

Important message for intermediaries

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Proposed changes to the bright-line test, and interest deductions on investment property.

Kia ora

The Minister of Finance, Hon Grant Robertson, has announced proposed changes for residential property acquired on or after 27 March 2021. The proposed changes include:

- extending the bright-line test to 10 years
- amending the main home exclusion which would require tax to be paid on gains made for periods the property is not used as the owner's main home
- allowing newly built homes to use a 5 year bright-line test
- not allowing property owners to claim interest on loans used for residential properties as an expense against their income from those properties. This would start from 1 October 2021, and would also be phased in over 4 years for existing properties. There would be an exemption for newly built homes.

For early guidance on how the changes may affect homeowners, download the factsheets from our Tax Policy website at taxpolicy.ird.govt.nz

Our main website, ird.govt.nz will be fully updated once legislation is enacted.

Ngā mihi

Cy Lohead,
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