

Property transfers and tax residency

1 October 2015 – 31 December 2015



List of Figures

Figure 1: Registration of transfers 2013-2016.....	5
Figure 2: Transfers where buyers stated an overseas tax residency (Oct – Dec 2015)	7
Figure 3: Transfers where sellers stated an overseas tax residency (Oct – Dec 2015)	8
Figure 4: Transfers where Auckland buyers stated an overseas tax residency (Oct – Dec 2015).....	9
Figure 5: Buyers’ tax residency, by location (Oct – Dec 2015).....	10
Figure 6: Flow chart of responses to tax statement questions – buyer. Individuals only (estimated)* Oct - Dec 2015	12
Figure 7: Flow chart of responses to tax statement questions – buyer. All responses Oct - Dec 2015	13
Figure 8: Flow chart of responses to tax statement questions – seller. Individuals only (estimated)* Oct - Dec 2015	14
Figure 9: Flow chart of responses to tax statement questions – seller. All responses Oct - Dec 2015.....	15

Understanding these statistics

As a result of the Land Transfer Amendment Act, we collect tax-related data when people buy, sell or transfer property. In addition the legislation requires us to ask questions that help inform housing policy. This information is collected through a tax statement.

The information provided on each tax statement is confidential to the buyers and sellers, and to Inland Revenue, so may only be released by us in a summarised form.

This document presents a summary of the information provided on these tax statements. Information on the size or value of the property being transferred is not included in this report as this is not collected in the tax statements.

While the data contains tax residency information, this is not the same as nationality and this is not a register of foreign ownership of residential or other property. An overseas tax resident may be a New Zealand citizen (such as someone working or travelling overseas). Or they may be an overseas citizen who lives and works in New Zealand, but is counted as overseas for tax purposes.

These numbers will be produced quarterly

To ensure we protect people's privacy, statistics in this report are presented by quarter. For the first quarter, October to December 2015, there were around 50% of transfers where buyers and sellers were not required to provide tax information because their contract for sale and purchase was entered into before 1 October 2015 (when the law came into effect). Only around 10% of transfers in the second quarter involved buyers and sellers who did not need to provide tax information and so that quarter shows a more complete picture of who is buying and selling property.

[New Zealand Government](#)

The report for the second quarter also includes supplementary information for the full six-month period, which gives a breakdown of transfers by Territorial Authority, by Local Board area for Auckland, and a full list of countries where tax residency was claimed.

The six-month period is used to preserve buyers' privacy and we do not show information if there are fewer than nine transfers in a Territorial Authority. If we provided the breakdown of transfers by quarter, a significant number of the transfers would not be shown, so the six-month data is more informative.

Not just selling and buying property

These statistics show property transfers. Transfers include buying and selling property, but also property that is transferred without a sale, for example, changes of trustee.

The way these statistics are collected means we can't easily distinguish between sales and transfers, or between individuals and trusts.

One property doesn't always mean one buyer or seller

A property transfer isn't always between one person and another. It could involve:

- multiple buyers and/or sellers
- a trustee changing
- a company buying, selling or transferring property.

Tax residency, residency and nationality aren't a neat fit. Here are some examples...

John and Emma are New Zealanders who have moved to Australia, but are in the process of buying an investment property in Wanaka. They are required to declare their Australian tax residency.

Mark, a New Zealander and Steve, a US citizen working and paying tax in New Zealand purchase a house in Miramar together. Steve is required to declare his US tax residency.

The Changs live in Shanghai but have children attending Victoria University in Wellington. They purchase a house in Wellington so that they have a base in New Zealand, and accommodation for their children. They will be required to declare their Chinese tax residency.

Tax residency is not the same as residency or nationality

Some statistics refer to tax residency. This is not the same as nationality.

You can live in New Zealand and have tax residency in another country. Alternatively, you could be an overseas citizen and have only New Zealand tax residency.

An individual may be considered a NZ tax resident if they:

- are in New Zealand for more than 183 days in any 12-month period and haven't become a non-resident, or
- have a 'permanent place of abode' in New Zealand, no matter how long they may have been out of the country.

IR also uses other tests to determine if a person is treated as a New Zealand tax resident. The tax statement requires a New Zealand IRD number, and if the person is tax resident in another country they must identify that country and give their tax number for that country. For the purposes of this report, we've assumed that where a party hasn't claimed overseas tax residency they are a New Zealand tax resident.

Transfers can also involve combinations of New Zealand and overseas tax residents. If any single party to a transaction stated foreign tax residency, that transfer was counted as having overseas tax residency.

