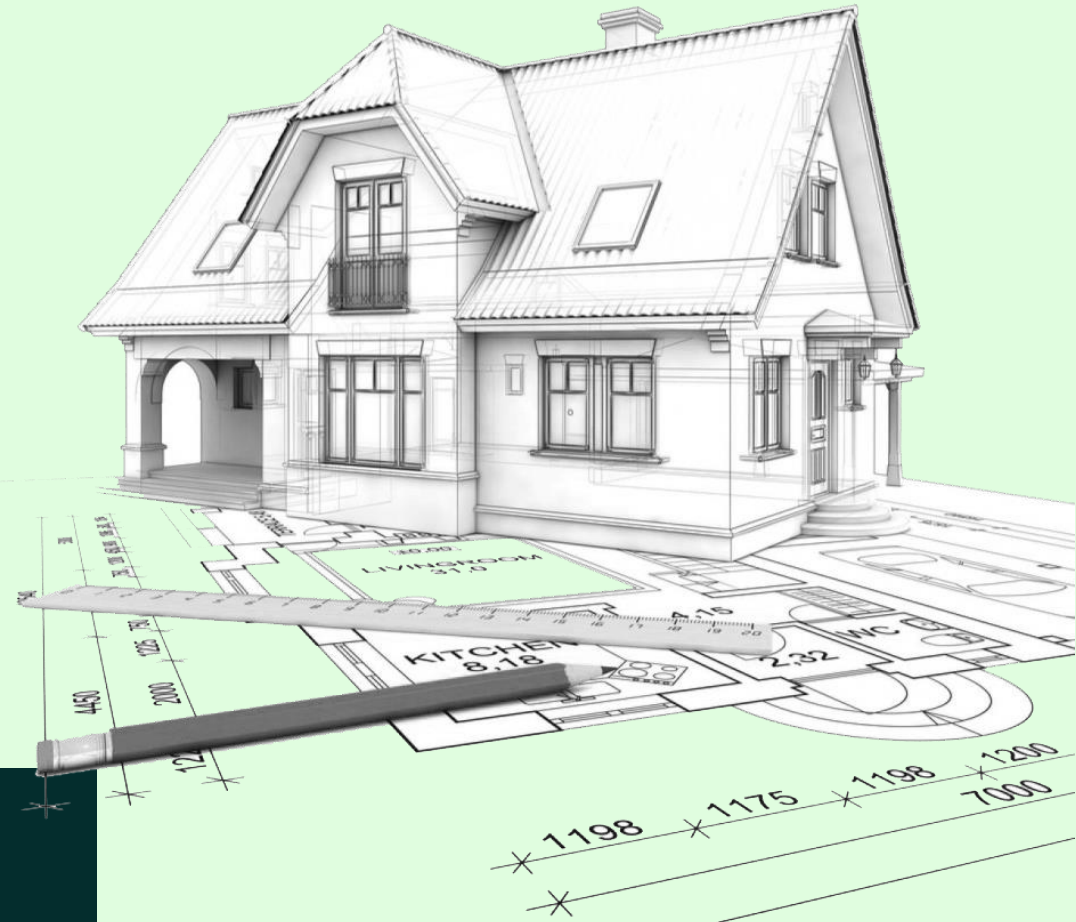




Turner Hopkins

Celebrating 100 years

- **Kate Chivers** - Barrister and Solicitor of the High Court of New Zealand



Kate Chivers – TURNER HOPKINS

TH Commercial and Residential Property specialists

- Full speaking mandarin team headed up by my partner in crime Joy Yuan
- Full service law firm including immigration and employment service (the only thing we don't do is Criminal Law).
- We frequently advise clients on leasing, property matters and related financial transactions. We act for companies, limited liability, partnerships, trusts and everything in between.
- Subdivision work, collapsing cross leases, construction contracts and personal asset protection.
- All Aspects of Residential property transactions



Kate Chivers
Principal



Joy Yuan
Principal

Today's Topic – Changes to the Brightline Rules



1. History of Brightline Testing.
2. Changes to the Brightline rules- what you need to know.
3. Main home exemptions/rollover relief and patterns of behavior
4. Other sneaky changes that may affect buyers/investors and companies



History of Brightline Testing



Barristers, Solicitors
& Notary Public

History of Brightline Testing

- In October 2015 in its attempt to slow down the runaway property market, the then National Government's made it's first official foray into a capital gains tax on land.
- The bright-line test is basically an objective capital gains tax for residential land bought and sold within a defined timeframe.
- The bright-line rules have evolved from seeking to prevent property speculators from working within grey and subjective tax rules to a more complicated subset of rules with various dates and times applicable.
- In order to apply the current tests, you need to understand:

