**Be careful what you say!**

Anything you say to a bank can be written down and used in evidence against you. Not by the bank so much as the Inland Revenue Department. It is not confidential from the IRD. You have no control over the notes your bank manager makes of your meeting and IRD has full access to these notes in most cases.

For example, if you were to buy a property and were to tell the bank your plans to “do it up”, maybe rent the property out for a bit then “flick it off” for a good profit, this could be interpreted by the IRD as being a purchase with the intention primarily to make a profit. The consequence of this: taxable income. On the other hand, if you buy the same rental property as a long-term investment for the purpose of providing income for future years, you are not taxed on the profit you make on the eventual sale. Be mindful of what discussions you have with your bank while negotiating a loan to buy the property.

The same principle applies to the share market. If you buy shares for the dividends, and happen to sell at a later date for a profit, any gain is tax free however if you were to buy say Genesis shares and sell them soon after issue “to take a profit” as share brokers say, the gain is probably taxable.