



# Briefing

<b>Design of the interest limitation rules and additional bright-line rules – Summary of draft discussion document and next steps</b>			
<b>Date:</b>	27 May 2021	<b>Security level:</b>	In Confidence
<b>Priority:</b>	Medium	<b>Report number:</b>	BRF20/21050977

<b>Action sought</b>		
	<b>Action sought</b>	<b>Deadline</b>
Hon Dr Megan Woods <b>Minister of Housing</b>	Authorise the attached Cabinet paper for lodgement	10am Thursday 3 June
Hon Poto Williams <b>Associate Minister of Housing (Public Housing)</b>	Note the contents of this briefing in relation to public housing and retirement villages	
Hon Peeni Henare <b>Associate Minister of Housing (Māori Housing)</b>	Note the contents of this briefing in relation to Māori land and housing	

<b>Contact for discussion</b>				
<b>Name</b>	<b>Position</b>	<b>Telephone</b>		<b>1<sup>st</sup> contact</b>
Fiona McCarthy	Principal Policy Advisor	04 832 2594	s 9(2)(a)	✓
Claire Solon	Kaiaki		s 9(2)(a)	

<b>Other agencies consulted</b>
Inland Revenue has prepared the discussion document with HUD, Treasury and Te Puni Kōkiri

## Minister's office to complete

<input type="checkbox"/> Noted <input type="checkbox"/> Seen <input type="checkbox"/> Approved <input type="checkbox"/> Needs change <input type="checkbox"/> Not seen by Minister <input type="checkbox"/> Overtaken by events <input type="checkbox"/> Declined <input type="checkbox"/> Referred to (specify)  _____	<b>Comments</b>          
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**Date returned to HUD:**

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# Briefing

## Design of the interest limitation rules and additional bright-line rules – Summary of draft discussion document and next steps

**For:** Hon Dr Megan Woods – Minister of Housing, Hon Poto Williams – Associate Minister of Housing (Public Housing), Hon Peeni Henare – Associate Minister of Housing (Māori Housing)

**Date:** 27 May 2021

**Security level:** In Confidence

**Priority:** Medium

**Report number:** BRF20/21050977

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### Purpose

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1. This briefing:
  - a. provides a summary of the proposals contained in the draft discussion document on the proposed interest limitation rules and additional changes to the bright-line rules, focusing on the key points of relevance for housing Ministers.
  - b. seeks the Minister of Housing's agreement to lodge the attached draft Cabinet paper (jointly with the Ministers of Finance and Revenue) informing Cabinet of the proposals in the discussion document.
  - c. sets out next steps for consultation and finalising the proposed rules, as well as the proposed communications approach for the discussion document.
2. The draft discussion document will be separately provided to Ministers Woods', Williams' and Henare's offices.

### Recommended actions

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3. It is recommended that the Minister of Housing:
  1. **Agree** to lodge the attached Cabinet paper by 10am on Thursday 3 June for consideration by Cabinet on Tuesday 8 June. *Agree / Disagree*



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Claire Solon  
**Kaiaki, Ministry of Housing and Urban  
Development**

27 / 05 / 2021

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Hon Dr Megan Woods  
**Minister of Housing**

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4. It is recommended that the Associate Minister of Housing (Public Housing) and Associate Minister of Housing (Māori Housing):

2. **Note** the contents of this briefing.