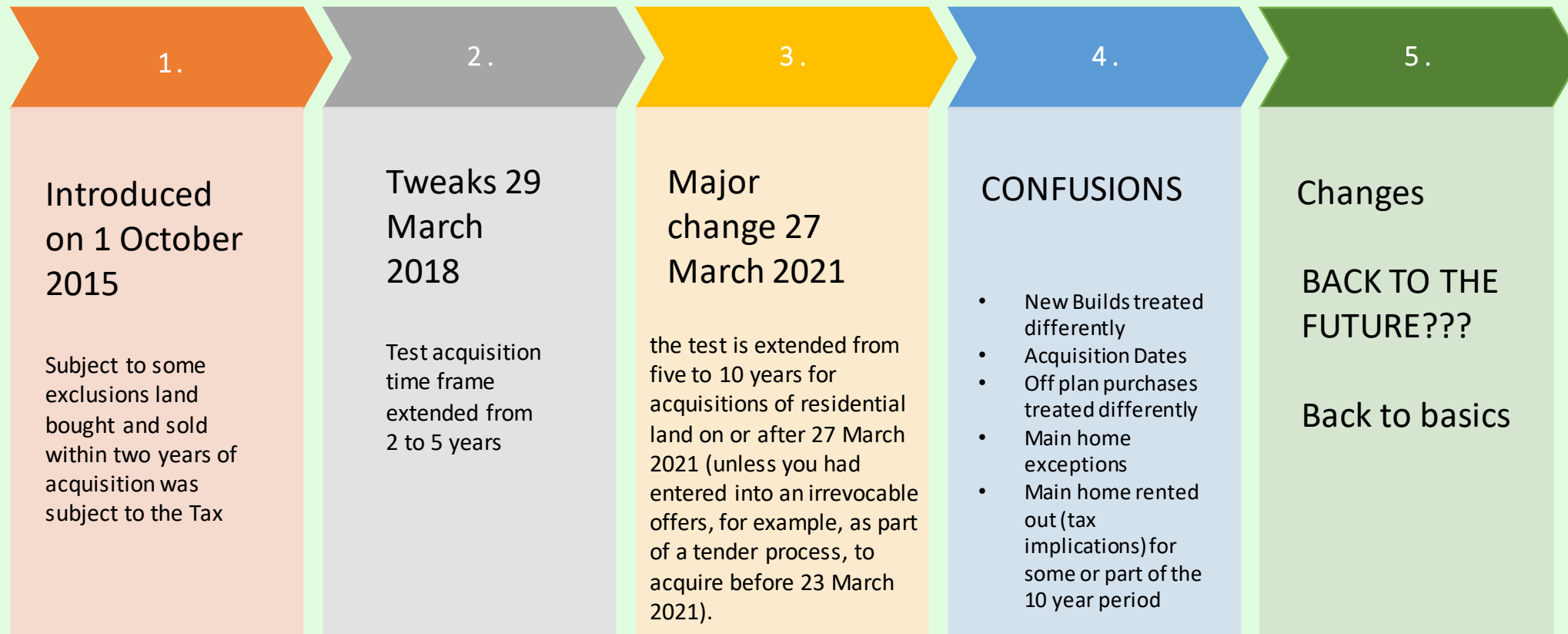
What test applies
two year,
five year; or
10 year

When the
clock starts
ticking

When the
clock stops

Are there any
exclusions that
might apply?

HISTORY



Where does that leave us in terms of Capital Gain Tax/
Stamp Duty?

**Watch this space the country needs \$\$\$\$ and property is
a keen prospective area from which to raise tax**

Changes to the Brightline rules- what you need to know

TurnerHopkins

Barristers, Solicitors
& Notary Public



CHANGES

2 Key points

- 1) The Date of the Change = 1 July 2024
- 2) 2 Years Bright Line clock (essentially back to 2015 rules)

BUT

**THE OLD (RELEVANT RULE) REMAINS
APPLICABLE FOR ANY SALE AND PURCHASE
PRIOR TO 1 JULY 2024**



Main home exemptions/rollover relief and patterns of behaviour



Main home exemptions/rollover relief and patterns of behaviour

Main Home

The property where you live for most of the time. If there is more than 1 property it is the one there is the greatest connection to. A person cannot have more than 1 main home.

Date property acquired	Main home exclusion criteria
Before 27 March 2021	<p>You must have used:</p> <ul style="list-style-type: none">more than 50% of the property's area as your main home (including the yard, gardens, and garage)the property as your main home for more than 50% of the time you owned it.
On or after 27 March 2021	<p>You must have used:</p> <ul style="list-style-type: none">more than 50% of the property's area as your main home (including the yard, gardens, and garage)the property as your main home for 100% of the time you've owned it. This includes any period of up to 12 months where it was not used as your main home (for example, a period between moving out and when the property is finally sold).

- Limits on Main Home exclusions
- Main Homes held in Trust
- Roll over Relief

Thank You



Kate Chivers | kate.chivers@turnerhopkins.co.nz

09 486 2169