

Inland Revenue Department
New Zealand

Email: Public.Consultation@ird.gov.nz

8 August 2022

Dear Sir or Madam,

Deductibility of overseas expenses

CPA Australia is Australia's leading professional accounting body and one of the largest in the world. We represent the diverse interests of more than 170,000 members in over 100 countries and regions, including over 2,700 members in New Zealand. We make this submission on behalf of our members and in the broader public interest.

The Inland Revenue's: **Deductibility of overseas expenses** (Exposure Draft) considers whether income tax deductions can be claimed for overseas travel costs (other than meal costs). It also covers how to apportion costs when only part of the total amount incurred is deductible.

Overall, we find the Exposure Draft and examples to be practical and clear.

We submit for completeness, the Exposure Draft will benefit from commentary below on the deductibility of travel costs to inspect rental property overseas, as it is a common situation where taxpayers claim overseas travel expenses.

Rental property - overseas travel

If you are a New Zealand resident and own a rental property overseas, you may travel overseas on holiday and inspect your rental property at the same time.

If the main purpose of the trip is a holiday, you cannot claim the cost of getting there, you can only claim local expenses directly related to inspecting the property, such as taxi fares and part of your accommodation expenses.

You must be able to show your reason for visiting the rental property.

The records you keep, such as invoices for your accommodation or airline tickets, will help you do this.

Travel before you purchase

You cannot claim for travel costs to inspect a property overseas that you may purchase or before you buy it as a rental property.

If you have any queries about this submission, contact Rick Jones, Country Head, New Zealand on +64 21 190 1039 or rick.jones@cpaaustralia.com.au or Elinor Kasapidis, Senior Manager Tax Policy on +61 3 9606 9666 or elinor.kasapidis@cpaaustralia.com.au.

Yours sincerely,

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