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HOW TO FILL OUT LAND TRANSFER TAX STATEMENTS

Thinking about purchasing or selling property in the near future? Do you have a Family Trust or Company? If so you may want to think about getting an IRD number for your Trust or Company now.

This is because on the 1st of October 2015 the Government introduced changes to the Tax Administration Act and Land Transfer Act. As a result, prior to settlement all Vendors and Purchasers involved in conveyancing transactions after this date must complete and sign a Land Transfer Tax Statement.

The Statement is designed to support the "bright-line rule". Under the rule tax is to be paid on the income you earn if you purchase or sell a house within two years, unless an exemption applies, for example, the property is your main family home.

Failing to complete this Statement means that your settlement cannot take place and you will be liable to pay penalty interest.

When completing a conveyancing transaction with us we will provide you with the Statement, but they are also available from Land Information New Zealand. The following is a guide on how to fill it out:

Enter the property details:

The Certificate of Title reference is sufficient. If you don't know this we can provide it to you.

Establish the identity of the buyer/seller:

This involves indicating whether you are buying or selling, writing the full name of the person(s) / entity that owns or will own the property, and answering citizenship / visa questions.

If your Company or Family Trust owns the property then the Statement needs to be completed in the name of the Trust or

Company, not for each individual Trustee or Director.

Provide a non-notifiable reason code if applicable:

This is in order to claim an exemption from providing tax details and paying tax on the transaction if you qualify. If the property is your main family home then you can use the exemption code "A".

However the main family home exemption does not apply if the Company or Trust owns the property. If you enter a code you do not need to fill out the tax details.

Enter your tax details if no exemption code applies:

This entails filling out yours or the entity's IRD number, depending on who owns the property and indicating whether you or the entity are a tax resident in another country.

This is why it is important to have an IRD number for your Trust or Company. If you don't have one, you will need to allow yourself plenty of time to apply for one prior to settlement, as it can take up to ten working days.

Sign the Statement:

If the Statement is on behalf of your Family Trust or Company you need to sign the Statement in your capacity as a Trustee or Director, and record your full name and position held, either Trustee or Director.

If you have any questions surrounding Land Transfer Tax Statements or how to fill them out, contact the Team at Collins & May Law.

20 MINUTE FREE

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