Affiliation, home ownership, and intention to occupy

We have also asked questions about buyers and sellers citizenship, residency and intention to occupy a property. These are to gather information to inform housing policy.

A number of respondents stated that they are not residents, don't hold a student or work visa and don't intend to live at the property. This figure is inflated because many of these answers are from trust companies and organisations. We have provided the data having removed the transfers that related to trust companies and organisations. For completeness, we have also provided the unfiltered data. We will be refining the guidance we offer on responding to these questions.

Overseas Investment Office consent is needed for some sales

If overseas residents want to buy 'sensitive' land, land of a certain value, location, or size, they need consent from the Overseas Investment Office first. If they get this consent and are successful in purchasing 'sensitive' New Zealand land, they would then need to go through the transfer process. This means that their transfer will be included but not readily identifiable in these statistics.

Not all property transfers require the supply of tax information

In some circumstances the buyer or seller didn't need to provide their IRD number or tax residency. Some examples are:

- When the contract was entered into before 1 October 2015 (when the legislation came into effect), and registered on or before 1 April 2016, no tax statement is required.
- People buying and selling their own home don't need to provide information if they're a New Zealand citizen or resident and have been in the country recently (once in the past three years for NZ passport holders and once in the past year for resident visa holders). More detail on this can be found on the back of the tax statement.
- If the property involved is Māori land, or land transferred as part of a Treaty of Waitangi Settlement, no tax statement is required.

- When the property involved is Crown or Local Government land, a tax statement is required, but not an IRD number.
- When the land is part of a deceased estate a tax statement is required but no IRD number.
- If the sale of land is compulsory, such as mortgagee and court ordered sales, a tax statement is required but no IRD number.

Statistics quoted in this document

All statistics quoted in this document have been randomly rounded with a method used by Statistics New Zealand to protect confidentiality. Individual figures may not add up to totals, and values for the same data may vary in different text, tables, and graphs.

All statistics are from [land transfer](#) and [tax statement](#) records collected by Land Information New Zealand under the [Land Transfer Act 1952](#), the [Land Transfer Amendment Act 2015](#), and the [Land Transfer \(Land Information and Offshore Persons Information\) Exemption Regulations 2015](#).

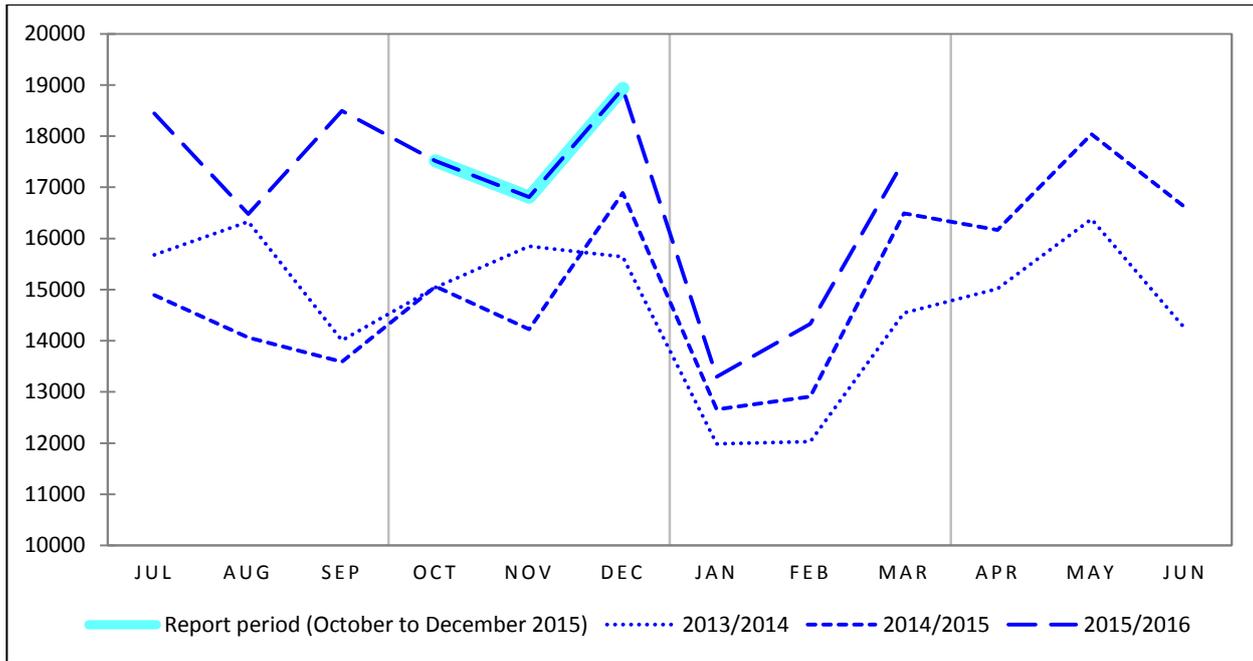
Property Transfers subject to the Land Transfer Amendment Act

These statistics show property transfers. Transfers include buying and selling property, as well as property that is transferred without a sale, for example changes of trustee.

