

GST plus

Working out specific GST issues



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About this guide

If you're reading this guide, you'll be familiar with:

- accounting bases
- filing frequencies
- completing and filing GST returns
- making adjustments
- dealing with straightforward exemptions
- winding up your business.

This guide covers a number of infrequent and/or complex GST issues which will only apply to a limited number of registered persons, or will only occur under certain conditions.

There may still be some situations we have not covered here.

For more help:

- go to our website ird.govt.nz/gst
- read our **GST Guide - IR375**
- call us on 0800 377 776.

Part 1 - Adjustments

Change of accounting basis

You may want to change your GST accounting basis for a number of reasons.

Make sure you are eligible to use the accounting basis you want to change to.

- Log into myIR, and go to your GST account
- Select 'I want to' ... more
- Select 'Update GST account details'
- Select the account type you want to change to.

We'll contact you within 15 working days to let you know the date the change comes into effect.

You'll need to make adjustments in your next GST return for any outstanding debtors and creditors:

If you file your GST returns in myIR, fill in the debit adjustments and credit adjustments boxes.

If you file by paper use the **GST adjustments calculation sheet - IR372** to calculate your adjustments. Fill in the 'Change of accounting basis' boxes then copy the figures into boxes 9 and 13 of your GST return.

Here's what to do if you're changing:

- **from payments to invoice**
When GST on debtors is more than GST on creditors, you must pay the difference. Include the amount in the total adjustments in Box 9 of your return.
If GST on creditors is higher, you'll get a credit for the GST, so include the difference in the total credit adjustments in Box 13 of your return.
Note: For an entity in receivership or liquidation, the liquidator, receiver or administrator can not change the accounting basis from payments to invoice.
- **from payments to hybrid**
Calculate the GST on outstanding debtors and include the amount in the total adjustments in Box 9 of your return.
- **from invoice to payments**
If GST on debtors is greater than GST on creditors, you'll get a credit for the difference. Include the amount in the total credit adjustments in Box 13 of your return.
When the GST on creditors is higher, you must pay the difference. Include it in the total adjustments in Box 9 of your return.
- **from invoice to hybrid**
Calculate the GST on the amount owed to creditors and include it in the total adjustments in Box 9 of your return.

- **from hybrid to payments**
Calculate the GST on outstanding debtors and include it in the total credit adjustments in Box 13 of your return.
- **from hybrid to invoice**
Calculate the GST on the amount owed to creditors and include it in the total credit adjustments in Box 13 of your return.

Assets kept after you cease to be registered

If you cancel your GST registration but keep assets from your taxable activity, you must include the value of those assets in your final GST return.

The adjustment amount is $\frac{3}{23}$ of the open (current) market value of the assets you've kept. For assets bought before 1 October 1986, the value will be the lesser of the cost price and the open market value.

Show the value of the asset on your IR372 calculation sheet and include it in the total adjustments in Box 9 of your final GST return.

You must return the GST on the value of the asset regardless of your accounting basis.

You will not need to return the GST on the asset in the future. It does not matter what you do with the assets after you've filed your final return.

Example

Charlie is registered for GST and runs a taxi business. He retired on 30 November and kept his taxi for personal use.

The value of the vehicle based on current market value is \$17,250.

In his final GST return he included $\frac{3}{23}$ of \$17,250 (\$2,250) in the total adjustments in Box 9, having transferred this amount from his IR372 calculation sheet.

Where you retain assets which were used mainly for business purposes and you made private use adjustments for them, you do not need to make an apportionment. You still calculate GST on the market value.

If the retained assets were used principally for private purposes, and adjustments were made for the business use, you do not account for GST. Here, the value of the asset does not need to be included in your final return when you cease to be registered.

Part 2 - Exempt supplies

Exempt supplies are goods and services which are not subject to GST. You do not include these supplies in your GST return.

Donated goods-services

If a non-profit body has goods or services donated to it and later sells them, it can not charge GST on the sale.

Example

A car dealer gives a church a car. The church uses the car for two years before selling it. The sale of the car is exempt.

