


13. TAX DEDUCTIBILITY OF ELECTION EXPENSES INCURRED BY CANDIDATES



The purpose of this report is to advise the Council of the outcome of the representations to the combined Zone 5/Zone 6 meeting on the proposal to make representations to the Government seeking an amendment to the taxation rules to allow for expenses incurred in seeking election to be tax deductible.

This matter was considered by the Council at its meeting on 27 June 2002. At that meeting the Council resolved that a report be presented to the next Zone 5 meeting asking that the Zone take this matter up with the Local Government New Zealand National Council.

In accordance with the Council resolution a report was presented to the combined Zone 5/6 meeting on 22/23 August proposing that the National Council be requested to make representations to the Government seeking to have the costs incurred by candidates seeking local elected office and paid for personally by the candidate treated as a deductible expense for income tax purposes.

This proposal was not supported by the majority of delegates although it was suggested that if the proposal were limited to sitting members seeking re-election it may have more support. The concern was that the tax deductibility would have to extend to all people who incurred expenses in seeking new employment, a proposition Central Government was unlikely to agree to.

The Committee considered that this was not a valid argument given the significant difference in the costs incurred by election candidates and those incurred by other job seekers. A suggestion by Councillor Corbett that the Council pursue this matter direct with the Government was endorsed by the Committee.

Recommendation: That the Council make a submission to the Minister of Finance and the Minister of Local Government seeking an amendment to the taxation rules to allow for expenses incurred in seeking election to be tax deductible.