Inland Revenue
Te Tari Taake

Bright-line residential property sale information

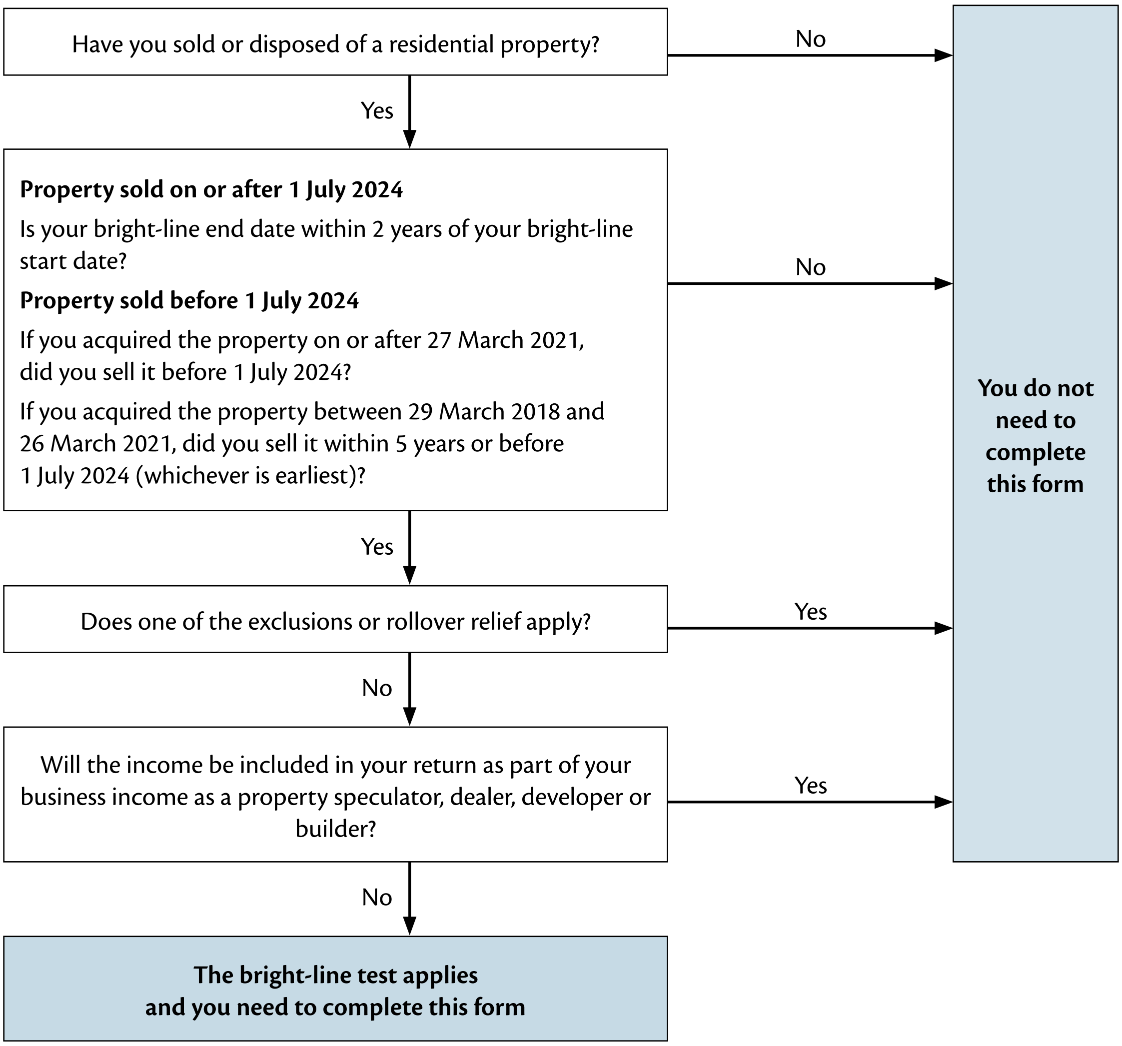
IR833
July 2024

When to complete this form

Complete this form when you have sold a residential property and you are required to declare the income/loss from the sale under the bright-line test.

