



the architectural centre inc.  
PO Box 24178 Wellington

19 December 2016

Naomi Ferguson  
Chief Executive and Commissioner of Inland Revenue  
Inland Revenue Department | Te Tari Taake  
P.O. Box 39010  
Wellington Mail Centre  
Lower Hutt 5045

**Re: Proposal for Seismic Assessment of Buildings to be Tax Deductible**

Dear Naomi

We are writing to express our support for the IRD proposal for seismic assessments of buildings to become tax deductible. We strongly support this proposal because:

- (a) seismic assessments are usually an unavoidable business expense, which informs decisions regarding whether or not to earthquake strengthen a building, rather than a direct capital expenditure.
- (b) there are wider public good benefits of better informed decisions regarding earthquake strengthening (e.g. public safety, preservation of heritage buildings).
- (c) better information (i.e. detailed seismic assessments), incentivised by tax deductibility, may mean that buildings which would have been demolished will be found not to be earthquake prone, preventing needless upheaval and disruption, resulting in economic, heritage and sustainability benefits.

In supporting this proposal, we ask that you also look into making the earthquake strengthening of buildings tax deductible, or provide some other means of tax relief to support earthquake strengthening.

The rationale for this include the following:

- (a) earthquake strengthening is an insurance to enable the continuance of a business with wider public good benefits, such as public safety.
- (b) earthquake strengthening for many buildings is uneconomic from a building owner's perspective, and is usually so for heritage buildings. This is because the economic benefits of earthquake strengthening heritage buildings largely do not accrue to building owners, but rather benefit the wider community (e.g. tourism).

(c) failure to earthquake strengthen a building can impede economic recovery and the regular operation of neighbouring buildings (e.g. the recent closure of Molesworth Street).

(d) the current tax structure may incentivise the demolition of many heritage buildings in need of earthquake strengthening with cultural losses to the community.

In conclusion, we strongly support tax incentives for all aspects of earthquake strengthening buildings, especially with respect to heritage buildings. We also ask that any system for achieving this is designed to best facilitate those seeking tax deductions to ensure that a meaningful contribution is made to improve the resilience of our built environment and support the country's heritage buildings.

Ngā mihi o te Kirihimete me te Tau Hou.

Yours faithfully



Christine McCarthy  
President, Architectural Centre  
arch@architecture.org.nz

cc The Hon Judith Collins, Minister of Revenue (judith.collins@parliament.govt.nz)  
cc Sara-Jane Evans, National Council Secretary, Property Council New Zealand (sj@propertynz.co.nz)