

THREATS AND PROMISES

Another parliamentary election will be held in 2014. Next year, and it seems only very recently that we had the last election. The frequency of elections really raises the question about whether a government's policies can be tested properly during any term of government. In the first year of a term a government has to introduce its policies and get the necessary legislation and systems in place. In many instances it takes time to know whether their innovations will work for the good of the country.

With the election looming opposition parties are starting to make the inevitable promises to alter the systems which do not equate with their voters' ideologies. Should Labour be voted into government at the next election and enter into a coalition with the Greens it is highly likely that a capital gains tax will be introduced. The National government has indicated that it has no intention to introduce a capital gains tax on property. If residential owner-occupied properties are exempt from a capital gains tax under the Labour/Greens proposal it would mean that few residential property sales would be subject to the tax. People currently dealing in property and investors who buy and sell quickly now are subject to tax on the gains from the sales.

It is therefore a very appropriate time to undertake a review of our assets to ensure, as far as it is possible, to do so that they will not be the subject of a capital gains tax. In some instances it may be appropriate to set up a trust and transfer property to the trust, or if purchasing a new property buy it under a Trust.

Having said that legal and accounting advice should be obtained from competent practitioners as the creation of a trust is not always a realistic option. Trusts must be administered in accordance with legal requirements as the judiciary is not frightened to find a trust a sham.

Do not just listen to the politicians and their threats and promises. Review your assets and discuss with your professional advisers your best options for the future.

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