



Inland Revenue
Te Tari Taake

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New Zealand tax residence

Who is a New Zealand resident for tax purposes?



Introduction

The tax residence rules determine whether a person is a New Zealand tax resident. The worldwide income of a New Zealand tax resident is subject to New Zealand tax laws. People who are not New Zealand tax residents (non-residents) are liable for New Zealand tax only on their New Zealand-sourced income.

Note

This booklet deals with tax residence rules. These are different from the normal New Zealand immigration residency rules.

We have used the words “resident” and “non-resident” in this booklet for New Zealand tax purposes only.

This booklet has information on:

- tax residence rules for individuals:
 - who is a resident and who is a non-resident, for tax purposes only
 - temporary tax exemption on foreign income
 - what income you’re taxed on as a resident or a non-resident
 - paying tax as a resident or a non-resident
- tax residence rules for non-individuals
- where to go for further help.

Please read all sections in this booklet as it will help you establish whether you’re a tax resident or a non-resident.

The information in this booklet is based on current tax laws at the time of printing.

www.ird.govt.nz

Go to our website for information, services and tools.

- **Secure online services** – login to check your account information, file an employer schedule, confirm personal tax summaries and update your family details and income.
- **Get it done online** – complete and send us forms and returns, make payments, make an appointment to see us and give us feedback.
- **Work it out** – use our calculators, worksheets and tools to help you manage your tax business like checking your tax code, or your filing and payment dates.
- **Forms and guides** – download our guides, and print forms to post to us.

You can also check out our newsletters and bulletins, and have your say on items for public consultation.

How to get our forms and guides

You can view copies of all our forms and guides mentioned in this guide by going to www.ird.govt.nz and selecting “Forms and guides”. You can also request copies by calling 0800 257 773.

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Tax residence rules for individuals

Who is a New Zealand tax resident?

You're a New Zealand tax resident if:

- you're in New Zealand for more than 183 days in any 12-month period, or
- you have an "enduring relationship" with New Zealand (see below), or
- you're away from New Zealand in the service of the New Zealand government.

The 183-day rule

If you're in New Zealand for more than 183 days in any 12-month period, you're considered to be a New Zealand tax resident from the day you arrived. The 183 days don't have to follow each other. For example, if you come to New Zealand for 10 days in April and then return for 20 days in September of the same year, it will be counted as 30 days. If you're in New Zealand for only part of a day, it is counted as being a whole day. This means that the days on which you depart or arrive are treated as "days present" in New Zealand.

An enduring relationship with New Zealand

The Income Tax Act 2007 says that a person, other than a company, who has a "permanent place of abode" in New Zealand is a New Zealand tax resident. Permanent place of abode means more than just the building you live in, it covers all your ties and links with New Zealand. These may be social, physical, economic or personal.

The enduring relationship test overrides any rules about the number of days you're in New Zealand.

To decide whether you have an enduring relationship with New Zealand, we look at your circumstances, including the following:

Do you have an enduring relationship with New Zealand?	
Criteria	We consider
Presence in New Zealand	whether you're here continuously or from time to time
Accommodation	whether you own, lease or have access to property in New Zealand
Social ties	where your immediate family lives, if you have children being educated here, if you belong to any New Zealand clubs, associations or organisations
Economic ties	if you have bank accounts, credit cards, investments, life insurance or superannuation funds here
Employment or business	if you run a business here, if you're employed here, if you have employment to return to, the terms of any employment contract
Personal property	if you have vehicles, clothing, furniture and other property or possessions kept here permanently
Intentions	whether you intend to live in New Zealand or to return overseas after a time
Benefits, pensions and other payments	whether you receive any welfare benefits, pensions or other payments from New Zealand agencies or organisations.

This list is a guide only—you'll need to consider your overall situation when working out whether you're a New Zealand tax resident.

Please note that even if you maintain ties (or even a physical home) in other countries you can still be a New Zealand tax resident. As long as you have an enduring relationship with New Zealand you'll always be a resident.

Government service

If you're a New Zealand resident away in the service of the government in any capacity, you're considered to be a tax resident of New Zealand and are liable for New Zealand tax on your worldwide income. The length of your absence and whether you have an enduring relationship with New Zealand doesn't matter. This rule doesn't apply to a spouse, partner or children who may be accompanying you. Normal tax residency rules still apply to them.

Double tax agreements (DTAs)

You may be a tax resident in both New Zealand and another country. This means that you're resident in two countries under the tax laws of each of those countries. If both countries tax their residents on worldwide income you could be taxed twice on the same income. Double tax agreements have been negotiated between New Zealand and many other countries to decide which country has the first or sole right to tax specific types of income.