*Noted*

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Hon Poto Williams  
**Associate Minister of Housing (Public Housing)**

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Hon Peeni Henare  
**Associate Minister of Housing (Māori Housing)**

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## **Background**

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5. On 8 March 2021, Cabinet agreed in principle to limit deductions for interest incurred on residential investment property and to exempt new builds from both the proposed interest limitation rules and the extended bright-line test (CAB-21-MIN-0045 refers). These decisions were announced on 23 March 2021 as part of the Government's housing package and the extension to the bright-line test was subsequently legislated.
6. The draft discussion document seeks public feedback on the design of the proposed interest limitation rules as well as some additional changes to the bright-line rules that have not yet been legislated. The discussion document has been developed by Inland Revenue and the Treasury. Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) has assisted Inland Revenue and the Treasury in developing the discussion document.
7. Te Puni Kōkiri has also assisted with regards to Māori housing and land, and Inland Revenue has also had discussions with the Māori Land Court and Te Arawhiti.
8. Inland Revenue and the Treasury have provided a separate cover briefing for the discussion document and the draft Cabinet paper to the Ministers of Finance and Revenue. This briefing will be referred to Ministers Woods, Williams and Henare. It contains more detail from a tax perspective, which is less directly relevant to housing Ministers.

## **Summary of the interest limitation proposal**

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9. The proposed interest limitation rules would restrict the deductibility of interest expense incurred by residential property investors from 1 October 2021. For properties acquired on or after 27 March 2021, interest deductions will be restricted entirely from 1 October 2021. For properties acquired before 27 March, interest deductions will be phased out from 1 October 2021 to 31 March 2025.
10. Property developers and owners of new builds will be exempt from the proposed interest limitation rules. New builds will also be subject to a five-year bright-line rather than the standard ten-year test.
11. Annex A summarises the proposals contained in the discussion document. Key points to note are:

### *Māori land and housing*

- The discussion document does not contain any specific proposals regarding the application of the tax rules to Māori land. Instead, feedback is sought to determine how

the proposals would affect Māori housing (on Māori land and on general title land) and whether different tax treatment is necessary for Māori land.

- Te Puni Kōkiri advises that it does not expect significant adverse impacts for Māori land or entities from the changes to the bright line and interest deductibility. Rental housing provided through any Māori organisation with charitable status is not affected, but there may be some tax implications for rental housing provided through a Māori authority or a company.
- The document notes that a carveout may be appropriate for papakāinga and kaumatua housing, recognising the importance of this housing provision for Māori social and economic outcomes. Feedback is sought on this.
- HUD and Te Puni Kōkiri will support Inland Revenue to engage with Te Matapihi and other Māori entities to obtain feedback on the financial and ownership structures commonly used for different forms of Māori housing. This will inform development of specific tax policy proposals.

#### *Kāinga Ora, Community Housing Providers and retirement villages*

- The discussion document proposes that Kāinga Ora and its wholly owned subsidiaries will not be subject to the interest limitation rules.
- Community housing providers will not be affected by the interest limitation rules if they are registered charities or otherwise tax exempt. Almost all CHPs fall into these two categories.
- It is proposed that retirement villages and rest homes be excluded from the scope of the interest limitation rules.

#### *Purpose-built rental*

- There are no specific proposals in the discussion document regarding the purpose-built rental sector, however, the development exemption and new build exemption will both apply to purpose-built rentals. The sector will have the opportunity to submit on the discussion document if they consider different treatment for purpose-built rentals is necessary to support the sector. HUD will provide further advice on the potential impact of interest deductibility changes on purpose-built rentals on 17 June.

#### *New build exemption*

- The new build exemption may be somewhat wider than initially anticipated. The discussion document proposes the exemption also apply to an existing dwelling that is split into multiple separate dwellings. The rationale is that this may increase housing supply by enabling more households to occupy a space previously occupied by a single household. HUD is comfortable with this proposal, as it supports increasing housing supply.

### **Next steps and communications approach**

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12. Annex B contains a draft Cabinet paper to enable the Ministers of Revenue, Finance and Housing to inform Cabinet of the proposals in the discussion document. We recommend that the Minister of Housing authorise this paper for lodgement by 10 am on Thursday 3 June for consideration by Cabinet on Tuesday 8 June. The discussion document would then be released on or shortly after 9 June. Five weeks are planned for public consultation on the proposals, however, the exact length of the consultation period will depend on when the discussion document is released.
13. HUD and Inland Revenue are developing a communications plan for the release of the discussion document. We understand that the Minister of Revenue may issue a press release. Inland Revenue will release the discussion document on its website, and HUD will notify property and housing sector stakeholders, and invite them to provide feedback. We will

also use Construction Sector Accord communications to notify construction sector players. HUD and Te Puni Kōkiri will coordinate on engagement with Māori stakeholders.