There were 52,686 property transfers registered with Land Information New Zealand from October to December 2015.

Figure 1 compares transfers by month, and highlights the time period covered by this report.

Figure 1: Registration of transfers 2013-2016



Reading the tax residency pie charts

The pie charts on the following pages (Figures 2, 3 and 4) show the number of property transfers that were registered with Land Information New Zealand. If any single party to a transaction stated an overseas tax residency, we included that transfer in 'tax residency – other' in the pie charts (Figures 2, 3 and 4).

For many transfers, the buyers and sellers didn't need to provide their tax residency. Transfers in the blue segment of each pie chart didn't need to provide a tax statement because their contract was signed before the legislation came into effect. The pink segment of each pie chart is people who didn't need to provide information, mostly because the transfer involved their main home. To claim this you need to live at the property and you can't be an "offshore person", so you have a clear connection to New Zealand. The remainder of the pink segment are people who claimed other exemptions.

Where tax residency was provided, the majority of transfers only stated a New Zealand tax residency. The green segment of each pie chart shows when only New Zealand tax residency was stated. Of these, we estimate that approximately one-third involve businesses, institutions, trust companies, and other organisations (based on whether their details have been entered as 'corporate' or 'person' in Landonline).

Tax Residency – Buyers

There were 534 transfers where at least one of the property buyers provided an overseas tax residency (1%). Of those:

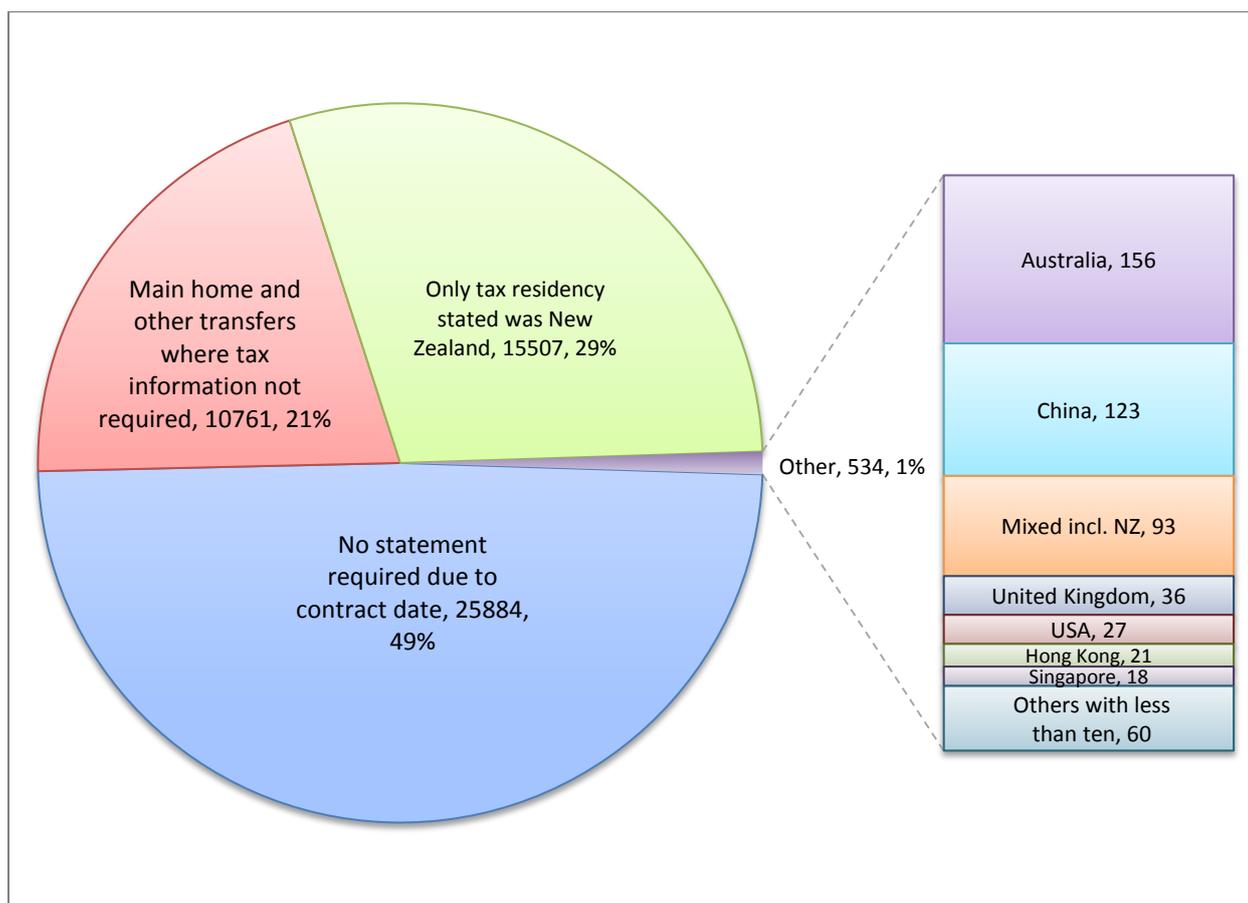
- 156 were tax residents of Australia
- 123 were tax residents of China
- 93 were of mixed tax residency, including NZ (at least one of the buyers has NZ tax residency)
- 36 were tax residents of United Kingdom
- 27 were tax residents of USA
- 21 were tax residents of Hong Kong
- 18 were tax residents of Singapore
- 60 were tax residents of 32 other countries (each with fewer than 10).