A non-profit body can not claim a GST credit for expenses involved in supplying donated goods and services.

For example, a charity that runs an opportunity shop selling only donated clothing can not claim GST credits on the shop expenses, such as rates, electricity or maintenance. If this was the charity's only activity, it would not even register for GST.

However, if it also sells purchased goods, a GST credit may be claimed on the expenses that directly relate to those goods. All other expenses must be apportioned between the exempt and taxable supply use.

For more information read our **Charitable and donee organisations - IR255** guide.

Financial services

These include:

- paying or collecting any amount of interest
- mortgages and other loans
- bank fees
- securities such as stocks and shares
- providing credit under a credit contract
- exchanging currency (eg, changing US\$ into NZ\$)
- arranging or agreeing to do any of the above (eg, mortgage broking)
- financial options
- provision or transfer of ownership of a financial option
- deliverable future contracts
- non-deliverable future contracts.

For more information see our **Tax Information Bulletin (TIB), Vol 16, No 10 (November 2004)**.

Financial planning fees cover

The various types of fees charged by financial advisers for financial planning services they provide.

Financial planning fees subject to GST

Services relating to initial planning fees, monitoring fees, evaluation fees and replanning fees.

Financial planning fees not subject to GST

Services relating to implementation fees, administration fees and switching fees exempt from GST.

For more information see **Tax Information Bulletin, Vol 13, No 7 (July 2001)**.

Renting a residential dwelling

GST cannot be charged on the rent for a residential dwelling. A landlord cannot claim any GST on dwelling expenses, such as maintenance, rates and insurance.

If a residential dwelling is sold as part of a taxable activity, and it was rented for at least 5 years beforehand, the sale is an exempt supply.

If a property developer acquires a property for the principal purpose of making a taxable supply and then subsequently rents the property out, a change-of-use adjustment may be required.

Residential accommodation under a head lease

A tenant, the head lessee, has overall responsibility as set out in the lease with the landlord. This type of lease would most likely exist for a large multi-tenanted building.

The supply of residential property for lease under a head lease is an exempt supply, if the property is to be used for the principal purpose of residential accommodation, unless all the following apply:

- the supplier and recipient agree the exemption does not apply
- the supply was made under a lease entered into before 16 May 2000
- previous supplies were treated as taxable.

Penalty interest

Interest charged on overdue accounts is treated as an exempt supply.

For example, if you sell goods to another supplier on a 30, 60 or 90 day account basis and that account becomes overdue, any penalty interest chargeable on the non-payment should not be included in your GST return.

Fines and penalties imposed for an offence created by statute are not subject to GST. For example, parking penalties imposed by the court as fines or by local authorities as infringement fees are punishments for offences against the Transport Act 1962.

These are not liable for GST.

Supply of fine metals

The sale of fine metal by a dealer, or anyone importing fine metal is an exempt supply.

The exception is when newly-refined fine metal is supplied by a refiner to a dealer as an investment item, then it is a zero-rated supply.

Fine metal is any form of:

- gold with a fineness of not less than 99.5%
- silver with a fineness of not less than 99.9%
- platinum with a fineness of not less than 99%.

Part 3 - Zero-rated supplies

Zero-rated supplies are supplies that are not subject to GST in certain situations. A rate of 0% applies to these supplies.

Copyrights and patents

Services relating to copyrights, patents and similar property, which apply outside New Zealand are zero-rated.

Example

A New Zealand publishing company has the copyright on a New Zealand author's book. The company sells the overseas copyright to another New Zealand company. Because the other company will be publishing and selling the book overseas (performing a service), the fee for the right is zero-rated.

Transport of household goods in NZ

Transport of household goods in New Zealand is zero-rated if:

- the services are supplied to a non-resident outside New Zealand at the time the services are performed
- the goods are entered for home consumption under the Customs and Excise Act 1996
- the arrangement for the services were made before the goods are entered, and
- the services are expected to be completed within 28 days of the entry of the goods.

