

Goods and services tax (GST) on listed services

Information for online marketplace operators
(also known as digital platform operators)



From 1 April 2024, online marketplace operators will need to collect GST on all listed services provided through their marketplace. **Find out if this affects you.**

What is an online marketplace?

An online marketplace is an electronic platform (like a website, app or internet portal) through which sellers can supply goods and services to customers.

What is changing?

Online marketplaces must collect GST of 15% on listed services performed, provided or received in New Zealand.

Listed services are:

- ride-sharing and ride-hailing
- food and beverage delivery
- short-stay and visitor accommodation.

Accommodation used by the customer (recipient) as their principal place of residence is exempt.

GST will also apply to closely connected services if they're facilitated through the online marketplace. For example, holiday rental cleaning fees charged on top of the accommodation costs.

When is an online marketplace treated as the supplier?

You will be treated as the supplier of listed services if you:

- authorise a charge for the supply of listed services to the customer
- authorise the delivery of the supply of listed services to the customer
- set the terms or conditions under which the supply of listed services is made, whether directly or indirectly.

This applies whether you are resident or non-resident for GST purposes in New Zealand.

Note:

You are not treated as the supplier if you operate a messaging board website or if your marketplace solely processes payments.

When multiple online marketplaces are involved in a single supply of listed services, the first marketplace that authorises the charge for the listed service or receives the payment is treated as the supplier.

Do you need to register for GST?

You will need to register if your total sales from all your taxable activities are more than, or are expected to be more than, NZ\$60,000 in any 12-month period.

When determining if you meet the NZ\$60,000 registration threshold, consider the supply of listed services facilitated through your marketplace and your other New Zealand based activities including:

- the supply of remote services (such as facilitation services for connecting sellers and buyers) and digital products (such as e-books, streamed movies and music)
- the supply of low value goods valued at NZ\$1,000 or less each
- amounts paid by the customer for services such as insurance and your fees
- any other activity or business you have which involves supplying goods or services in New Zealand.

Note:

Non-resident marketplaces can use a fair and reasonable method of converting foreign currency amounts to New Zealand dollars to determine if the GST registration threshold has been exceeded.

If you need to register

If you are a New Zealand tax resident, you can register for GST in myIR.

If you are a non-resident (based offshore), use our online GST registration process for non-residents - listed services will be added and available from mid-March 2024.

See ird.govt.nz/register-nrgst

If you are already registered for GST in New Zealand and these new rules apply to you, please let us know by emailing platformeconomy@ird.govt.nz.

Once registered, you will need to file returns and pay GST to us through our myIR online system.

You will need to file quarterly returns if you are based offshore. Marketplace operators that are tax resident in New Zealand can choose their filing frequency applying the ordinary rules for taxable periods. See ird.govt.nz/filing-frequency

How much GST should you charge?

The New Zealand GST rate is 15%. GST is generally collected on all amounts paid by the customer.

Charge GST on listed services that are performed, provided, or received in New Zealand. Do this regardless of whether the seller (the person providing the service through the marketplace) is registered for GST or not.

It also doesn't matter if the customer is a non-resident. For example, a non-resident tourist staying in accommodation in New Zealand is required to pay GST on their accommodation.

Flat-rate credit scheme for non-GST-registered sellers

A flat-rate credit is available to sellers, for example drivers, deliverers and accommodation hosts, that are not registered for GST. This recognises the average costs these sellers incur and would be able to recover if they were GST registered.

Note:

The flat-rate credit scheme is not available to GST-registered sellers.

You still need to collect GST at the standard rate of 15%, but under this scheme you:

- return 6.5% to Inland Revenue (see [How do you complete your GST return?](#))
- pass 8.5% to the seller – do this if they have not told you they are GST registered at the time of supply
- provide a statement to the seller showing the flat-rate credit passed on to them – do this at least once a month.

The statement must show the seller the full amount of the flat-rate credit – it should not be reduced or offset by other fees or charges for services you provide to them.

Sellers need to tell you their name, IRD number and GST registration status - including any changes.

You can contact us to verify the GST registration status provided to you by a seller. You will need to act on our notification as soon as practicable.

How do you complete your GST return?

You will need to include the total sales of listed services (including 15% GST) as sales and income on your GST return. Claim a credit adjustment for flat-rate credits you pass on to non-GST-registered sellers.

Do you need to provide taxable supply information?

You will need to provide the customer with taxable supply information, for example an invoice, unless the seller has opted out of the marketplace rules. In these cases, the seller remains responsible for providing taxable supply information.

Who can opt-out?

There are opt-out rules for large non-individual GST-registered sellers. Sellers who opt-out remain responsible for the GST obligations including providing taxable supply information to customers.

The criteria include:

- Sellers who make more than NZ\$500,000 of supplies in a 12-month period – can notify you that they are opting out.
- Accommodation hosts who list (or can reasonably expect to list) more than 2,000 nights of accommodation in a 12-month period – can enter into an agreement with you to opt out.

Note:

The 2,000-night threshold can be applied on a group basis. But it is not possible to aggregate accommodation nights across multiple online marketplaces.

For an opt-out agreement to be valid, there must be a written agreement that the seller will remain responsible for the tax obligations under the GST Act for the supply of listed services. This includes providing the customer with taxable supply information (if required) identifying them as the supplier, and providing GST returns and paying GST to Inland Revenue.

Sellers who meet the criteria can opt-out now before the rules apply from 1 April 2024.

Keep all information relating to opt-outs in your records.

Listed services before 1 April 2024

The marketplace rules for listed services take effect on 1 April 2024. This means if a listed service is supplied through your marketplace prior to 1 April 2024, you do not account for GST on the sale of the service.

The time of supply is the earlier of:

- the time you issue an invoice, or
- the time any payment is received for the supply.

More information

Visit us at ird.govt.nz/sharing-economy

Or email platformeconomy@ird.govt.nz