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FOREIGN OWNERSHIP OF NEW ZEALAND LAND—AN UPDATE

This newsletter follows on from our earlier newsletter in July this year regarding the proposed changes to the Overseas Investment Act.

The Overseas Investment Amendment Act 2018 has passed its third reading and has received royal assent. The new changes come into effect from 22 October 2018.

The Act extends the definition of sensitive land to now include residential land. The effect is that the Act will now restrict certain overseas people from buying residential land in New Zealand unless they obtain prior consent.

If purchasing a property after October 22, a purchaser will need to sign an eligibility statement. Statements are not required for transactions entered into before 22 October. Any transaction entered into before this date will not be subject to the new requirements.

This means that any Sale and Purchase Agreement entered into before this date does not require consent, even if the Agreement is conditional.

Take for example Lorraine, who moved to New Zealand recently and was looking to purchase a property to live in. After a few months of searching she found the one – 3 bedrooms, great indoor/outdoor flow and off-street parking. She made a written offer, conditional upon her obtaining finance and a satisfactory builder's report. Her offer was accepted by the Vendor shortly afterwards and the Agreement was dated 25 September.

Due to delays in obtaining finance approval, Lorraine asked for a number of extensions (which the Vendor agreed to) and she finally confirmed all of her conditions some 4 weeks later on 23 October. Settlement was one month afterwards.

As the Agreement was entered into before 22 October, the new changes did not apply to her purchase. The residential land was not sensitive land and Lorraine purchased the property without needing consent.

20 MINUTE FREE

**WANT to review your Family Trust structure?
THEN call us and take advantage of our 20 Minute Free interview**