14. The discussion document itself is unavoidably complex because of the nature of the material. Summary factsheets and/or short videos will be available on the Inland Revenue website to provide an overview for interested parties who may not wish to engage with the full document. Inland Revenue is also planning to hold webinars.
15. Agencies anticipate that because of the level of detail inherent in the proposals, submissions are likely to come predominantly from tax professionals, peak bodies and large players in the property and construction sectors, rather than individual investors.
16. There may be some media comment on release of the discussion document. HUD can provide reactive communications materials to Ministers' offices.
17. The next steps following the closing date for submissions are as follows:
  - 2 September – Report on submissions and final policy approval for design with draft Cabinet paper.
  - 16 September – Lodgement of Cabinet paper.
  - 22 September – Consideration by the Economic Development Committee (DEV).
  - 27 September – Consideration by Cabinet.
  - Late September – [REDACTED] s 9(2)(f)(iv) [REDACTED]  
[REDACTED]
18. [REDACTED] s 9(2)(f)(iv) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

## Annexes

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19. Annex A – Summary of the discussion document
20. Annex B – Draft Cabinet paper – “Release of Discussion Document – Design of the interest limitation and additional bright-line rules”

## Annex A: Summary of the discussion document

Property subject to interest limitation	Property not subject to interest limitation	Māori land
<p>Chapter 2 of the discussion document sets out the types of property subject to and exempt from the interest limitation rules. Residential property will be subject to the interest limitation rules while other types of property (i.e. commercial) will not be subject to the rules.</p> <p>Existing definitions in the Income Tax Act 2007 (ITA) of “residential land” and “dwelling” will be used as a starting point for determining whether a property is subject to the interest limitation rules. Modifications to these definitions for the purposes of the interest limitation rules will be made where necessary to ensure the rules achieve their intention.</p> <p>Generally a “dwelling” will be any place configured as a residence or abode (regardless of whether it is used as a residence or abode). “Residential land” is generally any land with a dwelling on it. However, it also includes bare land where a dwelling can be erected under the relevant district plan and land for which the owner has an arrangement that relates to erecting a dwelling.</p>	<p>In addition to non-residential properties, chapter 2 also proposes that the following types of properties be specifically excluded from the scope of the interest limitation rules:</p> <ul style="list-style-type: none"> <li>• Hospitals, hospices and nursing homes</li> <li>• Hotels, motels, inns, boardinghouses and hostels</li> <li>• Farmland (including dwellings on farmland)</li> <li>• Business premises (unless the business is providing accommodation in a dwelling) <ul style="list-style-type: none"> <li>○ Feedback is sought on the treatment of mixed buildings that comprise business premises and a dwelling on the same title</li> </ul> </li> <li>• Rest homes and retirement villages</li> <li>• Student accommodation</li> <li>• Campgrounds</li> <li>• Main homes to the extent there is an income earning use (interest related to private use is already non-deductible)</li> <li>• Employee accommodation (with appropriate integrity measures to prevent the exemption being exploited)</li> <li>• Residential property located outside New Zealand</li> </ul>	<p>Chapter 2 also includes discussion on Māori land, however, no specific rules are proposed at this stage. Instead, further information is sought on the structures used to hold Māori land and how Māori land is used. In particular, feedback is sought on papakāinga and kaumatua housing. This feedback will help to inform final decisions made on the application of the interest limitation rules to Māori land.</p> <p>Where Māori land is held through a non-taxable entity (i.e. a registered charity) there will be no impacts from the interest deductibility proposal. However, the interest deductibility proposal may affect Māori land held in a taxpaying structure (for example, a Māori authority or a company).</p> <p>Chapter 10, which discusses rollover relief (see below), also seeks feedback on whether the proposed rollover relief provisions are appropriate for Māori land.</p>