Of the 52,686 property transfers registered with Land Information New Zealand from October to December 2015, there were 15,507 transfers where the property buyers provided only a New Zealand tax residency (29%).

Of the remaining transfers, 21% did not need to provide tax information because it involved the main home or for other reasons, and 49% did not need to provide tax information because of the contract date exemption.

Tax residency is not the same as nationality. You can live in New Zealand and still have tax residency in another country. Alternatively, you could be an overseas citizen and have only New Zealand tax residency.

Figure 2: Transfers where buyers stated an overseas tax residency (Oct – Dec 2015)



Tax Residency - Sellers

There were 633 transfers where at least one of the property sellers provided an overseas tax residency (1%). Of those:

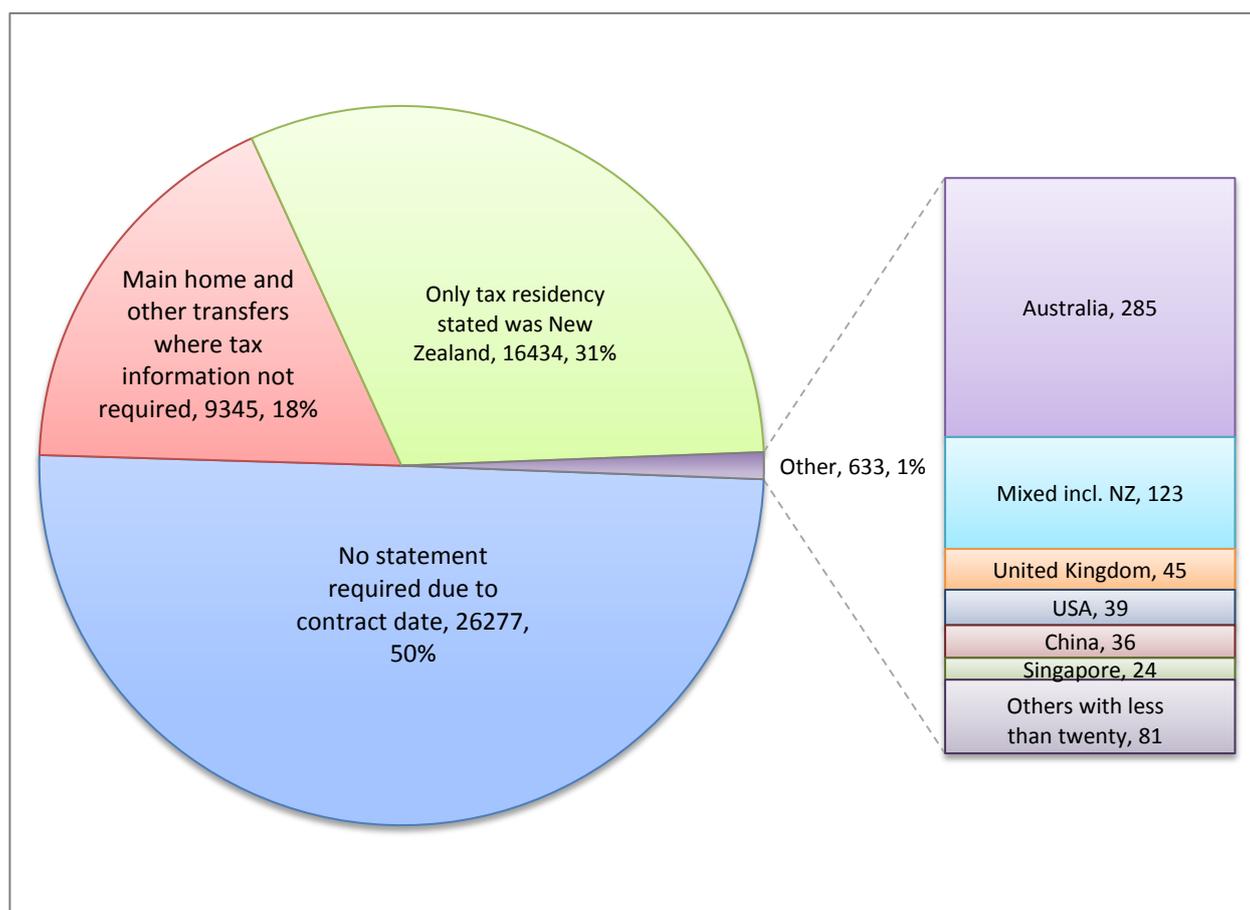
- 285 were tax residents of Australia
- 123 were of mixed tax residency, including NZ (at least one of the sellers has NZ tax residency)
- 45 were tax residents of the United Kingdom
- 39 were tax residents of USA
- 36 were tax residents of China
- 24 were tax residents of Singapore
- 81 were tax residents of 27 other countries (each with fewer than 20).

