Inland Revenue
Te Tari Taake

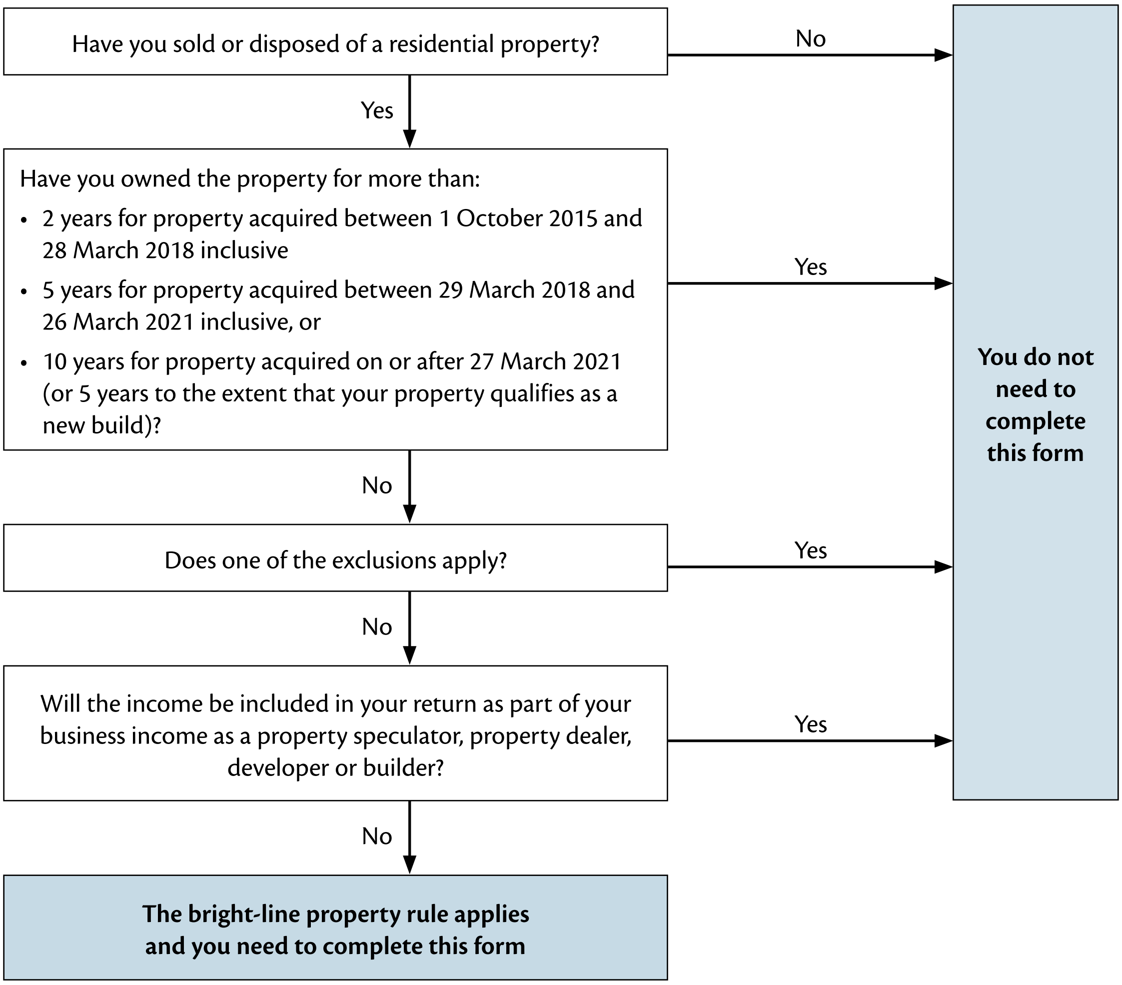
IR833
April 2023

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. You can get copies of our forms and guides at **ird.govt.nz/forms-guides**

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Te Tari Taake

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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 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, XA87A/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

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 entity. 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 $

If the figure in Box 12 is a net profit, include it in the Net bright-line profit box in the Income and expenses from residential property question in your income tax return. If you have a bright-line loss, do not include it in your income tax return and instead keep your own record of all bright-line losses you have made.

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 income tax return.

Te Kāwanatanga o Aotearoa
New Zealand Government

Notes to complete the IR833

Bright-line property rule for residential property

Residential property includes land:

- with a house on it
- the owner has an arrangement to build a house on, or
- the owner would be able to build a house on under the district plan rules.

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 or 5 years to the extent the property has a new build on it. To qualify as a new build, it must be acquired no later than 12 months after the code compliance certificate (CCC) was issued. For further information about what qualifies as a new build refer to part 2 of the **Bright-line property tax guide – IR1227**.

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.