Entities affected by interest limitation	Disposal of property subject to interest limitation	Development exemption
<p>Chapter 3 discusses the types of entities that will be subject to the interest limitation rules. The rules will apply to all individuals, trusts and partnerships that hold residential properties.</p> <p>Companies will generally be exempt from the interest limitation rules in order to reduce compliance costs for companies whose main business does not involve residential land. However, close companies (a company where 5 or fewer individuals directly or indirectly hold more than 50% of the company) and residential land-rich companies (a company where the value of its residential land comprises over 50% of the value of its total assets) will be subject to the interest limitation rules.</p> <p>Community housing providers (CHPs) will not be affected by the rules if they are charities (and therefore exempt from income tax). An additional tax exemption is also available for some CHPS that are not charities. However, CHPS that are not charities nor subject to this tax exemption may be affected by the interest limitation rules.</p> <p>The discussion document proposes to exclude Kāinga Ora and its wholly owned subsidiaries from the interest limitation rules. Feedback is sought on whether there are any other entities that should be excluded from the interest limitation rules.</p>	<p>Chapter 5 discusses the treatment of denied interest when a property that was subject to the interest limitation is sold. Two main options are discussed:</p> <ul style="list-style-type: none"> <li>• Interest deductions are denied forever.</li> <li>• Interest deductions are deferred until disposal of the property. <ul style="list-style-type: none"> <li>○ This could be limited to taxable disposals (i.e. disposals within the ten-year bright-line period), recognising that the interest was incurred in making a taxable gain.</li> <li>○ Alternatively, it could include non-taxable disposals to the extent the denied interest exceeds the non-taxable gain (i.e. if the gain is \$50,000 and interest is \$60,000, a deduction of \$10,000 would be allowed), recognising that the excess interest related to the taxable rental income rather than the non-taxable capital gain.</li> </ul> </li> </ul> <p>No preferred option is presented in the chapter and feedback is sought on what option is most appropriate. Denying deductions forever may have the largest housing market impact. However, deferring interest until disposal would be most consistent with tax policy principles.</p>	<p>Chapter 6 discusses the proposed exemption from the interest deductibility rules for property developers and other people undertaking development activities.</p> <p>In general, anyone undertaking development activities will need to pay tax on sale of the properties they sell. However, it is not a pre-requisite for the eventual sale to be taxable for the development exemption to apply.</p> <p>The exemption will apply to development activities undertaken by anyone with a business of developing. The exemption will apply to both development activities undertaken by these businesses that leads to the creation of new housing and development activity that, despite not creating new housing, improves or extends the life of existing housing (remediation work)</p> <p>The exemption will also apply to one-off developments undertaken by someone that does not have a business of developing. Feedback is sought on whether remediation work undertaken by someone who does not have a business of developing should qualify for the exemption.</p> <p>Developments where the developer holds and rents out the property rather than selling it will also qualify for the exemption. However, the land owner will transfer into the new-build exemption once construction is complete.</p>

