QUICK CLAIM GUIDE: RENTAL PROPERTIES

Here's a quick list of common items that you can claim regarding your rental property:

Insurance and rates – You can claim the cost of insuring your rental property and the rates for the property.

Interest – The Government intends to remove the ability to deduct interest as an expense from income arising from residential property. For residential property acquired on or after 27 March 2021, interest will not be able to be deducted from 1 October 2021.For properties acquired before 27 March 2021 the ability to deduct interest will be phased-out over 4 years from 1 October 2021 as shown in the table below.

Date interest incurred	Percent of interest you can claim
1 April 2020 to 31 March 2021	100%
1 April 2021 to 31 March 2022 (transitional year)	1 April 2021 to 30 September 2021 – 100% 1 October 2021 to 31 March 2022 – 75%
1 April 2022 to 31 March 2023	75%
1 April 2023 to 31 March 2024	50%
1 April 2024 to 31 March 2025	25%
From 1 April 2025 onwards	0%

Fees and commission – You can claim fees or commission paid to agents who collect the rent, maintain your rental, or find tenants for you.

Legal fees – For example, buying or selling the property, if your total legal expenses for the income year are $10,000 or less.

Fees paid to accountants – You can claim the fees you pay for your accounts to be managed, tax returns to be prepared and any advice you take (does not include the costs involved in setting up your rental property).

Repair and maintenance costs – You can claim the costs for any repairs to the property or general maintenance, i.e.. replacing a broken shower head or plastering and painting a crack in the wall. However, if you're doing the work yourself, you can only claim for materials – not your time.

If the work is more of an improvement than a repair, then you can't claim the cost as an expense. For example, if you take down a damaged wall and put in a conservatory in its place.
The distinction between the two can be tricky and if you're unsure, we can talk you through it.

Motor vehicle expenses – You can claim for motor vehicle expenses, such as running costs for travelling to inspect your property, or to do repairs. There are two options for claiming these: you can either use mileage rates as per IRD or claim a percentage of the total running costs and depreciation.

Travel expenses – If your rental property is somewhere in New Zealand other than where you live, you may have to travel to do property inspections and maintenance. If you travel using your own transport and the trip is solely to inspect or do maintenance on the rental property, the cost is usually fully deductible. These can include Airfares, taxis, rental car hire, overnight accommodation, etc.

Other fees–These can include:

- Arranging a mortgage to finance the rental property.
- Drawing up a tenancy agreement.
- Ongoing administration costs for the mortgage.
- Getting a valuation required to obtain a mortgage (a valuation acquired for insurance purposes is not deductible).
- Taking legal action to recover unpaid rent.
- Evicting a tenant.

Depreciation–This covers the cost of wear and tear, and general aging of assets used to produce the income. These can include a deduction on any furniture or fittings that you've bought for the rental. You cannot claim depreciation on the rental's land or buildings.