

## GST – quick reference

GST is a tax on goods and services supplied in New Zealand by GST-registered persons. It may also apply to imported goods and certain imported services. It is generally charged and accounted for at a rate of 15%. Anyone who carries on a taxable activity, or who intends to do so from a definite date, may register for GST.

### How GST works

Most goods and services supplied in New Zealand have GST added to the price. The exceptions are goods and services supplied by businesses not required to register for GST, and exempt supplies.

- GST-registered businesses charge GST on their sales and income and claim back the GST on their purchases and expenses.
- To claim the GST you have paid, you need to complete a GST return.
- If there's GST to pay, you pay this amount to Inland Revenue. If there's GST to be refunded, we'll pay you this amount.
- Businesses not registered for GST can't charge GST on their sales and income, or claim back the GST on their purchases and expenses.

### Registering for GST

You must register for GST if your turnover (sales from taxable activities), including certain imported services you receive:

- was over \$60,000 for the last 12 months, or
- is expected to go over \$60,000 for the next 12 months (ie, \$5,000 per month).

You can choose how often you file your GST returns—monthly, two-monthly or six-monthly. The period you choose is your "taxable period" or "filing frequency". If you didn't choose a taxable period when you registered, we'll put you on the two-monthly option matching your balance date.

You can choose to register even if your turnover is less than \$60,000. If you need help deciding, read our factsheet *GST – do you need to register? (IR365)*. If you're required to register, or want to voluntarily register, you can do this through myIR, our secure online services. Register or log on at [www.ird.govt.nz](http://www.ird.govt.nz)

### What to do after you've registered

When you've registered for GST you must:

- charge GST at 15% (0.15) on all your sales, except those exempt from GST

- give tax invoices to GST-registered persons within 28 days of being asked to
- keep GST tax invoices when you buy items for your business
- hold a tax invoice to claim a GST credit for a supply of more than \$50 (including GST). Tax invoices must show certain information, which is fully explained in the *GST guide (IR 375)*
- complete and submit your GST return in myIR or through your accounting software and make any payment by the due date
- keep records to support the figures in your GST returns
- write to us for approval if you want to keep your records outside New Zealand.

### What information do I give my customers?

As a GST-registered person, you'll need to give your customers tax invoices.

The information you put on a tax invoice depends on the value of the goods or services being sold.

- If a sale is less than \$50, you can issue or receive a receipt instead of a tax invoice, eg, a till receipt.
- If you make a sale or purchase of \$50 or more, you'll need to issue or keep a tax invoice.

Make sure your business GST number is clearly visible on all your business tax invoices.

### Supplies exempt from GST

GST can't be charged on some goods and services—these are called exempt supplies. The most common ones are:

- letting property as a private dwelling
- interest you receive
- the sale of donated goods and services by a non-profit body
- certain financial services.

If you want to know more about exempt supplies, see our *GST guide (IR375)*.

## Your GST accounting basis

There are three ways of accounting for GST—payments, invoice or hybrid. You should choose the accounting basis that best suits your business. If you want to change your accounting basis after you've registered, you need to put your request in writing.

**Payments basis**—claim GST when you pay for your purchases and expenses and account for GST when your customers pay you. This basis can only be used if the total value of your taxable supplies in any 12-month period is \$2 million or less, or the nature, value and volume of your supplies makes this basis the most appropriate one for you.

**Invoice basis**—claim GST when you receive an invoice, and account for GST when you issue an invoice or receive a payment, whichever comes first.

**Hybrid basis**—claim GST when you pay for your purchases, account for GST when you issue an invoice or receive a payment, whichever comes first. **Note:** This method isn't commonly used by small businesses.

## How often do I file GST returns?

You prepare your GST returns to account for GST. The period covered by the GST return is called the taxable period. The three taxable periods are:

**Monthly**—if your annual turnover is over \$24 million in any 12-month period, you must file your returns monthly. This taxable period benefits registered persons such as exporters who regularly get GST refunds, but is also available to all registered persons.

**Two-monthly**—if your turnover is up to \$24 million in any 12-month period, you can choose this option. This is the standard option for filing GST returns.

**Six-monthly**—you can choose this option if your turnover is under \$500,000 in any 12-month period.

### Online tool

"Tool for business" is an online, interactive tool that explains what you need to know about business tax. Go to [www.ird.govt.nz](http://www.ird.govt.nz) (keyword: tfb).

## Due dates

We send you a GST return showing the due date for filing and making any payment. The due date is the 28th of the month following the end of your taxable period, except for return periods ending:

- 30 November – the due date is 15 January of the following year
- 31 March – the due date is 7 May of the same year.

If the due date for your GST return falls on a weekend or public holiday, it will be due the next working day.

Remember, file and pay on time to avoid late filing penalties, late payment penalties and interest.

## Working out the GST in a price

Depending on whether the total price includes or excludes GST, use the following methods.

- For a single GST-inclusive amount, multiply the total by 3, then divide by 23 to get the GST portion. If an item or service costs \$100 including GST, multiply \$100 by 3, then divide by 23 = \$13.04. This is the GST portion.
- To add GST to a single GST-exclusive amount, multiply the total by 15% (0.15). If an item or service costs \$50, excluding GST,  $\$50 \times 0.15 = \$7.50$ . The GST-inclusive amount is \$57.50.

## Cancelling your GST registration

You can cancel your GST registration if:

- you dispose of your business, or
- scale it down so your annual turnover is less than \$60,000.

You can cancel your registration through myIR when you file your final GST return. You have certain obligations when you cancel your registration. For more information go to [www.ird.govt.nz/gst](http://www.ird.govt.nz/gst)

## [www.ird.govt.nz](http://www.ird.govt.nz)

Go to our website for information, and to use our services and tools.

- myIR Secure online services** – log in to file your EMS, IR 3 or GST return or registration; manage your student loan; view your account balances and transactions; view or update your personal or family details and income, request or confirm your PTS and send us secure mail.
- Demonstrations** – view online demonstrations of some of the tasks you can complete using your myIR secure online services ID and password.
- 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 fill in forms online, or download them to fill in and post to us.

Some of our services now pre-fill your information, making it easier and faster to deal with us.

### FREE ADVISORY SERVICE

Our business advisory officers run free tax seminars and workshops for new businesses and organisations. For more information or to register to attend one of these sessions go to [www.ird.govt.nz](http://www.ird.govt.nz) (keyword: workshop) or phone 0800 377 778.

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