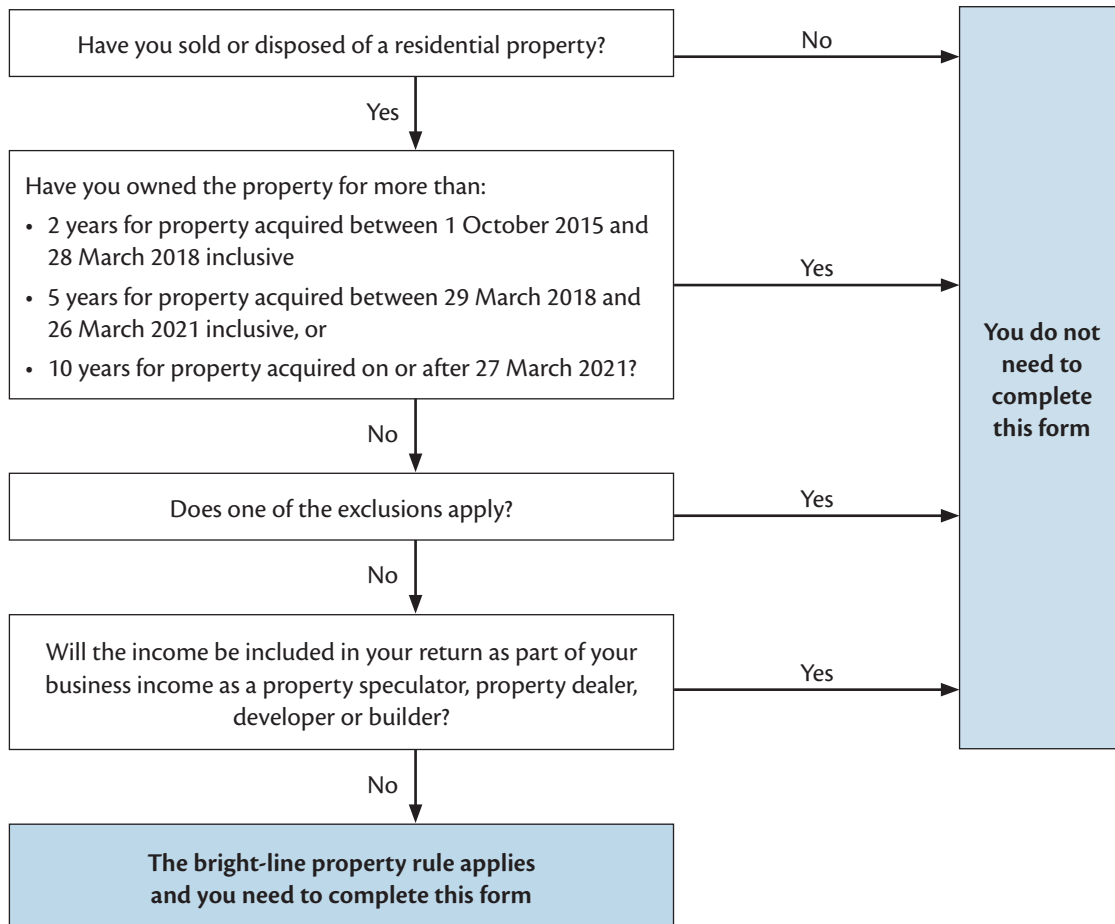


# Bright-line residential property sale information

## When to complete this form

Complete this form when you have sold or disposed of a residential property and you are required to declare the income/loss from the sale or disposal under the bright-line property rule.

Use the flowchart to determine whether you are required to complete this form and see the notes on page 3 for more information about each question.



Use a separate IR833 for each property you've sold or disposed of.

# Bright-line residential property sale information

Follow the flowchart to check if you need to fill out this form. Refer to the notes on the following pages to help you complete the form.

Tax year ending

Your name

IRD number

## Bright-line property rule

Is this property sale subject to the bright-line property rule?

1 ▶

Yes

No (You do not need to complete this form)

Property title number

2 ▶

You'll find this information on the land title as the Identifier. For example, NA87A/809

Property address

3 ▶

Date of purchase/acquisition

4 ▶

Day Month Year

Date of sale/disposal

5 ▶

Day Month Year

To determine which dates to use, refer to the notes on page 4.

