

12. TAX DEDUCTIBILITY OF ELECTION EXPENSES INCURRED BY CANDIDATES

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The purpose of this report is to seek agreement to present a report to Zone 5, asking that they make representations to the Local Government New Zealand National Council that the Government be requested to amend the taxation rules to allow for expenses incurred in seeking election to be tax deductible.

THE PROPOSED REMIT

People seeking elected office as either Mayor, Councillor or Community Board Member incur considerable expenses in standing for election. Under current taxation laws these expenses are not tax deductible. Given that most candidates have to meet these costs from their own purse from tax paid income, and that the remuneration that successful candidates receive is taxable, there is strong grounds for arguing that the expenses involved in seeking office should be tax deductible.

It is therefore proposed that a report be submitted for consideration to the next meeting of Zone 5 asking that the Zone take this matter up with the Local Government New Zealand National Council. The National Council would be asked to make representations to the Government seeking to have the costs incurred by a candidate seeking local elected office (Mayor, Councillor or Community Board Member) and paid for personally by the candidate treated as a deductible expense for income tax purposes.

Recommendation: That a report be presented to the next Zone 5 meeting seeking representations as set out in this report.