Go to www.ird.govt.nz to look at the latest list of countries that have DTAs with New Zealand.

Becoming a non-resident

Remember, if you have an enduring relationship with New Zealand you'll be a resident for tax purposes. However, if the ties and links described on pages 4 and 5 suggest you're not a New Zealand tax resident, you can become a non-resident under the "325-day rule".

The 325-day rule

You become a non-resident for tax purposes if:

- you're away from New Zealand for more than 325 days in any 12-month period, and
- you no longer have an enduring relationship with New Zealand.

The 325 days do not have to be consecutive. If you're here for only part of a day it's counted as a whole day.

Paying tax as a resident

Your worldwide income is taxed

If you're a New Zealand tax resident you're taxed on your worldwide income. You must state your income from all sources, including that from overseas, in an *Individual tax return (IR 3)*. You're normally allowed a tax credit for any tax paid overseas so you'll need to be able to produce records which show the overseas tax you've paid.

Note

We calculate tax on any overseas income in accordance with New Zealand tax laws. Our tax laws may be different from the laws of other countries.

The New Zealand tax year is from 1 April to 31 March of the following year. Unless you get consent from us to use a non-standard balance date you may need to apportion your overseas income to fit the New Zealand tax year.

The year you become a tax resident

Any person, individual or business required to pay tax in New Zealand will need to apply for an IRD number. Some entertainers and contractors don't require IRD numbers—see page 16.

If you haven't had a personal New Zealand IRD number before, you can apply for one by filling in an *IRD number application – individual (IR 595)* form. When applying for a personal IRD number you'll have to go to an Inland Revenue appointed verifier with two specified identification documents. Just follow the instructions on the front of the application form.

To apply for an IRD number for a business, trust or other non-individual entity, fill in an *IRD number application – non-individual (IR 596)* form.

If you've had a New Zealand IRD number before, call us on 0800 227 774 to check it is still valid.

Once you have your IRD number, please have it with you whenever you call us.

Temporary tax exemption on foreign income

Most types of individual income derived from overseas may be temporarily exempt from tax in New Zealand. This temporary tax exemption is available to people who:

- have qualified as a tax resident in New Zealand on or after 1 April 2006, and
- are new migrants or returning New Zealanders, who have not been resident for tax purposes in New Zealand for at least 10 years before their arrival in New Zealand.

The temporary tax exemption for foreign income is for four calendar years (up to 49 months). The exemption starts on the first calendar day of the month you **qualify as a tax resident** in New Zealand and is valid until the last calendar day of that month, four years later. The period between your arrival in New Zealand and the date you qualify as a tax resident is also treated as an exempt period.

Example

Sarah arrived in New Zealand and qualified as a tax resident on 22 April 2010. She met the criteria for her foreign income to be temporarily exempt from tax in New Zealand (see page 11). Her exemption applies from 1 April 2010 until 30 April 2014 (effectively 49 months).

Qualifying for the exemption

To be eligible for a temporary tax exemption on foreign income you must:

- have qualified as a tax resident in New Zealand on or after 1 April 2006, and
- not have been a New Zealand tax resident at any time in the past 10 years before the date you qualified as a tax resident in New Zealand, on or after 1 April 2006 (see page 5), and
- not have been eligible for this tax exemption before (including if you were eligible but chose to waive the exemption), and
- not be receiving Working for Families Tax Credits (your spouse or partner must not be receiving Working for Families Tax Credits either).

This exemption is a one-off, you can't extend your tax exemption or renew it after its expiry date. There are some types of foreign income that don't qualify for a temporary tax exemption.

The exemption and Working for Families Tax Credits (WfFTC)

You can't receive WfFTC while being tax exempt from foreign income. If you're eligible for the temporary tax exemption on foreign income and you (or your spouse or partner) are also eligible for WfFTC, you need to decide which option is the best for your situation.

If you decide to waive the temporary tax exemption so you can claim WfFTC, you'll need to show in your *Individual tax return (IR 3)* all the foreign income you received from the date of your arrival back in New Zealand.

Visit www.ird.govt.nz/wff-tax-credits/ to:

- see if you're eligible for WfFTC
- work out how much WfFTC you may be entitled to
- register for WfFTC.

For further information about WfFTC you can call us within New Zealand on **0800 227 773** or on **64 4 978 0775** if you're calling from overseas.