Definition of “new build”	New build exemption	Five-year bright-line for new builds
<p>Chapter 7 discusses how to define a new build for the purposes of the new build exemption from interest limitation (chapter 8) and the five-year bright-line for new build properties (chapter 9). The chapter discusses three classes of new build properties, simple new builds, complex new builds and commercial to residential conversions.</p> <p>Simple new builds are properties where the only dwellings on it are new builds. This includes, adding a dwelling to bare land or replacing an existing dwelling with one or more new dwellings. This would include one-for-one replacements as, even though housing supply is not increased, it would be too administratively difficult to not apply the exemption in this case.</p> <p>Complex new builds are where a new dwelling is added to a property with an existing dwelling on it. For example, adding a separate standalone dwelling next to an existing dwelling or adding an extra floor configured and used as a separate dwelling.</p> <p>Given the existence of an existing dwelling, complex new builds will require more complex tax treatment than simple new builds or commercial to residential conversions.</p>	<p>Chapter 8 discusses how the new build exemption from interest limitation will work. Three main options are considered for the exemption and feedback is sought on which is most appropriate:</p> <ul style="list-style-type: none"> <li>• The exemption applying for the entire ownership period of initial or early owners of new build properties (i.e. anyone who purchases the property up to 12 months after code compliance). The exemption would not apply to subsequent purchasers of the property.</li> <li>• The exemption applying to the initial and subsequent owners for a fixed time period (i.e. 10 or 20 years) from the date of code compliance. For example, if the time period was 20 years and the initial owner sells after 7 years, the second owner would be able to deduct interest for the next 13 years.</li> <li>• The exemption applying for the entire ownership period of initial or early owners and for a fixed time period from the date of code compliance for subsequent purchasers (whichever is longer).</li> </ul> <p>The exemption will apply to properties with Code Compliance Certificates (CCC) issued on or after 27 March 2021. As a transitional rule, the exemption will also apply to properties acquired on or after 27 March 2021 with CCC issued before 27 March (so long as the acquisition is within 12 months of the CCC being issued). For these transitional properties the exemption will only apply to initial or early owners even if the exemption applies more broadly to subsequent purchasers for other new builds.</p> <p>The discussion document also discusses apportionment rules for when interest relates to both a new build and an existing dwelling.</p>	<p>Chapter 9 discusses the design of the five-year bright-line for new build properties. Other than the time length, the design of the new-build bright-line will have the same features as the ten-year bright-line.</p> <p>The new-build bright-line will only apply to early or initial owners of new-build properties. Someone who acquires a property more than a year after the CCC is issued will be subject to the ten-year bright-line.</p> <p>The start of the bright-line period (five or ten years) will always be the acquisition date of the land. If a person adds a new-build to a property it will switch to being subject to the five-year test with the start of this test being their original acquisition date for the property.</p> <p>The chapter also includes some discussion of apportionment rules for properties sold between 5 and 10 years that contain both a new build and an existing dwelling.</p>

## Technical issues

Rollover relief	Implications for residential loss ring-fencing rules	Other matters
<p>Chapter 10 considers whether rollover relief should be provided to certain disposals of land that would otherwise result in interest deductions being denied or the bright-line test applying. Rollover relief would treat the transferee as having acquired the land on the date the transferor originally acquired the land and for the same price.</p> <p>For interest limitation, rollover relief is mainly relevant during the four year phase in period for properties acquired before 27 March 2021. It may also be relevant if the new-build exemption applies to early or initial owners only and not also subsequent purchasers.</p> <p>The discussion document primarily focusses on rollover relief in situations where the legal ownership of land has changed but effective economic ownership has remained the same (i.e. putting a property into a trust).</p> <p>Family arrangements where parents may help a child onto the property ladder by purchasing a property with them and later transferring their share to their child have not been addressed in this chapter. However, the chapter indicates that further work will be undertaken on this at a later date.</p>	<p>Chapter 12 discusses the interactions between the existing residential loss ring-fencing rules and the proposed interest limitation rules.</p> <p>The residential loss ring-fencing rules were introduced in 2018 to reduce the tax benefits for property investors compared to owner-occupiers. The rules prevent investors from deducting expenditure relating to their loss-making residential investment properties from their other income (for example, salary or wages, or business income), to reduce their tax liability. Instead losses made on residential investment properties are ring-fenced and can only be used against profits made on residential investment properties.</p> <p>The chapter discusses some technical issues with the interactions between the loss ring-fencing and interest limitation rules. It also seeks feedback on whether the new-build exemption should be extended to the residential loss ring-fencing rules to give owners of new-builds in a tax loss position the full benefit of their interest deductions.</p>	<p><u>Interest allocation</u></p> <p>Chapter 4 discusses how to allocate interest expenditure between non-deductible residential property purposes and deductible purposes. It proposes using a “tracing” approach in most circumstances. This is consistent with existing tax approaches.</p> <p><u>Interposed entities</u></p> <p>Chapter 11 proposes rules to prevent avoidance of the interest limitation rules through the use of an interposed entity (i.e. borrowing money to acquire shares in a company that purchases residential land).</p> <p><u>Interaction with the mixed-use asset rules</u></p> <p>Chapter 13 discusses how the interest limitation rules would interact with the existing mixed-use asset tax rules that apply to assets that have some private use, some taxable use and some days of non-use.</p> <p><u>Administration</u></p> <p>Chapter 14 discusses how IRD will administer the new interest limitation rules. It includes discussion of the information IRD will require to enforce the new rules including any additional information taxpayers will be required to provide in their tax returns.</p>

