

DAA Bulletin

7 Steps to Successful Property Investing

Quote

“What is the definition of an accountant?

Someone who solves a problem, you didn't know you had, in a way you don't understand.”



DODD AND ASSOCIATES LTD
CHARTERED ACCOUNTANTS

Xero Tip

Using Xero in Google Chrome provides more functionality and is more user / eye friendly.

We regularly get questions about investing in property. It is seen it as a means of building wealth but we see uncertainty over what property to buy or even how to buy property. Lets us share a few tips for property investing.

1. What sort of investor are you?

Do you need positive cashflow? Afford to fund the property from your own cash? Renovate & sell? Develop property? Each option requires different skills and strategies to be successful. You can learn them all but easier to master one first before you move onto the next.

2. Make sure your finances stack up

Crucial that you do not start looking for property before you know exactly what finance you have available. You may need to clear personal debt, get a second job or save a bigger deposit if you do not have enough. No point looking if you don't have the money available.

3. Make an appointment with DAA

So you know what type of investor you are and have the finance available you now need to talk to us. This must be done BEFORE you make any offer. The reason being that you need to structure your investment properly and we can do that. Getting your structure right from the beginning is crucial and may mean cost now but it will be cheaper than trying to fix it later and ensure you get the results that you are looking for.

4. Do your research

Choose an area and investigate it in detail to the point you know it inside and out including potential rentals. Remember whatever area you choose the properties need to be affordable, fit your budget and meet your investment criteria.

5. Look for properties for sale

Lets start having fun! Look through the properties in your chosen area. Build a relationship with a real estate agent who can help find your ideal property. View as many properties as you can and don't just settle for the first one.

6. Appoint a Solicitor

When you have found your property submit your offer and contact your solicitor. They will go through the legal aspects and point out any issues. If all is good they will assist with the necessary legal and financing requirements and help you complete the purchase process.

7. Well done – go again?

Congratulations you just bought your first investment property. Lets get the second property

ACC Payment Arrangements

It has recently come to our attention that ACC now have four different payment options compared to the previous two.

1. As always you can choose to pay in full on the due date.
2. The most common installment plan is the 10 month Direct Debit which actually turns out to be a default as you can actually choose anything from 7 to 10 months. This plan incurs a flat 5.4% admin fee though so not many people would choose to pay it off any quicker than the maximum when it doesn't save you any money.
3. The first new option is a 4 to 6 month Direct Debit that does not incur any extra cost. You (or us on your behalf) need to contact ACC each year as soon as you get your invoice in order to set this option up if you choose to use it. As with option 2 above there is no financial benefit in the shorter option so we doubt you would want any less than 6 months.
4. The final option is a 3 month plan where the customer makes the payments directly (rather than ACC taking them via Direct Debit). Again there are no extra charges to the customer for selecting this plan.

To arrange a Direct Debit Instalment Plan, you will need to complete the Instalment Plan application form and Direct Debit authority which was enclosed with your original invoice. If this does not show the options for other months write on the form which option you would like and ring ACC to ensure they know which option you are choosing and note it on your file.

Overseas Pensions

The law for overseas pension schemes is changing and comes with costly tax implications if you do not think about your overseas pensions now.

In a nutshell if you have been living in New Zealand for more than seven years and transfer your pension scheme to New Zealand after 31 March 2014 then you will pay a hefty tax bill. However there is special one-off tax opportunity to transfer it to New Zealand before 31 March 2014 but has to be done right and has to be done with care.

Furthermore if you transferred an overseas pension to New Zealand from 2000 onwards then the next two years come with tax implications. This is because you are expected to declare some of the transferred pension as income and pay tax on that income.

If you have an overseas pension to transfer to New Zealand or have transferred one to New Zealand you need to be seeking advice from a professional on how to transfer it to New Zealand and also advice from us on the tax implications.

Desk Space Available

Do you or someone you know need a desk to work at in a professional and secure work place?

We currently have space in our open office area available for rent at a reasonable price.

Included in the rental rate you would also have access to use our meeting rooms should you need to meet with people as part of your job.

If you are interested in finding out how this could work for you please contact us at Kate.Mitchell@dodd.co.nz

Email Addresses

It has come to our attention that a number of emails meant for us are being sent to someone completely unrelated to this firm.

The reason is some people are adding the letter s to the word dodd in our email addresses.

Please check your email address books now and ensure that all email addresses you have for our firm are the recipients full name followed by @dodd.co.nz for example Kate.Mitchell@dodd.co.nz

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