Duty-free goods

Goods purchased from duty-free shops by international travellers are zero-rated when a retailer:

- sells goods to a tourist and arranges to send the items overseas to them
- arranges to send the items to an overseas customer
- arranges to send goods to the airport for a traveller to pick up at the time of departure.

Goods sold by duty-free shops that are licensed as export warehouses and that operate within the Customs processing area at international airports are also zero-rated, although GST may be payable to Customs upon entry to New Zealand.

Exported vessels (boats and aircrafts)

Vessels purchased that are capable of being exported from New Zealand under their own power can be zero-rated.

This includes:

- goods that are incorporated into or used up as part of servicing a boat or aircraft being exported
- services provided directly in connection with an exported boat or aircraft.

Exported goods

Exported goods are goods that you export, or are going to export in your name, qualify for zero-rating.

Exported goods include:

- items valued at less than \$1,000 that do not need an export entry if you can prove you have exported them or will do so
- stores supplied to aircraft and ships for use outside New Zealand.

Timeframe for exporting

If you have entered goods for export they must be exported within 28 days of the time of supply, unless we have agreed to an extension.

Aircraft and boats exported from New Zealand under their own power can be zero-rated if exported within 60 days of the recipient taking possession and full documentation is provided to us.

Goods that were to be exported but are destroyed, die or cease to exist owing to circumstances outside the control of both the supplier and recipient, will be zero-rated.

First sale - refined metal

When newly-refined fine metal (gold, silver, platinum) is supplied by a refiner to a dealer as an investment item, it is a zero-rated supply.

Goods not in NZ at the time of supply

Goods located outside New Zealand, which are not going to be imported into New Zealand, are zero-rated.

Services performed outside New Zealand

Services performed outside New Zealand are zero-rated.

For example, if a NZ singer performs overseas, they will charge GST at 0%.

Remote services supplied from outside New Zealand

Non-resident businesses will not be required to charge and return GST on remote services, including online services, supplied to New Zealand GST-registered businesses, nor will they be required to provide tax invoices. However the non-resident business will be able to treat the supply as zero-rated, taxed at 0%. This may allow the non-resident business to claim back New Zealand GST on the costs incurred in making zero-rated supplies to GST-registered businesses.

If you receive a zero-rated remote service from a non-resident business you may need to make an adjustment if you use the service for something other than your taxable activity. If you estimate when you acquire the service that you'll use it for less than 95% in your taxable activity, or discover at the end of a later adjustment period that your actual use of the service in your taxable activity has been less than 95%, you'll need to adjust for the GST component of the non-taxable use, as if you'd charged GST on the supply.

Services relating to goods to be exported

Services performed directly in connection with goods that are, or will be, entered for export are zero-rated.

Example

A New Zealand fruit grower exports 1,000 crates of fruit. The offshore recipient wants to ensure the quality of the fruit. He contracts a New Zealand horticultural firm to inspect the fruit independently and prepare a report. This service is zero-rated.

Services relating to portable personal property

Information services provided directly in connection with portable personal property are zero-rated.

Example

Electronic equipment is sent to New Zealand from Germany for testing. The test results are collected, analysed and sent back to Germany. These services are zero-rated.

Services supplied to non-residents outside New Zealand

Services are zero-rated when supplied to a non-resident who is outside New Zealand when the service is supplied.

Example

Legal advice given to a person living in Australia by a lawyer who is resident in New Zealand is zero-rated.

Services zero-rated but carried out in New Zealand

Land outside New Zealand

Services connected directly with land or buildings located outside New Zealand, eg. architectural, real estate and legal services, are zero-rated.

Example

A New Zealand architect designs a building to be constructed on an overseas property for an overseas client. The charge for this service is zero-rated.

Goods outside New Zealand

Zero-rating applies to services carried out directly in connection with goods situated outside New Zealand.

Example

A New Zealand insurance company gives cover to a car located outside New Zealand. The premiums are zero-rated.