Of the 52,686 property transfers registered with Land Information New Zealand from October to December 2015, there were 16,434 transfers where the property sellers provided only a New Zealand tax residency (31%).

Of the remaining transfers, 18% did not need to provide tax information because it involved the main home or for other reasons, and 50% did not need to provide tax information because of the contract date.

Tax residency is not the same as nationality. You can live in New Zealand and still have tax residency in another country. Alternatively, you could be an overseas citizen and have only New Zealand tax residency.

Figure 3: Transfers where sellers stated an overseas tax residency (Oct – Dec 2015)



Tax Residency – Auckland Buyers

There were 183 transfers where at least one of the property buyers provided an overseas tax residency (1%). Of those:

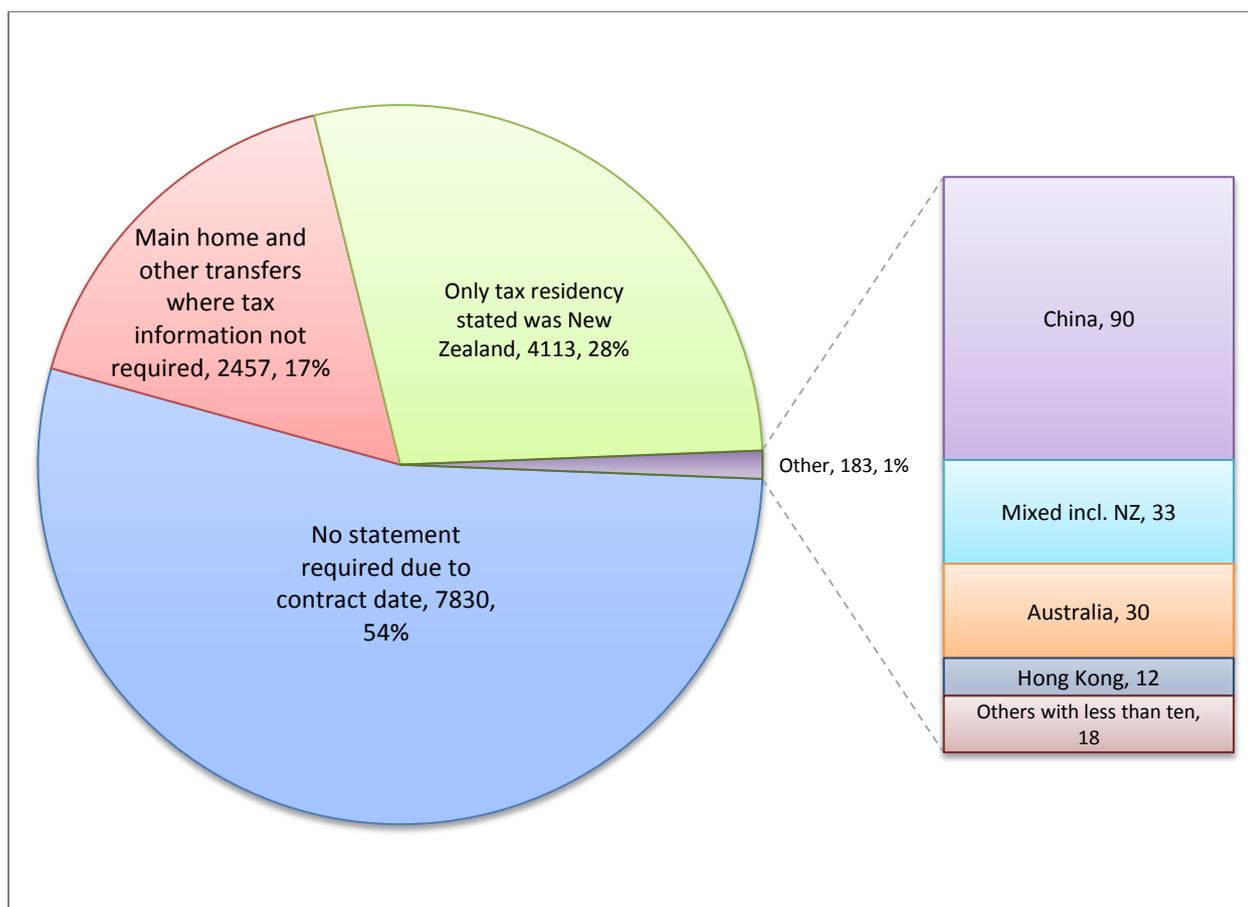
- 90 were tax residents of China
- 33 were of mixed tax residency, including NZ (at least one of the buyers has NZ tax residency)
- 30 were tax residents of Australia
- 12 were tax residents of Hong Kong
- 18 were tax residents of 11 other countries (each with fewer than 10).

