

Type of ownership	Ownership	Investor liability	Tax rates used	Tax on distributions	Ease of ownership transfer	Tax on sale
Sole Trader and Unlimited Partnership*	Owner(s) retain control of the property.	Unlimited joint and individual liability for all debts.	Owner's marginal tax rate (can be up to 38%).	Sole Traders and partners will be taxed on the current year income allocated to them from the rental property.	Relatively complex. Assets must be transferred.	Tax on sale of trading stock, other revenue assets and depreciation recovered. Gain on sale of land and/buildings may be taxable where purchased for intention of sale, where the land and/or building is sold by a builder, developer or dealer or where a person is associated with a builder, developer or dealer and other specific circumstances.
Limited Liability Company	Shareholders, in whatever ratio the shares are held.	Limited to the share input.	30% (For income years prior to 1 April 2008, the company tax rate was 33%).	Most dividends will be taxable to Shareholders and may have tax credits attached. For shareholders with a high marginal tax rate, additional tax may be payable.	Can be achieved by: 1. Sale of shares (simple), or; 2. Sale of assets (complex).	Sale of share held on capital account not usually taxable. Sale of revenue account property. Other aspects of tax on sale are the same as Sole Trader and Unlimited Partnership (see above).
Loss Attributing Qualifying Company (LAQC)	Shareholders, in whatever ratio the shares are held.	LAQC shareholders are liable for tax incurred.	30% (For income years prior to 1 April 2008, the company tax rate was 33%).	Taxable to the extent of fully imputed tax credits, otherwise may be exempt.	Can be achieved by: 1. Sale of shares (simple), or; 2. Sale of assets (complex).	Sale of revenue account property. Other aspects of tax on sale are the same as Sole Trader and Unlimited Partnership (see above).
Qualifying Trust**	Held by the Trustees on behalf of the beneficiaries. Trustees must act in accordance with the Trust Deed.	The Trustees are liable for the actions of the Trust. Beneficiaries' liabilities are limited to their interest in the trust funds.	Beneficiary income is taxed at the beneficiaries' marginal tax rate. 33% for non-distributed (Trustee) income.	Beneficiary income is taxed at the beneficiaries marginal tax rate. Trustee income received by the beneficiaries is tax free.	All assets have to be transferred by Trustees.	Tax on sale is the same as Sole Trader and Unlimited Partnership (see above).

* New Zealand has recently introduced a Limited Partnership Regime.

** There are other types of Trusts, including Non-Qualifying and Foreign Trusts. If you would like further information on these, refer to IRD's website or seek professional advice.

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