

## Do I have to pay tax on property I sell?

It depends on your reason or intention at the time you bought the property.

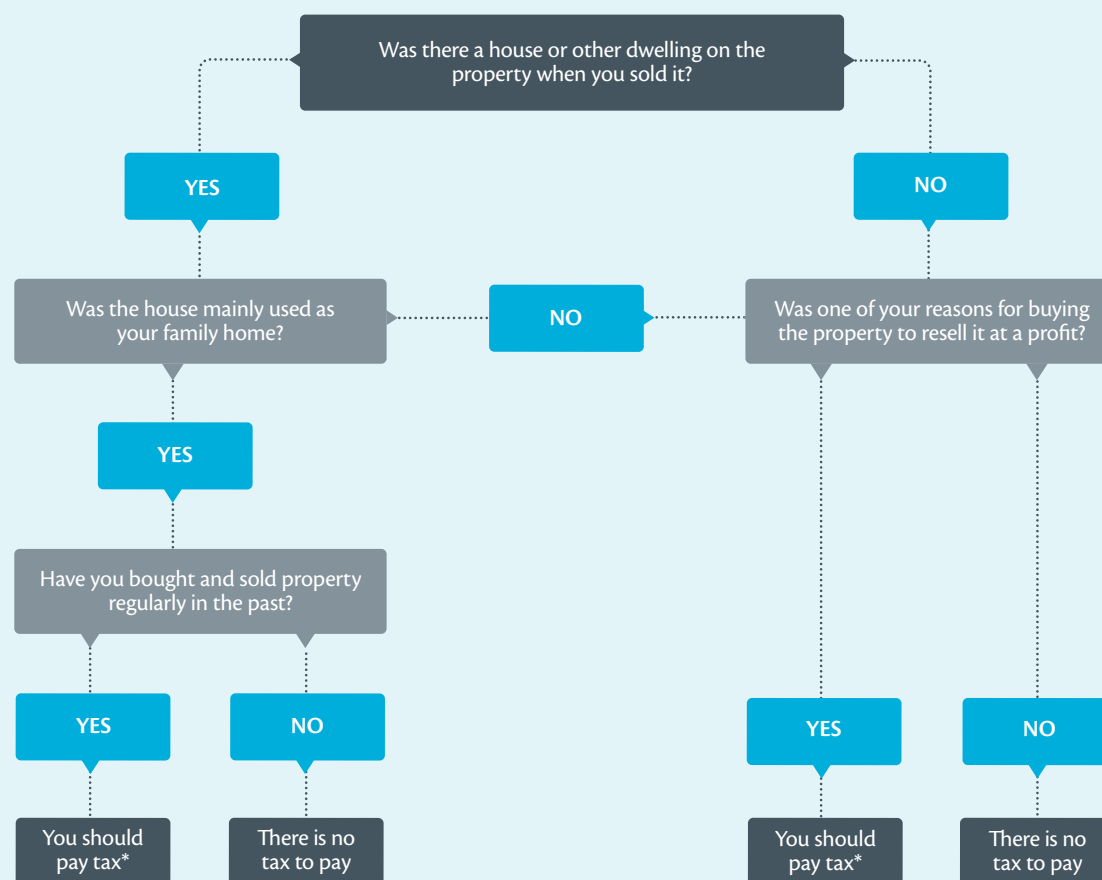
When deciding whether or not you should pay tax on the profit from the sale of a property, we look at your intention when you bought it.

If you bought the property with the firm intention of selling it when prices rise—to make a gain from the increase in the property's value—the profit is likely to be taxable.

However, if you bought the property to provide a home for your family, any profit from the eventual resale will most likely not be taxable.

**A good test is to ask yourself “what were my reasons for buying this property?”**

## I have bought and resold a property at a profit. Do I have to pay tax?



## Why is my reason for buying a property important?

If one of your reasons for buying a property is to resell it, any profits are likely to be taxable.

It's a fact that nearly everyone buying a property will sell it at some stage in the future and most people hope their property will gain in value. However, this alone isn't enough to make any profits taxable.

**It's only when one of your specific reasons for buying a property is to resell it that any profit you make from the sale is taxable.**

We need to work out your intentions when you buy a property so we can decide whether any profits you make on its sale will be taxable.

Normally, living in a house means that any profits on its eventual sale are likely to be non-taxable, unless you have a regular pattern of buying, living in and selling properties.

## How do you work out what my intention or reason for buying a property was?

We work out your intentions by listening to what you tell us and looking at your actions. We may look at your history in buying and selling properties. For example, have you bought and sold a number of properties over a period of time, or bought and sold properties at regular intervals? We might look at statements you made to a bank manager or advisor when you bought the property, and at any plans made or discussed at the time.



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**I have bought and resold a property at a profit. Do I have to pay tax?**