



25 June 2021

Dear Ms [REDACTED]

Thank you for your Official Information Act (OIA) request of 25 May 2021, made to the Ministry of Housing and Urban Development and transferred to Inland Revenue on 27 May 2021. You requested:

An update of the Residential Time Series Graph information on residential rental income, last provided to us on 24 April 2018. This also included a table of the total Net Rental Income by Tax year from 1981. The information for tax years ended 2019 and 2020 would be sufficient.

Before 2019/20, the rental income data was collated from the 'net rents' question on IR3 personal tax returns and, for other entities, from net profits where that entity had described their industry as residential rentals. Some commercial or other non-residential rental activity may be included in the personal data. For other entities, some other forms of business income may also be included.

From 2019/20, residential property loss ringfencing¹ has applied. This new policy resulted in significant changes to income tax returns, specifically regarding ringfenced residential rental income or losses. Net ringfenced income is now explicitly disclosed on tax returns, and includes rental flows and net income derived from the disposal of (ringfenced) residential properties, particularly under the bright-line rules.

Other rental income not caught by the residential rental ringfencing rules² remain with a similar treatment to prior years: information is collected as 'other rents' from natural persons on IR3 returns and 'other business or rental activity' from other entities. These fields do not include non-ringfenced property sales, which are asked for separately.

The structural breaks in the data supply have affected the residential rental time series that we were previously able to provide. To respond to your request, two data series have been provided as Appendix A: one series with the 'other rents' data in 2019/20 excluded, and the second series with the 'other rents' data of 2019/20 included. For 2019/20, both series include the tax impact of the sale of ringfenced property, which was not included in previous years.

The graphs for the corresponding data series are provided in Appendix B.

¹ Ringfenced properties are primarily residential rentals.

² Examples of non-ringfenced rental income are commercial rental properties (to the extent that our industry code approach did not filter these out), holiday homes taxed under the mixed-use asset rules, and rental properties, residential or otherwise, held on revenue account.

Thank you for your request.

Yours sincerely



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Forecasting & Analysis Manager

Attached:

- Appendix A
- Appendix B

Appendix A

| Tax year ending March | IR3, IR4 & IR6, excluding 2020 'other rents' box | | | IR3, IR4 & IR6, including 2020 'other rents' box | | |
|-----------------------------|--|----------------------------------|-------------------------|--|----------------------------------|-------------------------|
| | Total rental profits \$m | Total rental losses \$m | Total net rental \$m | Total rental profits \$m | Total rental losses \$m | Total net rental \$m |
| 1981 | 116 | -20 | 96 | 116 | -20 | 96 |
| 1982 | 131 | -26 | 105 | 131 | -26 | 105 |
| 1983 | 156 | -23 | 133 | 156 | -23 | 133 |
| 1984 | 181 | -26 | 155 | 181 | -26 | 155 |
| 1985 | 212 | -29 | 183 | 212 | -29 | 183 |
| 1986 | 255 | -36 | 219 | 255 | -36 | 219 |
| 1987 | 296 | -44 | 252 | 296 | -44 | 252 |
| 1988 | 342 | -41 | 301 | 342 | -41 | 301 |
| 1989 | 399 | -62 | 338 | 399 | -62 | 338 |
| 1990 | 439 | -46 | 393 | 439 | -46 | 393 |
| 1991 | 264 | -78 | 186 | 264 | -78 | 186 |
| 1992 | 272 | -89 | 183 | 272 | -89 | 183 |
| 1993 | 305 | -92 | 214 | 305 | -92 | 214 |
| 1994 | 336 | -86 | 250 | 336 | -86 | 250 |
| 1995 | 339 | -121 | 218 | 339 | -121 | 218 |
| 1996 | 355 | -202 | 153 | 355 | -202 | 153 |
| 1997 | 410 | -321 | 89 | 410 | -321 | 89 |
| 1998 | 437 | -398 | 39 | 437 | -398 | 39 |
| 1999 | 434 | -458 | -23 | 434 | -458 | -23 |
| 2000 | 514 | -430 | 84 | 514 | -430 | 84 |
| 2001 | 510 | -511 | 0 | 510 | -511 | 0 |
| 2002 | 622 | -488 | 134 | 622 | -488 | 134 |
| 2003 | 745 | -482 | 263 | 745 | -482 | 263 |
| 2004 | 892 | -535 | 357 | 892 | -535 | 357 |
| 2005 | 943 | -671 | 272 | 943 | -671 | 272 |
| 2006 | 1,033 | -872 | 161 | 1,033 | -872 | 161 |
| 2007 | 1,086 | -1,034 | 52 | 1,086 | -1,034 | 52 |
| 2008 | 1,089 | -1,335 | -247 | 1,089 | -1,335 | -247 |
| 2009 | 1,034 | -1,591 | -557 | 1,034 | -1,591 | -557 |
| 2010 | 1,193 | -1,285 | -92 | 1,193 | -1,285 | -92 |
| 2011 | 1,229 | -1,147 | 82 | 1,229 | -1,147 | 82 |
| 2012 | 1,695 | -749 | 946 | 1,695 | -749 | 946 |
| 2013 | 1,839 | -671 | 1,168 | 1,839 | -671 | 1,168 |
| 2014 | 1,950 | -610 | 1,340 | 1,950 | -610 | 1,340 |
| 2015 | 1,961 | -693 | 1,268 | 1,961 | -693 | 1,268 |
| 2016 | 2,021 | -782 | 1,239 | 2,021 | -782 | 1,239 |
| 2017 | 2,225 | -751 | 1,475 | 2,225 | -751 | 1,475 |
| 2018 | 2,363 | -758 | 1,605 | 2,363 | -758 | 1,605 |
| 2019 | 2,430 | -804 | 1,626 | 2,430 | -804 | 1,626 |
| 2020 | 1,380 | -535 | 845 | 2,920 | -772 | 2,148 |

Appendix B