Of the approximately 14,607* property transfers registered with Land Information New Zealand from October to December 2015 for Auckland City, there were 4113 transfers where the property buyers provided only a New Zealand tax residency (28%).

Tax residency is not the same as nationality. You can live in New Zealand and still have tax residency in another country. Alternatively, you could be an overseas citizen and have only New Zealand tax residency.

*Due to transitional arrangements around the contract date exemption, not all transfers could be linked to a specific Territorial Authority. So the total transfers, and the area in blue, will be less than the true number.

Figure 4: Transfers where Auckland buyers stated an overseas tax residency (Oct – Dec 2015)

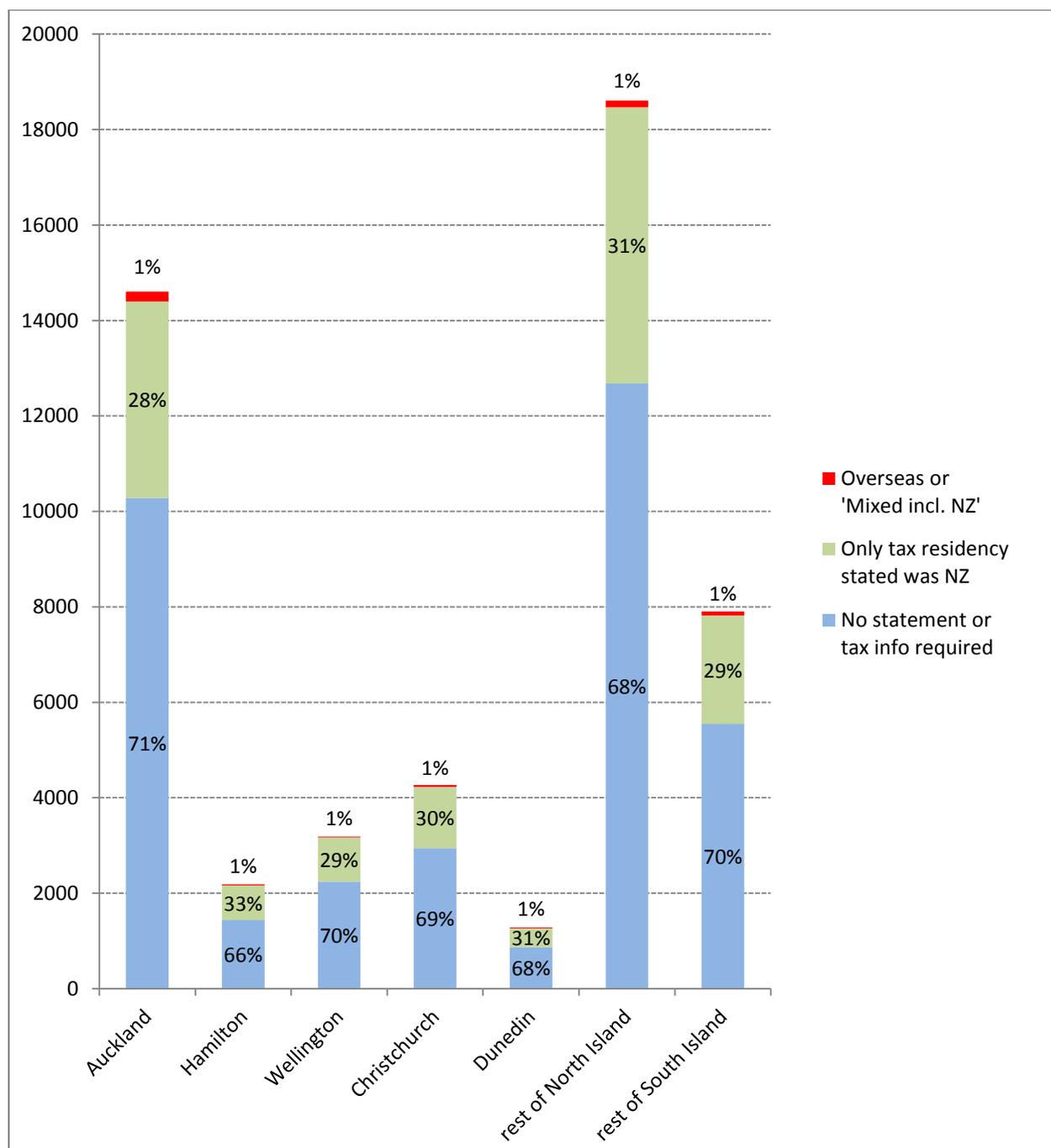


Tax Residency – by location

Figure 5 shows buyers tax residency for five cities as well as the rest of New Zealand.

Wellington includes the Hutt, Upper Hutt, Wellington and Porirua City Council areas. Refer to the Supplementary Information for a full breakdown of transfers by all Territorial Authorities, and by Local Boards in Auckland.

Figure 5: Buyers' tax residency, by location (Oct – Dec 2015)



Affiliation, home ownership, and intention to occupy

The completed tax statement asks three questions that are not related to tax. These were added to the legislation to inform housing policy:

- Q1.1 “Does the transfer involve land that has a home on it?” Yes/No
- Q2.1 “Are you or a member of your immediate family a New Zealand citizen or a holder of either a resident, work or student visa?” Yes/No
- Q2.2 “If you are a buyer and you or a member of your immediate family hold a work or student visa, do you or a member of your immediate family intend living on the land?” Yes/No/Not Applicable

Originally, trusts and businesses had been advised to answer ‘no’ to Q 2.1 and ‘not applicable’ to Q 2.2. As a result, in this quarter we saw a larger number of ‘no’ answers than would be expected. The bulk of these answers appear to be from New Zealand trusts and businesses. From 4 April 2016 we introduced a ‘not applicable’ option for Q 2.1.