How to claim the exemption

The tax exemption is automatically granted if you're eligible. If you qualify for the exemption, you're not required to tell us about foreign income you receive (except for foreign income that doesn't qualify for the temporary tax exemption) for the period of your exemption.

Foreign income exempt from tax in New Zealand

Types of foreign income which are temporarily exempt from tax in New Zealand:

- controlled foreign company (CFC) income that is attributed under New Zealand's CFC rules
- foreign investment fund (FIF) income that is attributed under New Zealand's FIF rules (including foreign superannuation)
- non-resident withholding tax (NRWT) (for example, on foreign mortgages)
- income arising from the exercise of foreign employee share options
- approved issuer levy (for example, on foreign mortgages)
- accrual income (from foreign financial arrangements)
- income from foreign trusts
- rental income derived offshore
- foreign dividends
- foreign interest
- royalties derived offshore
- income from employment performed overseas before coming to New Zealand, such as bonus payments
- gains on the sale of property derived offshore (held on revenue account)
- offshore business income (that is not related to the performance of services).

Foreign income taxed in New Zealand

The foreign income that will continue to be taxed in New Zealand is:

- employment income from overseas employment performed while living in New Zealand, and
- business income relating to services performed offshore.

If you receive any non-exempt types of foreign income from the date of your arrival back in New Zealand, you'll need to show this income in your *Individual tax return (IR 3)*, even if you qualify for a temporary tax exemption on other types of foreign income.

After the exemption has ended

When your temporary tax exemption ends, you need to include all your foreign income (received since your exemption ended) in your IR 3, along with your New Zealand income. You're required to file an IR 3 after the end of your exemption and every tax year after that, as long as you have foreign income (regardless of whether or not you told us of your foreign income when you arrived in New Zealand).

New Zealand's tax year runs from 1 April to 31 March. If your exemption ends at any time in a tax year other than on the standard balance day of 31 March, you'll need to apportion your foreign income received for that year in your IR 3.

Example

Sam qualified as a tax resident in New Zealand on 10 September 2006 and met the criteria for his foreign income to be temporarily exempt from tax in New Zealand from 1 September 2006 until 30 September 2010.

Sam's exemption ends in the middle of a standard New Zealand tax year and he will continue to receive foreign income after his exemption ends (on 30 September 2010).

On his tax return for the year ending 31 March 2011 (the tax year that his exemption ended in), Sam has to show the foreign income he received from 1 October 2010 to 31 March 2011.

For more information

Go to www.ird.govt.nz for more information about:

- the temporary tax exemption on foreign income
- filing an *Individual tax return (IR 3)*.

You can also call us within New Zealand on **0800 227 774** or on **64 4 978 0779** if you're calling from overseas.

The year you cease to be a tax resident

If you're leaving New Zealand, or have left New Zealand and you're not sure if you are a New Zealand resident, you can fill in a *New Zealand tax residence questionnaire (IR 886)*. We'll then advise you about your tax residence status and if you have any future New Zealand tax responsibilities.

If you'll no longer be a tax resident and won't be receiving income from New Zealand from the date you leave, you may need to complete an *Individual tax return (IR 3)* up to the date of your departure. You can file your IR 3 before the end of the tax year. Include in your IR 3 any income you received from all sources up to the date you leave New Zealand. You can state that you're leaving New Zealand permanently by filling in a *Refund application – people leaving New Zealand (IR 50)* form and sending it in with your IR 3.

Send your IR 3, the IR 50 and proof of your departure to the appropriate Inland Revenue address below before you leave.

If you live in:

Northland

send your forms to
Inland Revenue
PO Box 3753
Christchurch Mail Centre
Christchurch 8140

Auckland

send your forms to
Inland Revenue
PO Box 761
Waikato Mail Centre
Hamilton 3240

other North Island areas

send your forms to
Inland Revenue
PO Box 39010
Wellington Mail Centre
Lower Hutt 5045

the South Island

send your forms to
Inland Revenue
PO Box 3753
Christchurch Mail Centre
Christchurch 8140

If you qualify for a refund or want a statement of account we'll send it as soon as possible. Please make sure we have your overseas address.

If you'll be receiving income from New Zealand after you're no longer a tax resident, you'll have to pay tax as a non-resident—see page 15.

Please provide us with full details of:

- your overseas address
- the date you left or intend to leave New Zealand
- the length of time you intend to be away.

You can authorise another person in New Zealand to help with your tax affairs. See page 18 for more information on setting up a nominated person.