Main home exclusion

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

- **Main home** - the sale or disposal of your main home. This is the property you have the greatest connection to. You can only have one main home.
- **Main home held in a trust** - a sale or disposal by a trustee where the property was the main home of a principal settlor of the trust (or 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 unless you have used it twice in the previous 2 years, or you or a group of persons have a regular pattern of buying and selling your main home.

Main home exclusion	The situations that must apply
Properties acquired before 27 March 2021	You have used: • the property as your main home for more than 50% of the time you've owned it, and • more than 50% of the property's area (including your backyard, gardens and garage) as your main home.
Properties acquired on or after 27 March 2021	You have used: • the 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 • more than 50% of the property's area (including your backyard, gardens and garage) as your main home. **Note:** A person who is constructing a building may qualify for the main home exclusion even if the construction takes longer than 12 months as long as the period of time is reasonable.

Inherited property

A sale or disposal of a residential property transferred to an executor or administrator of a deceased estate, or to an individual beneficiary, is not subject to tax under the bright-line property rule.

Ownership transfers and rollover relief

When rollover relief applies:

- the person transferring land to a new owner will not be taxed at the time of the transfer; and
- the new owner is treated as having purchased the property at the same time and for the same price as the person they received it from.

Rollover relief applies to property transferred under a relationship agreement.

For information on all situations that rollover relief applies to, refer to part 4 of the **Bright-line property tax guide - IR1227**

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

The table below shows various types of purchase/acquisition and the date to use. This is your bright-line period start date.

Type of purchase/acquisition	Date to use
Standard purchase of property	Date of registration of transfer with Land Information New Zealand (LINZ)
Purchase/acquisition where no registration of title occurs prior to the sale/disposal date	The latest date you acquired an interest in the property, for example the date of contract.
Acquiring new titles on subdivision of land where the title for the undivided property was registered to you before the subdivision	The date of registration of the title for the undivided property
Acquiring property by way of subdivision of property where the title for the undivided property was not registered to you before the subdivision	The 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 ie a purchase 'off the plan'	The date of the contract to acquire the land
Freehold estate converted from a lease with a perpetual right of renewal	The date the leasehold estate was granted

The table below shows various types of sale/disposal and the date to use. This is your bright-line period end date.

Type of sale/disposal	Date to use
Standard sale of land, including 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 (generally registration of title)
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 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 either the 5 year bright-line period for new builds or 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 property was your main home for some of the time you owned it but it was also used for other purposes for a continuous period of more than 12 months, your property sale income is reduced based on how long the property was your main home.

Divide the number of main home days by the number of days in the bright-line period. Then multiply the result of that by the sale price. Show the result in Box 6.

Main home days is the total number of days when more than 50% of the property's area (including your backyard, gardens and garage) was used as your main home. This includes days in a period of up to 12 months that it was not used as your main home, if the period was immediately before or after a period that the property was used as your main home.

For days when 50% or less of the property's area (including your backyard, gardens and garage) was used as your main home, multiple the number of those days by the proportion of the property's area that was your main home for example 250 days x 30% = 75 main home days.

Days in the bright-line period is the total number of days in the bright-line period. The start and end dates of the bright-line period are the dates you put in Boxes 4 and 5.

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

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 number of main home days by the number of days in the bright-line period. Then multiply the result of that by the purchase price. Show the result in Box 7.

Main home days is the total number of days when more than 50% of the property's area (including your backyard, gardens and garage) was used as your main home. This includes days in a period of up to 12 months that it was not used as your main home, if the period was immediately before or after a period that the property was used as your main home.

For days when 50% or less of the property's area (including your backyard, gardens and garage) was used as your main home, multiple the number of those days by the proportion of the property's area that was your main home for example 250 days x 30% = 75 main home days.

Days in the bright-line period is the total number of days in the bright-line period. The start and end dates of the bright-line period are the dates you put in Boxes 4 and 5.

Purchase price is the price you purchased the property for.

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 number of main home days by the number of days in the bright-line period. Then multiply the result of that by 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)

Expenses incurred in acquiring the property (other than the purchase price) and the cost of any capital improvements you made can be included as deductible expenses in Box 8. Capital improvements are things like adding on a new room – they do not include repairs and maintenance.

Do not include any deductions for other expenses here, for example if you have other deductible expenses (such as interest, rates and insurance) from renting the property out. Deductible expenses from renting the property out are included separately in your income tax return. You may not claim a deduction for these types of expenses if you did not use the property to earn income (eg, rent).

If you're not sure whether an expense is deductible, we recommend you refer to part 5 of the **Bright-line property tax guide – IR1227** or 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 at the end of the year, you may be required to pay provisional tax in the following 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 **Bright-line property tax - IR1227** and **Tax and your property transactions - IR361**.

You can find our forms and guides at **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**