27OIA1003

Inland Revenue
Te Tari Taake

23 July 2026

[redacted]

Dear [redacted]

Thank you for your request made under the Official Information Act 1982 (OIA), transferred from the Minister of Revenue to Inland Revenue on 1 July 2026. You requested the following:

> *I refer to your letter below and previous OIA response provided late (in breach of OIA) that showed that for Tax Year 2024/25 (ending 31 Match 2025) IR3R Credits to be carried forward but owned by/ owed to Rental Property owners are:* ***$1,638,600,000.00.*** *I now request an <u>urgent update, under OIA of this value for year ending 31 March 2026</u>.?*

This request updates information for the 2023-24 March year previously provided by Inland Revenue in response to 25OIA2499.

Information being released

Although your request relates to the year ended 31 March 2026, return filing for the 2025–26 tax year is still being processed and is incomplete. For your convenience we have repeated the 2023-24 information in this response and have also provided the more complete 2024-25 interim year.

The following tables show, for each reported tax year (2025–26 incomplete), the number of taxpayers who recorded rental deductions being carried forward into future years on their tax return along with the aggregate value of those deductions. This information is derived from all income tax returns, so includes rental properties owned by individuals, trusts, companies, clubs and societies, and Māori Authorities.

Where a taxpayer also attached an IR3R form, which provides further detail on the number of rental properties, these have been counted and reported as the number of properties held. The IR3R is not compulsory and tends to only be provided by a subset of individuals, although a small number are also provided by trusts and Māori Authorities.

This 2024-25 and 2025-26 data were extracted from Inland Revenue systems on 06 July 2026. The number of taxpayers and number of properties has been rounded to the nearest 10, and the value of rental deductions carried forward has been rounded to the nearest $0.1 million.

All figures may change as additional returns are received and processed, and as existing returns are amended.

Table 1: Rental deductions on 2023-24 tax year returns being carried forward into the following year

(previously released in response to 25OIA2499)

	Number of taxpayers with a carried forward deduction	Value of rental deductions carried forward ($m)	Number of properties
IR3R filed	13,380	173.3	16,400
No IR3R filed	91,060	1,465.3	N/A
Total	**104,440**	**1,638.6**	N/A

Table 2: Rental deductions on 2024-25 tax year returns being carried forward into the following year

	Number of taxpayers with a carried forward deduction	Value of rental deductions carried forward ($m)	Number of properties
IR3R filed	26,430	340.3	32,550
No IR3R filed	136,620	2,438.0	N/A
Total	**163,050**	**2,778.0**	N/A

Table 3: Rental deductions on 2025-26 tax year returns being carried forward into the following year (incomplete progress totals)

	Number of taxpayers with a carried forward deduction	Value of rental deductions carried forward ($m)	Number of properties
IR3R filed	16,380	253.0	19,740
No IR3R filed	31,660	491.0	N/A
Progress Total	**48,040**	**743.0**	N/A

Comments on year-on-year changes

As shown in Tables 1 and 2, there is a notable increase in the totals for the 2024-25 tax year compared to the 2023-24 tax year. Inland Revenue has not undertaken analysis to determine all of the reasons for this increase. However, several factors may have contributed to the change.

One relevant factor is the change to the residential property interest limitation rules. For the 2024–25 tax year, 80% of interest incurred from 1 April 2024 to 31 March 2025 was generally deductible for residential rental property, subject to any applicable exceptions. This was a change from the more restrictive settings that applied in the 2023-24 tax year, where generally only 50% of interest was deductible for affected pre-27 March 2021 property loans and interest on loans drawn down after 27 March 2021 was not deductible. An increase in deductible interest could increase the amount of rental deductions reported and, where those deductions exceed rental income, the amount carried forward.

Other rental property costs such as rates and insurance may also have increased over the period.

Differences between years may be affected by return filing patterns, amendments, and the completeness of the data available at the time of extraction.

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

Sandra Watson
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