Use the flowchart to determine whether you are required to complete this form. For more information about each question, read the notes:

- on page 3 for property sold on or after 1 July 2024
- on page 5 for property sold before 1 July 2024.



Use a separate IR833 for each property you've sold. You can get copies of our forms and guides at **ird.govt.nz/forms-guides**

Inland Revenue
Te Tari Taake

Bright-line residential property sale information

IR833
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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. For example, XA87A/809

Property address **3**

Bright-line start date **4** Day Month Year

The date to use depends on the type of purchase or acquisition. Refer to the notes for more information.

Bright-line end date **5** Day Month Year

The date to use depends on the type of sale or disposal. Refer to the notes for more information.

Property sale income

Sale price **6** $

Expenses

Purchase price **7** $

Deductible expenses **8** $

Total costs **9** $
Add Boxes 7 and 8.

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

RESET FORM

Notes to complete the IR833 for property sold on or after 1 July 2024

Defining key terms

Buy means any form of purchase or acquisition of the property including transfers or gifts.

Sell means any form of disposal of the property including transfers or gifts.

Residential property includes land:

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

Bright-line period begins with the bright-line start date and ends with the bright-line end date.

Bright-line test

A sale of residential property may be taxable if your bright-line end date is within 2 years of your bright-line start date.

If this applies, and none of the exclusions or rollover relief applies, then you will have to pay tax on any profit on the sale of the property.

Bright-line start date (Box 4)

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

Type of purchase/acquisition	Date to use
Standard purchase of a property	Date the transfer of the property is registered to you with Land Information New Zealand (LINZ) (usually the settlement date)
Subdivided land - property you have subdivided	The original date of registration for the undivided property
Off the plans - property acquired relying on the completion of a land development or subdivision	Date you entered into a sale and purchase agreement
Change of trustee - land transferred from a trustee of a trust to another trustee of the trust	Bright-line start date for the original trustee
Joint tenancy converted to a tenancy in common or tenancy in common converted to a joint tenancy	To the extent the person's share in the land is unchanged, the bright-line start date for the land before the tenancy was converted
Purchase where no registration happens before the sale date	Date you acquired an interest in the property
Freehold estate converted from a lease with a perpetual right of renewal	Date you were first granted the leasehold estate
Land outside New Zealand	Date the transfer of the property is registered to you under foreign laws

Bright-line end date (Box 5)

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

Type of sale/disposal	Date to use
Standard sale of a property	Date you entered into a sale and purchase agreement
Gifting of property	Date the gift was made
Compulsory acquisition 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 because the mortgagor defaulted (usually the settlement date)
Disposals not covered above	Date you disposed of the property

Main home exclusion

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

- **Main home** - the sale of your main home. This is the property you have the greatest connection to. You can only have 1 main home.
- **Main home held in a trust** - a sale 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 claim the main home exclusion if you have used:

- more than 50% of the property's area as your main home (including the yard, gardens, and garage)
- the property for more than 50% of the bright-line period as your main home.

When you build a new home, you can ignore the construction period when determining if your usage of the property qualifies for the main home exclusion.

You cannot claim the main home exclusion if 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.

Rollover relief

Inherited property

A sale 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 test.

Ownership transfers

Rollover relief applies to property transferred under a relationship property agreement or between associated persons. 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 bought the property at the same time and for the same price as the person they received it from.

For more information on rollover relief, read our **Bright-line property tax - IR1229** guide.

Deductible expenses (Box 8)

Expenses incurred in buying 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).

You cannot claim private expenses relating to using the property as your residence.

If you're not sure whether an expense is deductible, we recommend you read our **Bright-line property tax - IR1229** guide 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

For more details on the property sales tax rules, go to **ird.govt.nz/buying-selling** or read our guides **Bright-line property tax - IR1229** 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 test or the intention test of the property rules. For more information go to **ird.govt.nz/buying-selling**

Notes to complete the IR833 for property sold before 1 July 2024

Defining key terms

Buy means any form of purchase or acquisition of the property including transfers or gifts.