## Property sale income

The total price you sold the property for before deducting any expenses. Sale price

6 ▶

\$

## Expenses

Purchase price

7 ▶

\$

Deductible expenses

8 ▶

\$

Total costs

Add Boxes 7 and 8.

9 ▶

\$

## Net profit (loss)

Subtract Box 9 from Box 6 and print in Box 10. Use a negative sign if a loss. For example, -1234.56

10 ▶

\$

Percentage of property ownership

11 ▶

%

If the property is owned by more than 1 person, enter the percentage of the property owned by you or the organisation. For example, if the property was purchased by you and your partner as an investment property, and you own half of it, the percentage will be 50%. If you do not share ownership of the property, copy the amount in Box 10 to Box 12.

## Your share of net profit (loss)

Your share of net profit (loss) from your property sale. If you share ownership of the property, calculate this by multiplying the total net profit (loss) (Box 10) by the percentage of property ownership (Box 11).

12 ▶

\$

Add the figure from Box 12 to the residential income box in your tax return. Do not include the loss in your return if it is a bright-line loss.

Take a copy for your records and send this page with your income tax return. Alternatively you can complete this form in myIR as part of your tax return.

## Notes to complete the IR833

### Bright-line property rule for residential property

Residential property includes land:

- with a house on it
- the owner will build a house on at some stage, or
- the owner may one day build a house on.

Under the bright-line property rule, regardless of your intentions when you acquired it, a sale of residential property may be taxable if you acquired it on or after:

- 1 October 2015 through to 28 March 2018 inclusive, and sold/disposed of it within 2 years
- 29 March 2018 through to 26 March 2021 inclusive, and sold/disposed of it within 5 years. This includes property acquired as a result of an offer made to purchase property on or before 23 March 2021, and that offer was not able to be revoked or withdrawn before 27 March 2021, or
- 27 March 2021 and sold/disposed of it within 10 years.

If one of these bright-line periods applies to your property transaction, and none of the exclusions apply, then you will have to pay tax on any profit you've made on the sale or disposal of the property.

### Exclusions

For individuals and trusts (in limited circumstances), there are specific exclusions to the bright-line property rule. These are:

**Inherited property** - a sale of a residential property that was transferred to an executor or administrator of a deceased estate or to an individual beneficiary.

**Relationship property settlements** - property received as part of a relationship settlement agreement.

**Main home** - If you are selling a property you need to decide if it's your main home. You can only have 1 main home. It is the property you have the greatest connection to.

**Main home held in a trust** - a sale/disposal by a trustee where the property was the main home of the principal settlor of the trust (or the principal settlor does not have a main home) and it was the main home of a beneficiary of the trust.

You can use the main home exclusion if the situations in the table below apply.

Main home exclusion	The situations that must apply
Properties acquired before 27 March 2021	You have used: <ul style="list-style-type: none"><li>• a property as your main home for more than 50% of the time you've owned it, and</li><li>• more than 50% of the property's area (including your backyard, gardens and garage) as your main home.</li></ul>
Properties acquired on or after 27 March 2021	You have used: <ul style="list-style-type: none"><li>• a property as your main home for 100% of the time you've owned it. This includes any continuous period of up to 12 months where it was not used as your main home, and</li><li>• more than 50% of the property's area (including your backyard, gardens and garage) as your main home.</li></ul>

**Note:** The main home exclusion does not apply if it has been used 2 or more times in the previous 2 years, or you or a group of persons have a regular pattern of buying and selling your main home.

## Relevant dates for property sales subject to the bright-line property rule (Boxes 4 and 5)

If you have ticked that the sale or disposal of the property is taxable under the bright-line property rule, use the dates in the table below.