If you'll be receiving income from New Zealand after you're no longer a tax resident, you must file an *Individual tax return (IR 3)* to the end of the tax year (31 March) following your departure. Include your worldwide income received until the date you left and your New Zealand income received after that date. Please clearly show the breakdown of income received before and after your departure.

Paying tax as a non-resident

If you're a non-resident you're taxed only on income you receive from a New Zealand source. If your only income from New Zealand is interest, dividends or royalties, and the correct amount of non-resident withholding tax (NRWT) is deducted, you won't need to file a non-resident return.

Please give your bank or other financial institution your overseas address and tell them you're a non-resident for tax purposes to ensure the correct amount of NRWT is deducted. There's a limited exception to paying NRWT on interest. If the payer of your interest pays approved issuer levy, NRWT isn't deducted from your interest. For further information please read our booklets *Non-resident withholding tax – payer's guide (IR 291)* and *Approved issuer levy (IR 395)*.

If you receive any other income such as rental, business or farming income, it is subject to New Zealand tax at the normal rates and you'll be required to file a *Non-resident individual taxpayers (IR 3NR)* return.

Complete an IR 3NR if you are a non-resident for the full year and you have continuing income from New Zealand. We'll send you an IR 3NR taxpack each year, so make sure we have your current address while you're away. Please file only one return for any income year. Also note that we can't accept non-resident returns in any sort of electronic format such as email. For more information contact:

The Non-resident Centre

Postal address	Inland Revenue Non-resident Centre Private Bag 1932 Dunedin 9054 New Zealand
Telephone	64 3 951 2020 between 9 am and 4.30 pm (New Zealand time) Monday to Friday
Fax	64 3 951 2216
Email	nonres@ird.govt.nz

Workers in the horticulture and viticulture industries

The horticulture and viticulture industries often have a shortage of local workers. The Recognised Seasonal Employer (RSE) scheme facilitates the temporary entry of additional workers from overseas to plant, maintain, harvest and pack crops for a limited period. The Department of Labour administers the RSE scheme.

If you're a recognised seasonal worker under the RSE scheme you are a nonresident for New Zealand tax purposes but will have to pay New Zealand tax on your New Zealand income.

Your employer will deduct tax, including ACC levies, at a flat PAYE rate. You won't have to pay any further tax or have a refund to claim, and in most cases, you won't have to file an end-of-year tax return.

Non-resident contractors and entertainers

There are special rules for non-resident contractors and non-resident entertainers who earn income from New Zealand.

Please contact one of our specialist teams for more information.

Non-resident Contractors Team

Postal address	Inland Revenue Non-resident Contractors Team PO Box 2198 Wellington 6140 New Zealand
Telephone	64 4 890 3056
Fax	64 4 890 4510
Email	nr.contractors@ird.govt.nz

Non-resident Entertainers Unit

Postal address	Inland Revenue Non-resident Entertainers Unit PO Box 5542 Wellesley Street Auckland 1141 New Zealand
Telephone	64 9 984 4329
Fax	64 9 984 3081
Email	nr.entertainers@ird.govt.nz

The year you become a tax resident again

If you've been a non-resident then return to New Zealand and become a tax resident again, you may need to file an *Individual tax return (IR 3)*. You should include the period from 1 April before your arrival up to the end of the tax year, the following 31 March. To find out if you need to do this call 0800 227 774.

If you do need to complete an IR 3, include your New Zealand income earned while overseas and your worldwide income received after the date of your arrival for the income year. Please clearly show the breakdown of income you received before and after you arrived.

Student loan borrowers going overseas

If you're away from New Zealand for more than 6 months (183 consecutive days), you'll need to contact us and let us know. We'll consider you to be an overseas-based borrower and, in most cases, we'll charge interest on your student loan.

When you become an overseas-based borrower, you can take a break from your student loan repayments for up to three years. This means you won't have to make any payments in that time.

However, you could still be eligible for an interest-free loan if you qualify for an exemption. Find out about exemptions at www.ird.govt.nz/sl/int-free-overseas

For information about your student loan repayment obligations while you're overseas go to www.ird.govt.nz/student-loans/

To receive up-to-date information about student loans sign up now to "Notify Me". When you subscribe you'll get three to six emails a year. Subscribe at www.ird.govt.nz/sl/notify-me

Giving someone authority to act on your behalf while you're overseas

We can't discuss your Inland Revenue business with anyone except you. However, you can nominate someone else to have access to your records and act on your behalf.