Sell means any form of disposal of the property including transfers or gifts.

Residential property includes land:

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

Bright-line period begins with the bright-line start date and ends with the bright-line end date.

Bright-line test

A sale of residential property may be taxable if you acquired it:

- on or after 27 March 2021 and sold it before 1 July 2024, or
- between 29 March 2018 and 26 March 2021 and sold it within 5 years or before 1 July 2024 (whichever is earliest).

If 1 of these applies and none of the exclusions or rollover relief applies, then you will have to pay tax on any profit on the sale of the property.

When a property is acquired

For tax purposes, a property is generally acquired on the date a binding sale and purchase agreement is entered into (even if some standard conditions like getting finance or a building report still need to be met). Full information on when a property is acquired is found in QB 17/02 on **taxtechnical.ird.govt.nz**

Property acquired on or after 27 March 2021 is treated as having been acquired before 27 March 2021, if the purchase was the result of an offer the purchaser made on or before 23 March 2021 and that offer could not be withdrawn before 27 March 2021.

Bright-line start date (Box 4)

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

Type of purchase/acquisition	Date to use
Standard purchase of a property	Date the transfer of the property is registered to you with Land Information New Zealand (LINZ) (usually the settlement date)
Subdivided land - property you have subdivided	The original date of registration for the undivided property
Off the plans - property acquired relying on the completion of a land development or subdivision	Date you entered into a sale and purchase agreement
Change of trustee - land transferred from a trustee of a trust to another trustee of the trust	Bright-line start date for the original trustee
Joint tenancy converted to a tenancy in common or tenancy in common converted to a joint tenancy	To the extent the person's share in the land is unchanged, the bright-line start date for the land before the tenancy was converted
Purchase where no registration happens before the sale date	Date you acquired an interest in the property
Freehold estate converted from a lease with a perpetual right of renewal	Date you were first granted the leasehold estate
Land outside New Zealand	Date the transfer of the property is registered to you under foreign laws

Bright-line end date (Box 5)

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

Type of sale/disposal	Date to use
Standard sale of a property	Date you entered into a sale and purchase agreement
Gifting of property	Date the gift was made
Compulsory acquisition 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 because the mortgagor defaulted (usually the settlement date)
Disposals not covered above	Date you disposed of the property

Main home exclusion

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

- **Main home** - the sale of your main home. This is the property you have the greatest connection to. You can only have 1 main home.
- **Main home held in a trust** - a sale 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.

The date you acquired the property determines which main home exclusion criteria to apply.

Main home exclusion	The situations that must apply
Property acquired on or after 27 March 2021	You have used: • more than 50% of the property's area as your main home (including the yard, gardens and garage), and • the property for 100% of the bright-line period as your main home. This may include any continuous period of up to 12 months where the property was not used as your main home (for example, a period between moving out and when the property is finally sold). **Note:** When you build a new home, you 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.
Property acquired before 27 March 2021	You have used: • more than 50% of the property's area as your main home (including the yard, gardens and garage), and • the property for more than 50% of the bright-line period as your main home. **Note:** When you build a new home, you can ignore the construction period when determining if your usage of the property qualifies for the main home exclusion.

Rollover relief

Inherited property

A sale 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 test.

Ownership transfers and rollover relief

Rollover relief applies to property transferred under a relationship property agreement. 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 bought the property at the same time and for the same price as the person they received it from.

For more information on rollover relief, read our **Bright-line property tax - IR1227** guide.

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 main home exclusions on page 6.

If you acquired the property on or after 27 March 2021 and it was not your main home for the entire bright-line period but you used it as your main home on some days during the bright-line period, your net profit (loss) is reduced by the main home days. You will pay tax under the bright-line test 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 bought the property for.

Deductible expenses (Box 8)

Expenses incurred in buying 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).

You cannot claim private expenses relating to using the property as your residence.

If you're not sure whether an expense is deductible, we recommend you read our **Bright-line property tax - IR1227** guide or seek advice from a tax agent.

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 previous note on deductible expenses.

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.

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