Inland Revenue
Te Tari Taake

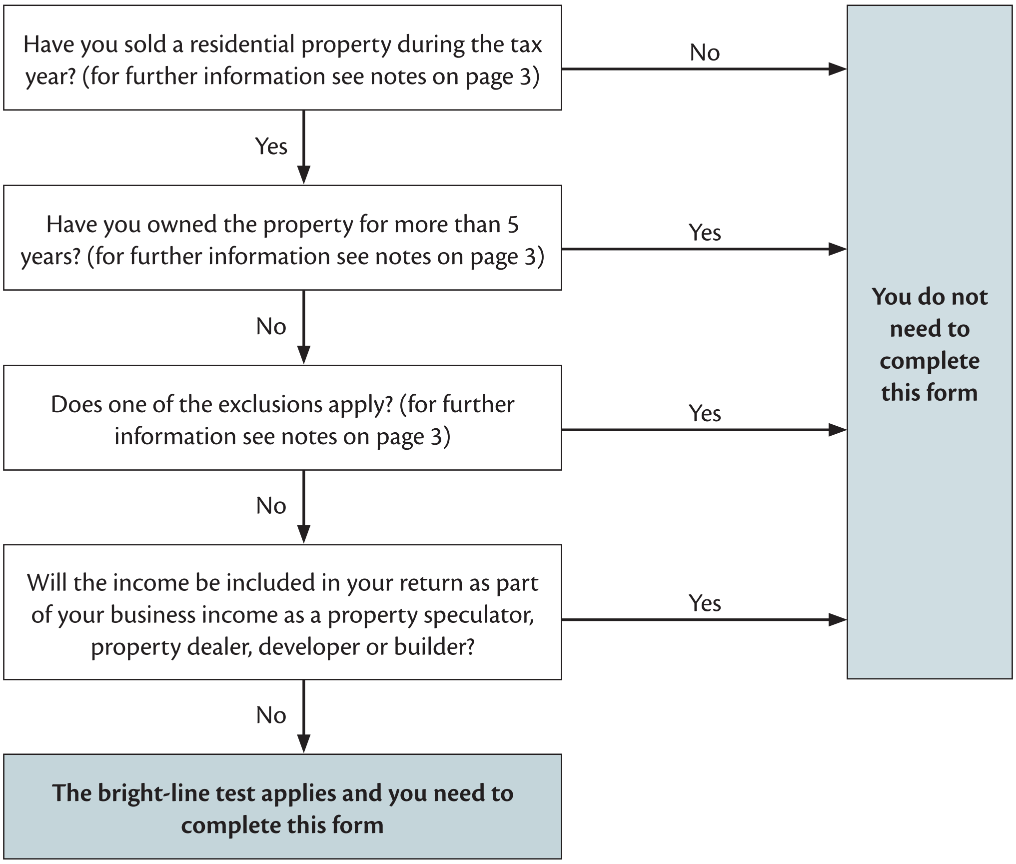
Bright-line property sale information

IR833
August 2020

When to use this form

You have received this form because our records show you have sold/transferred a property and you may be required to declare income from the sale or transfer.

Use the flowchart below to determine whether you are required to complete this form:



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

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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 test

Is this property sale subject to the bright-line test? **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. E.g. NA87A/809

Property address **3**

Date of purchase/acquisition **4** Day Month Year

Date of sale/disposal of property **5** Day Month Year

To determine which dates to use, refer to the notes on page 3.

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, eg, -1234.56 **10** $

Percentage of property ownership **11** %

If the property is owned by more than one 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 (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.

RESET FORM

Notes to complete the IR833

Bright-line test 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 test a sale of residential property is taxable in certain circumstances, regardless of your intentions when you acquired it. This includes:

- properties bought/acquired on or after 1 October 2015 through to 28 March 2018 inclusive, which have subsequently been sold/disposed of within two years, and
- properties bought/acquired on or after 29 March 2018 which have subsequently been sold/disposed of within five years.

If the bright-line test 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 test. These are:

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.

You can use the main home exclusion if the following 2 situations apply:

- you have used a property as your main home for more than 50% of the time you've owned it, and
- you have used more than 50% of the property's area (including your backyard, gardens and garage).

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.

Inherited property - a transfer of property to an executor or administrator, followed by the transfer to an individual beneficiary, and the sale of the property by the beneficiary.

Note:

The main home exclusion does not apply if it has been used two or more times in the previous two years.

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

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

Type of purchase/acquisition	Date to use
Purchase of property	Registration date (date the property transfer was registered with Land Information New Zealand)
Purchase of property where no registration occurs prior to the bright-line sale/disposal date	Latest date that you acquired an interest in the property e.g. date of contract
Sale “off the plan” where there is no title for the land	Date of agreement for sale and purchase
Acquiring property by way of subdivision of property where registration of the undivided property has occurred prior to the bright-line sale/disposal date	The original date of registration for the undivided property
Acquiring property by way of subdivision of property where no registration occurs prior to the bright-line sale/disposal date	The latest date you acquired an interest in the undivided land e.g. date of contract
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

Deductible expenses (Box 8)

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

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 owing 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.

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 ($2500 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 under-paying 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** or read our guides **Buying and selling residential property - IR313** and **Tax and your property transactions - IR361**.

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 test or the intention test of the property rules. For more information go to **ird.govt.nz/property/buying-selling**