

# TO THE POINT

Law4You Newsletter

September 2015

## Welcome ...

To our first Newsletter for **Law4You**. Our aim is to make it informative and relevant, without the legal jargon. We hope you enjoy.

### WE'VE REBRANDED

Thank you to all our clients and colleagues for their support in the recent rebranding to **Law4You**. We look forward to continuing to provide you with our skilled services.

### Buying or Selling Property after 1 October 2015

#### *Are you ready for the "Bright-line Test"*

The Government is rolling out a range of legislation to bolster their 2015 Budget. You could be easily forgiven for becoming confused over what applies to whom and when. We begin with the 'bright-line test'. It supplements the existing land tax rules, for those in the know, (see IR361). The current rules are, apparently, difficult to enforce as it is *intention based* i.e. did you intend to sell the property at the time of purchase, for gain. Regardless of intention, the new rules are a tax on **residential property only** with few exceptions to paying tax.

Second, off the rack, is the Land Transfer Amendment Act 1952, which provides for the collection of information. If you are buying and selling you will now be required to complete a **tax statement**. Further information maybe required e.g. IRD tax number and bank account. The third in this tripartite legislative move is the Tax Administration Amendment Act. Its purpose is to stipulate who is an "offshore person" and to regulate to whom the IRD can allocate a tax number to i.e. someone with a NZ bank account. Be warned - an offshore person **includes** a NZ citizen outside of NZ and who has not lived in NZ for 3 years. **What a symphony of legislation for confusion.**

**Read More—see over**



PROVEN

PERSONABLE

PROFESIONAL

## In This Issue

- Welcome
- The Rebrand
- Two Year Rule
- Trustees—parties to Agreement
- Our Sponsorships

## Contact Us

Give us a call for more information about our services.

**Law4You Ltd**  
7 Ashley Street  
Rangiora

t: (03) 310 6464

e: [admin@law4you.co.nz](mailto:admin@law4you.co.nz)

Visit our new user friendly website filled with news and information:

[www.law4you.co.nz](http://www.law4you.co.nz)

## Our Team (from the left)

**Shona Morrison**, Legal Assistant  
**Justine Grey**, Director/Solicitor  
**Simon Grey**, Office Manager  
**Diane Alderson**, Legal Executive

## Who we're Sponsoring

We are a modest sized firm who pride ourselves, not only on our commitment to providing you with quality service, but also our commitment to our community.

We have recently supported ANZ Bank's Daffodil Fundraising Day by providing free Will Certificates.

We are also very proud to be sponsoring Bailey Hodge who is in the 14th Grade North Canterbury Football Team.

He is due to play in Dunedin shortly and we wish Bailey and the team all the best.

And we have supported the Woodend Spring Flower Show.



WAIMAK  
UNITED  
2015

Bailey Hodge  
14th Grade A



Bailey Hodge

## Bright-line continued ...

### The key points are:

- the rules apply to **residential property** and will include land that has an arrangement to build a dwelling and bare land that is capable of having a dwelling built on it;
- the 2 years applies from the **date of registration** on the property title until the date you **enter into an agreement** to sell;
- your **main home** doesn't apply - but you only have a '*get out of jail free*' card twice only in the two year period - it's a **strike out** on the third disposal of property in the 2 year period;
- property transferred from an estate or as a result of relationship property settlement is exempt;
- if you have a **Trust** that is buying or selling you need an IRD number. Without it, your settlement cannot proceed. This new rule is for **all Trusts** not just income earning ones. Allow enough time to request a number from IRD (10 working days for processing plus postage times);
- you will need to complete a Tax Statement to convey property. If you come within the exemptions then, you may not need to provide a tax number or bank account. Talk to us first about the requirements.

There are lots of hooks in this legislation - make sure you get the right advice before you sell.

Talk to us at **Law4You** and your Accountant.

## Trustees to an Agreement for Sale and Purchase of Real Estate

If you are a Trustee of a Trust and the Trust enters into an agreement to sell or purchase real estate then, **all the trustees must sign the agreement** even the independent trustee.

The recent 2014 High Court case *WT Trustee Company Ltd v Cato & Ors* reiterates the law:

- Unless a person signing the agreement has the authority to act on behalf of others then, the presumption is, they **do not** and all parties must sign to have a binding contract .
- Especially so for Trustees as they must act personally and are limited to when they can delegate their authority to another - meaning: a trustee cannot have another trustee sign on their behalf.

## NEXT ISSUE ...

- **P Houses** - The low down. What to check, what to look for and who you gonna call - **P Busters**.
- **Leases** - Agreement to Leases and Deeds of Leases.
- **Updates**

## SIGN UP FOR OUR NEWSLETTER

Receive your copy of  
**To The Point** by email -  
call our offices on:  
**t: 310 6464** or email  
**reception@law4you.co.nz**