

New Residential Land Tax Rules



1. The government has announced that it will shortly introduce a new bright-line test for the taxation of the sale of residential property.
2. The new bright-line test will require income tax to be paid on residential land sold within two years of the date of acquisition. The date of acquisition shall be deemed to be the date that transfer of title is registered for the purchase of the property. The date of disposal is the date that a person enters into an agreement for the sale of the residential land.
3. From 1 October 2015 all people buying and selling residential property will be obliged to complete a land transfer tax statement, supplying proof or evidence of a New Zealand IRD number.
4. "Offshore Persons" will be required to have a New Zealand bank account prior to obtaining a New Zealand IRD number. Your solicitor will be required to provide the tax information to Land Information New Zealand ("LINZ") through the Landonline registration system when registering a land transfer instrument.
5. The obligation to collect the information above and to prepare the land transfer tax statement will be with your solicitor, and will be required for all properties prior to settlement of a transaction occurring.
6. A person's main home will be exempt from the new bright-line test, being the dwelling used predominantly as a person's place of residence.
7. There will also be other exemptions - in relation to transfers of property following death, and transfers of property under property relationship agreements.
8. All property transactions and subsequent land transfers entered into and registered with LINZ after 1 October 2015 will require tax statements to be provided.
9. The new bright-line test provides that the disposal of land is taxable income if the land constitutes residential land, the land is sold within two years of its acquisition, and none of the exemptions above apply, however, we would suggest that you take legal or accounting advice to ensure compliance with the new land tax rules.

We can help!

If you are looking at buying or selling a residential property we would love to help you. For more information please call:



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Important: This information is provided as a guide only and is not intended to be legal advice. You are strongly recommended to consult the services of an experienced franchise lawyer if you are considering purchasing a franchise.

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