**Annex B: Draft Cabinet paper**

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In Confidence

Minister of Finance

Minister of Housing

Minister of Revenue

Chair, Cabinet

## **Release of Discussion Document – Design of the interest limitation and additional bright-line rules**

### **Proposal**

1. Cabinet previously agreed in principle to limit deductions for interest incurred on residential investment property and to exempt new builds from both the proposed interest limitation rules and the extended bright-line test. Cabinet also directed officials to consult with stakeholders on the design details before seeking final decisions from Cabinet (CAB-21-MIN-0045 refers). Attached to this paper is a draft Discussion Document on the detailed design of the rules. Minor changes may be made to the Discussion Document before it is released.
2. We intend to release the Discussion Document *Design of the interest limitation and additional bright-line rules* in June, followed by 5 weeks for consultation. The aim is for Cabinet consideration of the final policy design to occur on 27 September, and s 9(2)(f)(iv)
3. The Discussion Document consults on:
4. **Residential property affected by the interest limitation rules (chapter 2).** The chapter proposes that the rules would cover residential property located in New Zealand. It outlines the issues in defining the types of property that would be impacted by the rules. The chapter proposes that a main home used to earn income would not be subject to the rules. In other words, an owner-occupier who rents out part of their home can continue to deduct interest against that rental income.
5. **Entities affected by the interest limitation rules (chapter 3).** The chapter proposes, as a starting point, that all taxpayers would be subject to the interest limitation rules. However, companies are generally allowed deductions for interest without needing to trace the use of their borrowed funds. It is proposed that the interest limitation rules would override this general rule for closely-held companies and residential investment property-rich companies, so that taxpayers cannot get around the rules by using such companies to borrow to acquire residential investment property. The chapter also proposes that the rules would not apply to Kāinga Ora and its wholly-owned subsidiaries.

