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More than meets the eyetalk to us first if thinking of buying a property

When considering the purchase of a property, there are many issues which need to be addressed. Talk to us at the beginning of the process and make sure your new venture starts off on the right foot.

Getting the business structure right is important. Ensure 'or nominee' is included in your Sale and Purchase Agreement to give flexibility of ownership until the date of settlement. Whether the property is purchased by a 'company', 'trust' or 'partnership' these all have major and different implications for tax, succession planning and protection of assets, and consideration of these aspects is needed prior to purchase.

Beware of GST technicalities. The financial implications of one party not being GST registered, or the wording of the agreement, can drastically change the actual price of the deal. Hobby blocks can be a trap with GST. It is often better not to become GST registered at the time of purchase, just because the vendor is GST registered. Talk to your accountant about this before signing up.

We can also help with the financing by preparing a budget and liaising with your bank to ensure you achieve the best loan structure and finance rates. Helping you with preparation of an annual cashflow budget will indicate the amount of any overdraft required and the months it is needed.

Transactions with associated parties can create other nuances. Beware of capital profit on sale becoming taxable when it is between family members. The tax laws are complicated and what appears to be a friendly loan between family can have other hidden and possibly costly affects.

Attention to wording in the Sale and Purchase Agreement is required to ensure that appropriate values are specified for items which may have tax effects in the future, such as plant and equipment, buildings or forestry

There are many more issues involved, so if you are thinking of purchasing a property please call us before you sign.

For more information contact Coral Phillips, Associate 07 889 8822