We are refining the guidance we offer on responding to these questions so we can improve this data in the future.

The questions on the tax statement were designed for individuals. However a large proportion of transfers are on behalf of trusts, companies and other organisations. In many cases multiple trustees associated with a single transfer have answered differently. For example:

- **Maria, a New Zealand citizen, fills out the tax statement.** She answers ‘no’ to the question about whether she is a citizen, or holds a student or work visa, because she is answering on behalf of her business.
- **Jason is another New Zealand citizen.** He is in business with Maria and also fills out the tax statement. He answers ‘yes’ to the question about whether he is a citizen or holds a resident, work or student visa, because he interprets the question as being about himself.

Buyer responses

The flow chart in Figure 6 below shows the way people responded to the tax statement questions. The questions were designed with individuals in mind, so trust companies, businesses and organisations did not have an easy way to answer. As a result, in this quarter we saw a larger number of 'no' answers than would be expected.

The intention behind the questions was to identify an individual purchaser's connection to New Zealand, so we excluded responses from trust companies, businesses and organisations. While those entities also purchase property, they don't have student visas or other affiliation to New Zealand.

Figure 6 shows the results for individuals, once we have removed the respondents that we identified as trust companies, businesses and organisations. The responses for transfers are shown as a number and percentage. Of the people who answered that there was a home on the land, 97% stated they were New Zealand citizens or held a work, student or resident visa.