6. **Interest subject to limitation (chapter 4).** Where a loan is used for a mixture of taxable and non-taxable purposes it is already necessary to trace what the loan is used for to determine deductibility (unless the borrower is a company). This chapter proposes the same approach be applied for loans used to fund residential investment property. It also covers refinancing an existing loan and transitional issues relating to debt drawn down on properties acquired before 27 March 2021.
7. **Disposals of property subject to interest limitation (chapter 5).** This chapter considers whether interest deductions should be allowed in some cases when capital gains are taxed upon the disposal of a property. Allowing interest to be deducted on disposal where capital gains are taxable would better align the rules with income tax principles, by allowing expenses to be recognised when income is fully taxed.
8. **Exemption for property development (chapter 6).** The Government has decided in-principle that property development should be exempt from the proposed interest limitation rules. This is consistent with the policy objective of increasing housing supply through the construction of new builds. This chapter considers the definition of “development” and the scope of the development exemption. It also considers options for applying the exemption to one-off developments and to land dealers.
9. **Exemption for new builds (chapters 7, 8 and 9).** The Government has decided that newly-built residential properties should be exempt from the proposed interest limitation rules, and that a 5-year bright-line test will apply to new builds instead of the extended 10-year bright-line test. Chapter 7 proposes a definition of a “new build” for these purposes; chapter 8 considers the design of the new build exemption from the proposed interest limitation rules; and chapter 9 considers the design of the 5-year new build bright-line test.
10. **Rollover relief (chapter 10).** This chapter proposes some limited rollover relief to deal with transfers to trusts, as well as transfers where there is no significant change in ownership. Rollovers are disposals that are disregarded for the purposes of applying some provisions. The chapter is relevant to both the proposed interest limitation rules and the bright-line test.
11. **Technical design issues (chapters 11, 12 and 13).** Chapter 11 proposes interposed entity rules. These rules would ensure that taxpayers cannot claim interest deductions for borrowings used to acquire residential investment property indirectly through an interposed entity. Chapters 12 and 13 cover how the interest limitation rules would interact with other tax rules such as the rental loss ring-fencing rules (which restrict the tax benefits of residential investment property) and the mixed-use asset rules (which is where a property is used partly to derive income, partly for private use, and is not in use for a period of time – for example, a bach).
12. **Compliance and administration (chapter 14).** This chapter considers the administrative aspects of the proposed interest limitation rules and the changes to the bright-line test. It outlines the Government’s proposed approach to administering these changes so that the rules work, taxpayers comply with them, and the Government has sufficient information to assess their effectiveness.

### **Financial Implications**

13. Releasing the Discussion Document will not have any fiscal implications. Any fiscal implications resulting from the proposals will be included in final policy advice to Cabinet following consultation.

### **Legislative Implications**

14. s 9(2)(f)(iv)

### **Impact Analysis**

15. A RIA panel at Inland Revenue has reviewed and confirmed, the Discussion Document substitutes for an interim Regulatory Impact Statement. The Discussion Document is likely to lead to effective consultation and support the delivery of quality Regulatory Impact Analysis to inform subsequent decisions.

### **Population Implications**

16. Releasing the Discussion Document will not have any population implications. Any population implications resulting from the proposals will be included in final policy advice to Cabinet following consultation.

### **Human Rights**

17. The proposals contained in the Discussion Document are not inconsistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

### **Communications**

18. Communications will be undertaken by Inland Revenue, Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development and Te Puni Kōkiri. The goal is to gain detailed feedback from the tax, property and Māori communities. Each Department will contact key stakeholders to encourage them to make a submission. The Discussion Document will be hosted on Inland Revenue's tax policy website, and submissions will be made by email.
19. There is expected to be interest from owners of multiple residential properties and their tax agents. Officials will not proactively communicate with or solicit submissions from the public. However, to help the public understand the scope of the consultation, six summary sheets will be produced covering the main issues. These will not be distributed widely but they will be available on the tax policy website.
20. Media enquiries to all agencies will be sent to Inland Revenue's policy communications staff, who will work with the relevant Ministers' Offices to coordinate responses.

### **Recommendations**

The Ministers of Finance, Housing and Revenue recommend that Cabinet:

1. **note** that Cabinet directed officials to consult with stakeholders on the design details of the interest limitation and additional bright-line rules before seeking final decisions from Cabinet (CAB-21-MIN-0045);
2. **note** that a Discussion Document titled *Design of the interest limitation and additional bright-line rules* is attached for this purpose;
3. **invite** the Minister of Finance, Minister of Housing and Minister of Revenue to report back to Cabinet on the outcome of the consultation and final policy recommendations in September.

Authorised for lodgement

Hon Grant Robertson  
Minister of Finance

Hon Dr Megan Woods  
Minister of Housing

Hon David Parker  
Minister of Revenue