Your nominated person will be able to check your loan balance, enquire about interest charges and make any other queries on your behalf. They can also receive your statements, refunds and other correspondence. But remember, you'll still have overall responsibility for meeting your obligations, including filing returns and making payments by the due date.

For more information or to nominate someone to act on your behalf:

- complete an *Elect someone to act on your behalf (IR 597)* form, or
- call us on 0800 227 774.

Remember to have your IRD number with you.

To nominate someone to act on your behalf, you'll need to know:

- the full name of the nominated person and their IRD number (if possible)
- the tax types the nominated person is to have authority to act on
- the length of time you want the nominated person to act for you.

Tax residence rules for non-individuals

There are different tax residence rules for non-individual taxpayers.

Companies

A company is a resident in New Zealand if it meets any one of the following criteria:

- It is incorporated in New Zealand. A company which is incorporated under New Zealand Companies Act 1993 legislation is resident in New Zealand.
- Its directors exercise control in New Zealand. Those acting in their capacity as directors control the company here, whether decision-making by directors is confined to New Zealand or not.
- It has its centre of management in New Zealand. This is the place from where the company as a whole is managed on a day-to-day or regular basis. The focus of this test is on the location of the company's centre of management.
- It has its head office in New Zealand. The head office of a company is the office from which the business of the company is directed and carried out. The focus of this test is the physical place of administration and management which is superior to all others.

A company often satisfies more than one, or even all of these tests. Such a company is clearly resident in New Zealand. However, a company need only satisfy one of the four tests to be resident.

Trusts

The rules of residence for trusts are set out in the booklet *Trusts and estates – income tax rules (IR 288)*.

Services you may need

0800 self-service numbers

This service is available seven days a week (anytime, except between 5 am and 6 am) for a range of self-service options. Remember to have your IRD number with you when you call.

For personal information, such as account balances, you'll also need a personal identification number (PIN). You can get a PIN by calling 64 4 978 0775 and following the step-by-step instructions.

Order publications and taxpacks	64 4 978 0767
Request a summary of earnings	64 4 978 0765
Request a personal tax summary	64 4 978 0770
Confirm a personal tax summary	64 4 978 0769
All other services	64 4 978 0775

Need to talk to us?

Personal tax enquiries

General tax, tax credits and refunds	0800 227 774
Working for Families Tax Credit and payments	0800 227 773
Payment options	0800 227 771
Paid parental leave	0800 377 777
Child support (8 am to 6 pm Monday to Friday)	0800 221 221
Student loan	0800 377 778

Business tax enquiries

General tax, tax credits and refunds	0800 377 774
Employers	0800 377 772
GST	0800 377 776
Large enterprises	0800 443 773

Mobile or international callers

Free calling doesn't apply to mobile phones or international calls for other tax enquiries.

For direct dial numbers go to www.ird.govt.nz

Passwords – individuals only

Want a password on your account to save you time when calling?

Personal tax customers	0800 227 774
Business tax customers	0800 377 778

Complaints Management Service

(8 am to 5 pm Monday to Friday)	0800 274 138
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We're here to take your call between 8 am and 8 pm Monday to Friday and Saturday between 9 am and 1 pm (unless other times are shown). Remember to have your IRD number with you when you call

Publications

You'll find more information in these publications and forms.

Approved issuer levy (IR 395)

Conversion of overseas income to New Zealand currency (IR 270)

Elect someone to act on your behalf (IR 597)

New Zealand tax residence questionnaire (IR 886)

New Zealand visitor's guide (IR 294)

NRWT – payer's guide (IR 291)

Refund application – people leaving New Zealand (IR 50)

Rental income (IR 264)

Student loans – going overseas (IR 223)

Taxes and duties (IR 295)

Taxpayer obligations, interest and penalties (IR 240)

Trusts and estates income tax rules (IR 288)

Customer service quality monitoring

As part of our commitment to providing you with a quality service, we record all phone calls to and from our contact centres. Find out more about this policy or how to access your recorded information at www.ird.govt.nz

Privacy

Meeting your tax obligations involves giving us accurate information so we can assess your liabilities or your entitlements under the Acts we administer. You must, by law, give us this information. Penalties may apply if you don't.

We may also exchange information about you with:

- some government agencies
- another country, if we have an information supply agreement with them
- Statistics New Zealand (for statistical purposes only).

If you ask to see the personal information we hold about you, we'll show you and correct any errors, unless we have a lawful reason not to. Call us on 0800 377 774 for more information. For full details of our privacy policy go to www.ird.govt.nz (keyword: privacy).