Figure 6: Flow chart of responses to tax statement questions – buyer. Individuals only (estimated)* Oct - Dec 2015

Q.1 Home on Land	Q2.1 NZ, or work or student visa	Q2.2 Work or student visa and intend to occupy
Yes 21153 (90%)	Yes 20514 (97%)	5604 (27%) Yes** 12396 (60%) n/a 2514 (12%) No
	No 639 (3%)	
No 2466 (10%)	Yes 2364 (96%)	351 (15%) Yes 1581 (67%) n/a 432 (18%) No
	No 102 (4%)	

* This table excludes buyers identified as a 'corporate' e.g. businesses, institutions, trust companies, and other organisations, and also persons acting as an executor or administrator. Counts include all other buyers identified as a 'person', including trustees.

** If you add the 'yes' and 'no' responses to Q2.2, you will get a total of 39 percent of respondents who were not classifying themselves as NZ residents. It appears this category was inflated by NZ residents who didn't realise the question does not apply to them.

There were approximately 21,153 transfers where the buyers indicated that the land had a home on it (90%).

- For 20,514 of these transfers, the buyers stated that they or their families were New Zealand citizens or held a visa allowing them to live here (97%)
- For 639 of these transfers, the buyers stated that they or their families were not New Zealand citizens and did not hold a visa allowing them to live here (3%).

There were approximately 2466 transfers where the buyers indicated that the land did not have a home on it (10%).

- For 2364 of these transfers, the buyers stated that they or their families were New Zealand citizens or held a visa allowing them to live here (96%)
- For 102 of these transfers, the buyers stated that they or their families were not New Zealand citizens and did not hold a visa allowing them to live here (4%).

In the interests of transparency, Figure 7 below shows the full set of responses (before we removed trust companies, businesses and organisations).

Figure 7: Flow chart of responses to tax statement questions – buyer. All responses Oct - Dec 2015

Q1.1 Home on Land	Q2.1 NZ, or work or student visa	Q2.2 Work or student visa and intend to occupy
Yes 23988 (87%)	Yes 22473 (94%)	5742 (26%) Yes*
		13602 (61%) n/a
		3129 (14%) No
No 3723 (13%)	No 1515 (6%)	
	Yes 3123 (84%)	363 (12%) Yes
		2067 (66%) n/a
	No 600 (16%)	693 (22%) No

* If you add the 'yes' and 'no' responses to Q2.2, you will get a total of 40 percent of respondents who were not classifying themselves as NZ residents. It appears this category was inflated by NZ residents who didn't realise the question did not apply to them.

Seller responses

The flow chart in Figure 8 below shows the way people responded to the tax statement questions. The questions were designed with individuals in mind, so trust companies, businesses and organisations did not have an easy way to answer. As a result, in this quarter we saw a larger number of ‘no’ answers than would be expected.

The intention behind the questions was to identify an individual purchaser’s connection to New Zealand, so we excluded responses from trust companies, businesses and organisations. While those entities also purchase property, they don’t have student visas or other affiliation to New Zealand.

Figure 8 shows the results for individuals, once we have removed the respondents that we identified as trust companies, businesses and organisations. The responses for transfers are shown as a number and percentage. Of the people who answered that there was a home on the land, 97% stated they were New Zealand citizens or held a work, student or resident visa.

Figure 8: Flow chart of responses to tax statement questions – seller. Individuals only (estimated)* Oct - Dec 2015

Q1.1 Home on Land	Q2.1 NZ, or work or student visa
Yes 18945 (91%)	Yes 18345 (97%)
	No 600 (3%)
No 1827 (9%)	Yes 1728 (95%)
	No 99 (5%)

** This table excludes sellers identified as a ‘corporate’ e.g. businesses, institutions, trust companies, and other organisations, and also persons acting as an executor or administrator. Counts include all other sellers identified as a ‘person’, including trustees.*

There were approximately 18,945 transfers where the sellers stated that the land had a home on it (91%).

- For 18,345 of these transfers, the sellers stated that they or their families were New Zealand citizens or held a visa allowing them to live here (97%)
- For 600 of these transfers, the sellers stated that they or their families were not New Zealand citizens and did not hold a visa allowing them to live here (3%).

There were approximately 1827 transfers where the sellers stated that the land did not have a home on it (9%).

- For 1728 of these transfers, the sellers stated that they or their families were New Zealand citizens or held a visa allowing them to live here (95%)
- For 99 of these transfers, the sellers stated that they or their families were not New Zealand citizens and did not hold a visa allowing them to live here (5%).

In the interests of transparency, Figure 9 below shows the full set of responses (before we removed trust companies, businesses and organisations).

Figure 9: Flow chart of responses to tax statement questions – seller. All responses Oct - Dec 2015

Q1.1 Home on Land	Q2.1 NZ, or work or student visa
Yes 23292 (87%)	Yes 21537 (92%)
	No 1755 (8%)
No 3546 (13%)	Yes 2841 (80%)
	No 705 (20%)