Some financial services

Supplies of financial intermediation services, for example, for deposit-taking intermediation and brokerage services may be zero-rated to recipients if:

- they are registered for GST
- 75% or more of their supplies in a 12-month period are taxable supplies.

Supplies to recipients who do not meet these criteria must be treated as exempt supplies. To zero-rate these supplies you must make an election.

Inland Revenue Significant Enterprises
PO Box 2198
Wellington

For more information about the zero-rating of financial services see GST guidelines for working with the zero-rating rules for financial services in our Tax Information Bulletin.

Tax Information Bulletin (TIB) Vol 16, No 10 (November 2004)

Some imported services

Since 1 January 2005, it's been a requirement to charge and return GST on any services you import into New Zealand. These can include services you acquire while you're outside New Zealand. But, if these services can only take place outside New Zealand, they may be zero-rated, except for services which are intangible in nature.

Specialised tools

New Zealand manufacturers can zero-rate income from tools used to manufacture goods for export, if the tools are:

- used in New Zealand solely for the exported good
- supplied to a non-GST registered non-resident.

Tools include jigs, patterns, templates, dies, punches and similar machine tools.

The tools do not have to be exported with the goods to be zero-rated.

Refer to the **Zero-rating of tooling costs to non-residents - IR589**.

Land transactions

A land transaction must be zero-rated when made by a GST-registered person, if the supply wholly or partly includes land, and:

- is made to another registered person
- the recipient acquires the goods with the intention of using them for making taxable supplies
- it is not intended to be used as a principal place of residence by the recipient or a relative of the recipient.

All these conditions must be satisfied at the time of settlement of the transaction. If any of them are not satisfied at the time of settlement, the supply must be taxed at 15%.

Leases for dwellings and most commercial leases are excluded from this definition. For more information about the zero-rating of land transactions see our Interpretation Statement 17/08.

Land acquired by non-profit body

Land that is acquired by a non-profit body in New Zealand may be zero-rated if it's used for making taxable supplies.

Sale of going concern

A sale of a going concern by one registered person to another registered person is zero-rated.

The sale is also zero-rated when only part of a taxable activity (able to operate separately) is sold as a going concern.

To be a going concern, the sale must meet the following criteria:

- It must be the supply of the whole or stand-alone part of a taxable activity, from one registered person to another.
- It must be the supply of all the goods and services necessary for the continued operation of the activity.
- Both parties must agree that there is a supply of a going concern, and record this agreement in a document.
- Both parties must intend that the activity is capable of being carried on as a going concern by the purchaser.
- The business must be a going concern at the time of supply and carried on up to the time of the transfer to the purchaser.

For example, Paul sells his dairy farm, including land, herd, all buildings and machinery to another GST-registered farmer. This sale is sale of a going concern.

If he had sold the land and building but kept the machinery and the herd, it would not be a going concern. The sale of the land and buildings may still be zero-rated.

Supplies to foreign-based pleasure craft

Zero-rating applies to:

- Goods supplied for use on a foreign-based pleasure craft that cause or enable the craft to sail, or goods that ensure the safety of passengers and crew. This applies to foreign-based pleasure craft that are in New Zealand under a temporary import entry issued by the New Zealand Customs Service (Customs)
- The supply of consumable stores for use outside New Zealand on foreign-based pleasure craft departing New Zealand. The zero-rating applies to the final provisioning of consumable stores. Foreign-based pleasure craft are defined as those pleasure craft in New Zealand as temporary imports under Customs legislation.

Consumable stores are goods that passengers and crew on board intend to consume, and those necessary to operate or maintain the pleasure craft, including fuel and lubricants but excluding spare parts and equipment.

Before zero-rating, a supplier of maritime goods and consumable stores must be satisfied that the goods and stores are for a foreign-based pleasure craft, and that the craft is departing New Zealand.

Goods and services - temporary imports

The most common services are repairs and maintenance.

If you use materials to repair a temporary import and those materials become an integral part of that import, those materials are zero-rated. Similarly, if the repair materials become worthless for anything else after the repair job, they are zero-rated.

