

Rental Investment Properties – How they are impacted by the 2024 Government Budget Changes

The government has made a range of changes to rental investment properties in the 2024 budget. These changes are for the better for both landlords and tenants and help address housing affordability and make it more appealing to investors looking to purchase rental investment properties.

Mortgage Interest Deductibility:

Mortgage Interest Deductibility allows property investors to subtract the interest they pay on the mortgages used to purchase the rental investment properties. This is now being phased back in.

This table shows the % of mortgage interest you can currently claim unless you have an exemption.

Mortgage Interest deductibility %	
Financial year	Tax Rate
Last financial year - FY2024	50.0%
1 April 2024 to 31 March 2025 - FY2025	80.0%
1 April 2025 to 31 March 2026 - FY2026	100.0%

- **What interest is deductible on a rental property and why was it reinstated?**

Restoration of the No-Cause Eviction Laws:

- **What this is and why it was reinstated?**

Notice to terminate tenancy:

- **How many days does a landlord have to give a tenant if they wish to sell or renovate the property?**

Pet Bonds:

- **What are Pet Bonds and how do they work?**

Brightline Property Tax Rule:

- What is the bright-line property rule for 2024? What happened to this rule on 01 July 2024?

Tax Rate(s) on Rental Investment income in NZ:

The income tax brackets changed during the 2024/25 financial year. The date the change was effective from is 31 July 2024. This table below shows the tax brackets and rates for this financial year.

From 1 April 2024 to 31 March 2025	
For each dollar of income	Tax Rate
0 - \$14,000	10.5%
\$14,000 - \$15,600	12.82%
\$15,601 - \$48,000	17.5%
\$48,001 - \$53,500	21.64%
\$53,501 - \$70,000	30%
\$70,001 - \$78,100	30.99%
\$78,101 - \$180,000	33%
\$180,000 and over	39%

This table shows the new tax brackets from 1 April 2025 onwards, which is next financial year (2025/26).

From 1 April 2025	
For each dollar of income	Tax Rate
0 - \$15,600	10.5%
\$15,601 - \$53,500	17.5%
\$53,501 - \$78,101	30%
\$78,101 - \$180,000	33%
\$180,000 and over	39%

The tax rate for a registered company is a flat rate of 28% and is taxed on the net profit at the end of the financial year.

Using KiwiSaver for Rental Bonds:

- What are these and what happens at the end of the tenancy to the KiwiSaver funds?

- Is there a negative impact on investment if using KiwiSaver for a Rental Bond?

Roll-over of Fixed Term Tenancies:

- **The Government has ended automatic roll-over of fixed-term tenancies.**

ACTIONS - TO DO LIST:

Is there anything you need to do with either working towards purchasing a rental investment property or the one(s) you already own?

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Do one thing right now!!! Write it down!

Please don't hesitate to reach out for further info.

Here's my Virtual Summit Promo info:

<https://www.everycentaccounts.nz/virtual-summit-promo>

Thank you,

Samantha Ngan
Business Owner/Director
Every Cent Accounts Ltd