Type of purchase/acquisition	Date to use
Purchase/acquisition of property	Date of registration with Land Information New Zealand (LINZ)
Purchase/acquisition where no registration occurs prior to the sale/disposal date	The latest date you acquired an interest in the property, for example the date of contract.
Acquiring property by way of subdivision of property where registration of the undivided property has occurred prior to the sale/disposal date	The original date of registration for the undivided property
Acquiring property by way of subdivision of property where no registration of the undivided property occurs prior to the sale/disposal date	The latest date you acquired an interest in the undivided land, for example the date of contract.
Land acquired as the result of the completion of a land development or subdivision where acquisition was contingent upon completion	The date you acquired an interest in the property
Freehold estate converted from a lease with a perpetual right of renewal	The date the leasehold estate was granted
Type of sale/disposal	Date to use
Sale, transfer or disposal of property under an agreement	Date you entered into an agreement for sale, transfer or disposal
Gifting of property	Date the gift was made
Compulsory acquisition of property by the Crown, a local authority or a public authority	Date of compulsory acquisition
Mortgagee sale	Date the property is disposed of by or for the mortgagee as a result of the mortgagor's default
Disposals not covered above	Date you disposed of the property

## Reduction of net profit (loss) for main home use on some days for properties subject to the 10 year bright-line period (acquired on or after 27 March 2021)

For details of what is considered main home use, see exclusions on page 3.

If your property is subject to the 10 year bright-line period and it was not your main home for the entire time you owned it but you used it as your main home on some days during the bright-line period, your net profit (loss) is reduced for the main home days. You will pay tax under the bright-line property rule only on the proportion of any gain in value that relates to the days in the bright-line period that it was not used as your main home – see the following notes for boxes 6 to 8 to work out your reduced net profit (loss).

### Reduced sale price (Box 6)

If the sale is taxable because you used your main home for other purposes for any continuous period of more than 12 months during the time you owned it (a change of use), your property sale income must be reduced for the days it was used as your main home.

Divide the days it was used as your main home (including days in periods of up to 12 months it was not used as your main home before or after a period that it was used as your main home) by the total days in the bright-line period and multiply the result by the sale price. Deduct this amount from the sale price and show the result at box 6.

### Reduced purchase price (Box 7)

If the sale price at box 6 is reduced for days it was used as your main home, the purchase price must also be reduced.

Divide the days it was used as your main home (including days in periods of up to 12 months it was not used as your main home before or after a period that it was used as your main home) by the total days in the bright-line period and multiply the result by the purchase price. Deduct this amount from the purchase price and show the result at box 7.

### Reduced deductible expenses (Box 8)

If the sale and purchase prices at boxes 6 and 7 are reduced for the days it was used as your main home, the deductible expenses must also be reduced.

Divide the days it was used as your main home (including days in periods of up to 12 months it wasn't used as your main home before or after a period that it was used as your main home) by the total days in the bright-line period and multiply the result by the total deductible expenses. Deduct this amount from the total deductible expenses and show the result at box 8.

For information about what you can and cannot claim, see the following note on deductible expenses.

## Deductible expenses (Box 8)

Capital expenses incurred in acquiring the property and capital improvements will generally be deductible.

You may not claim a deduction for private expenses relating to using the property as your residence. Holding costs are expenses such as interest, rates and insurance that are incurred as a result of owning land and are deductible to the extent that the land is used to earn taxable income. If you're not sure whether an expense is deductible, we recommend you seek advice from a tax agent.

Do not include any deductions for other expenses here, for example if you have other deductible expenses from renting the property out. Deductible expenses from renting the property are included separately in your tax return.

## Bright-line loss

If your total costs are more than the sale price of your property, you can only offset the loss against net income from another property sale. Any remaining loss can only be used in a future year when you have net income from another property sale.

## Provisional tax

If your tax to pay on the taxable profit from your property sale is more than \$5,000 tax at the end of the year from your last return (\$2,500 before 2020 return), you may be required to pay provisional tax in the following tax year. If you're not likely to have the same amount of tax to pay, you could consider estimating your provisional tax for the following year. Because there are penalties for underpaying provisional tax, we recommend you get professional advice about doing this. For more information read our **Provisional tax - IR289 guide**.

## Further information on property sales and disposals

For more details on the property sales tax rules, go to [ird.govt.nz/buying-selling](http://ird.govt.nz/buying-selling) or read our guides **Buying and selling residential property - IR313** and **Tax and your property transactions - IR361**.

You can find our forms and guides at [ird.govt.nz/forms-guides](http://ird.govt.nz/forms-guides)

You can also use the property tax decision tree to help you work out if the property you are buying and selling is taxable under the bright-line property rule or the intention test of the property rules. For more information go to [ird.govt.nz/property/buying-selling](http://ird.govt.nz/property/buying-selling)