2026

[Redacted]
[Redacted]

Dear [Redacted]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 21 January 2026 by way of transfer from the Ministry of Business, Innovation and Employment (MBIE). You requested the following:

No doubt MBIE have a librarian and a data base where studies of the 1986 GST exemption on residential rent and the value of that benefit to tenants has been examined. The study may well date back to when parliamentary counsel were instructed to draft the exemption which of course is in the GST Act of 1986. Hopefully there have been more recent studies given GST is now a substantial 15% and by obvious implication a real benefit to tenants. It is important to appreciate rent is GST exempt- not zero rated as is the case with commercial rent.

Information refused

Your request for documents relating to studies of the 1986 GST exemption on residential rent and the value of that benefit to tenants is refused under section 18(e) of the OIA, as the document alleged to contain the information requested does not exist or cannot be found. That is there have been no specific studies undertaken to identify what, if any, benefit has been afforded tenants due to the exemption of residential rents which has been in place since the introduction of GST.

However, in the spirit of the OIA, I can provide the following policy rationale for the exemption which remains relevant.

The exemption's intent is largely to ensure residential rent is treated equally to owner occupied housing. There is no GST on owner-occupied housing as there is no supply to another person.

I am including an extract from a 1985 – GST – White Paper, [1985] PROPOSALS FOR THE ADMINISTRATION OF THE GOODS AND SERVICES TAX, prepared before GST was introduced, that records the following detail:

SPECIAL FEATURES OF THE GST

Rental Transactions

17. The GST will not apply to the rental of residential dwellings. Thus, landlords will not be required to register with the Inland Revenue Department in respect of their residential dwelling rental activities. This exception to the taxation of goods and services supplied in New Zealand is being made because of the practical difficulty of collecting tax on rent.

This treatment also places persons renting out residential property and owner-occupiers on an equal footing. The special provisions required to give application to this treatment and to tax real estate transactions have not been included in the departmental draft legislation set out in Annex A. They will be formulated after consultation with interested parties.

For clarity, GST is applied to commercial rental arrangements. In instances where both the landlord (lessor) and tenant (lessee) are registered for GST, the lessor is responsible for charging and accounting for GST on the rent received. The lessee, being GST registered, can then claim back the GST paid as an input tax credit. This ensures that GST does not become a cost to GST-registered businesses leasing commercial premises, as the amount paid and claimed are offset through the GST system.

Also, there are different rules that ensure the construction of housing and that those who are in the business of short-stay accommodation and or buying and selling houses are subject to GST legislation.

Right of review

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

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



Graeme Morrison
Policy Lead