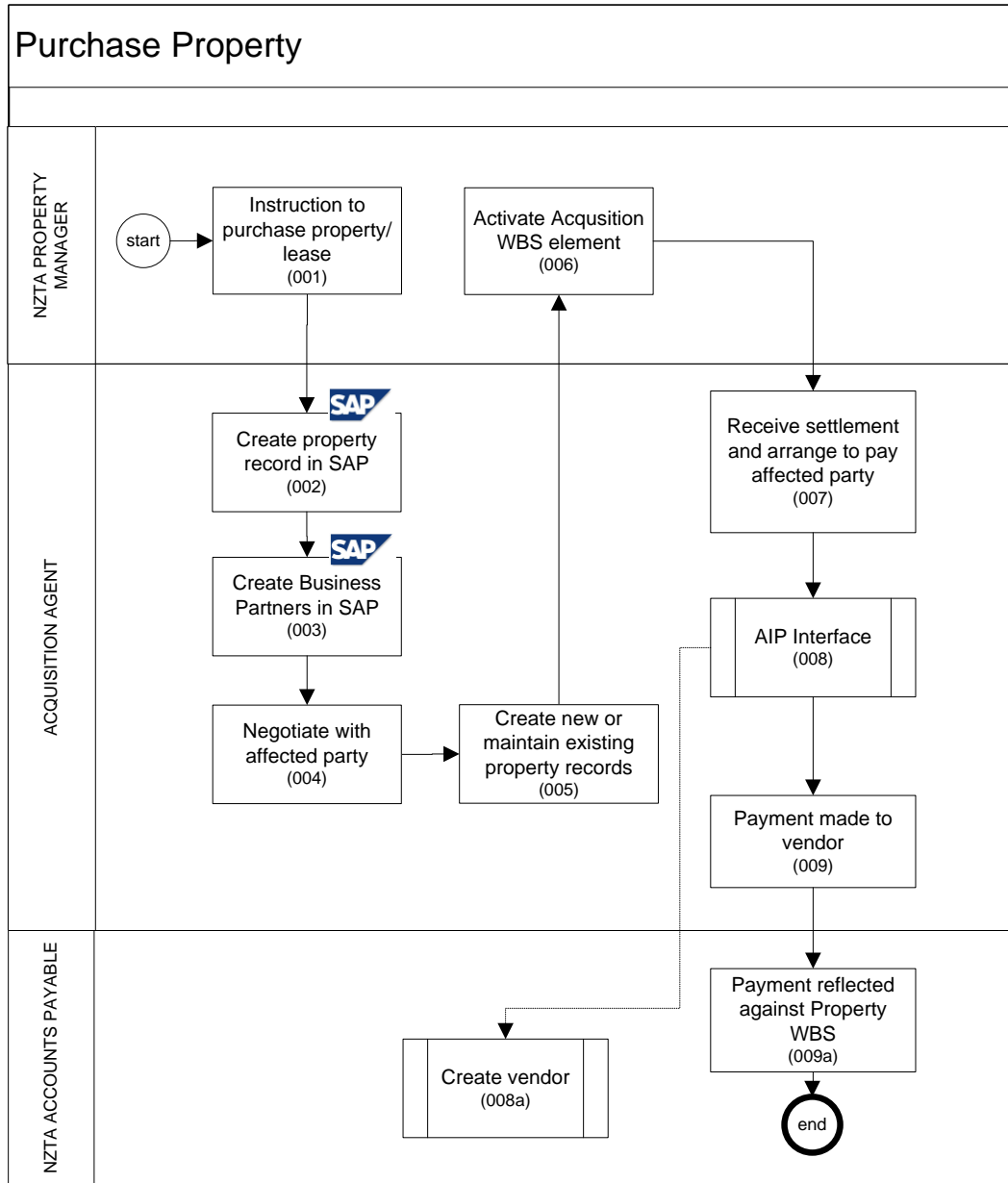# Purchase Property (PM5.3)

This process details the steps required to purchase a property or lease.

Process flow diagram

The process flow is shown below.

Process steps

The steps for this process are detailed below.

Step	Action
1.	The Property Manager instructs the Acquisition Agent to acquire the property (Purchase Property/Lease).

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Step	Action
2.	The Acquisition Agent creates a property record for each property interest to be purchased using transaction RE80. Refer to the RE80 (Create Property - Purchase Approved) transaction guide for more details. This in turn creates an Acquisition, Management and Disposal WBS element (cost object) to forecast and charge costs against.
3.	The Acquisition Agent, in advance of purchase request, sets up the Business Partners in SAP (be it the solicitor, property owner or property owner company) using transaction RE80. Refer to the RE80 (Create Business Partner) transaction guide for more detail.
4.	The Acquisition Agent undertakes negotiations with the affected parties to reach an agreement to acquire property or a land entry agreement to allow access.
5.	The Acquisition Agent: • adds new properties that have not yet been recorded in the Real Estate module, using transaction RE80 (refer to the RE80 (Create Property - Purchase Approved) transaction guide for more detail). • adds detailed information to property previously recorded using transaction RE80 (refer to the RE80 (Maintain Purchase Property) transaction guide for more detail). • maintains the WBS element in the Project Systems (PS) module.
6.	The NZTA Acquisition Property Manager activates the auto-created WBS element to allow costs to be assigned using transaction CJ20N. Refer to the CJ20N (Maintain WBS Element) transaction guide for more detail.
7.	The Acquisition Agent arranges for settlement to be executed including all the outside system steps (such as engaging with LINZ).
8.	The Acquisition Agent follows the AP06 AIP Interface process to arrange and approve payment to the vendor. **Result**: NZTA Accounts Payable staff create a new vendor using the AP03 Vendor Maintenance process.
9.	The Acquisition Agent ensures that as an output of the AP06 AIP Interface process, payment of the settlement statement/invoice is made on a date agreed between the Acquisition Agent and NZTA Accounts Payable staff. **Result**: The payment becomes an actual expense against the Property Acquisition WBS (on the assumption that the WBS was included on the Settlement Statement/Invoice or was coded by the Approver in AIP).

Business rules

The following business rules apply:

• The NZTA Property Manager must approve payments through AIP when the settlement milestone is reached.
• The Acquisition Agent must ensure that the Property Manager is notified 21 days before a deferred settlement date that settlement is imminent.
• GST on property acquisition may be deductible or not (refer to business rules).
• The requirement is to code GST as required at source and enable reporting of GST relating to each acquisition for review.

Note: This information does not drive any system accounting process but assists Accountants to know whether the GST can be claimed or not and whether we reimburse the property vendor for their costs including GST or excluding GST:

- If a property vendor is GST registered, the property transaction will be zero GST rated, NZTA cannot claim GST on the property or any property vendor incurred expenses such as valuations and legal fees.
- If a property vendor is <u>not</u> GST registered, the property transaction will be GST rated and NZTA can claim GST on the property or any property vendor incurred expenses such as valuations and legal fees.
- NZTA is able to claim input GST on residential purchases even though no GST has been paid.
- Additionally, NZTA will only pay the gross amount of vendor incurred expenses (including GST).