Anyone supplying goods or services to a temporary import must keep a copy of the Temporary Import Entry form issued by Customs.

For example, a New Zealand-owned boat that normally operates in the Cook Islands is put into dry dock in New Zealand for repairs. Any services involved in the repair would be zero-rated if the boat is temporarily imported.

Transport of goods to and from New Zealand

Zero-rated services include the international journey, and any transport within New Zealand (including loading and unloading costs), as long as it's part of the international transport and is supplied by the same person or agent.

These other services in relation to international transportation are also zero-rated:

- insuring or arranging insurance
- arranging the transport.

Transport of people to and from NZ

Zero-rating applies to the transport of passengers, including the international journey and any air travel within New Zealand if it is:

- part of the international carriage
- booked at the same time as the international journey
- provided through the same agent or supplier.

For example, Kate buys a single air ticket for flights from Napier to Auckland, then on to Perth. GST is not charged on either flight as the travel is a contract for international carriage.

Part 4 - Special supplies

Special supplies are supplies that are different from the normal business sales or purchases.

Agents

Special rules apply if a New Zealand agent who is registered for GST acts on behalf of a non-resident principal who is outside New Zealand, and not registered for GST.

New Zealand agent buying supplies for a non-resident principal

The agent may, in certain circumstances, claim GST incurred when importing or exporting goods to or from New Zealand or arranging transportation.

Non-resident principal contracts services agent to sell and distribute their goods

In some cases a non-resident, non-registered principal may wish to sell goods in New Zealand but does not want to have a place of business here. They may contract the services of an agent to sell and distribute their goods.

If the New Zealand GST-registered agent and the principal agree, the agent will be responsible for returning GST on the sale of the goods rather than the non-resident. The agent will be able to claim GST incurred when importing the goods into New Zealand.

Art gallery

A non-resident art gallery decides to sell several pieces of art in New Zealand. The gallery arranges for a GST-registered agent in New Zealand to carry out the sale. The agent agrees to act as the supplier and importer of the artwork, rather than the art gallery. The agent may claim for any GST paid to import the goods and is responsible for charging GST on the sale of the artwork in New Zealand.

Coin and token-operated machines

These rules do not apply to gaming machines.

Coin-operated machines

If you supply goods or services through any coin-operated device or machine, eg, a video game, snack machine or parking meter, you must account for the total value of the coins removed from the machine. Include the amount in the return that covers the date you removed the coins.

Token-operated machines

If you supply goods or services through a token-operated device or machine, you account for GST on the tokens in the same way as other tokens, stamps or vouchers - as a supply when the customer buys them.

If you receive business goods or services through a coin or token-operated machine, you may claim a GST credit in the period you paid the money.

Exported secondhand goods

If you claim a GST input credit for secondhand goods you bought and those goods are going to be exported, the full amount of the goods can be zero-rated if you meet these two conditions before the goods are entered for export:

- the goods must leave New Zealand within 28 days of the time of supply, and
- the recipient must provide a declaration (eg, in the sale and purchase agreement or other sales document) at or before the time of supply that neither they nor an associated person will cause the goods to be re-imported to New Zealand in the same condition in which they were exported.

If you do not meet both these conditions, you must account for the GST input credit you've claimed by adding this back in Box 9. It does not matter which accounting basis you use - you must include these details in your return:

- the sale or invoiced amount of the sale in Box 5
- the same amount as zero-rated supplies in Box 6, as long as you hold evidence of export
- $\frac{3}{23}$ of the full purchase price of the exported secondhand goods in Box 9 if the two requirements listed above are not met.

Example

Secondhand dealer, Tran, buys antique pieces for \$405 and \$515 from a non-registered person and claims $\frac{3}{23}$ of these amounts, totalling \$120. He sells them to an Australian company for \$2,200. The antiques leave New Zealand within 28 days of Tran purchasing them, and a declaration is signed by the Australian purchaser that neither they, nor an associated person will re-import the goods into New Zealand. As the supply is zero-rated, GST is charged at the rate of 0%. Tran shows the following in his return:

- \$2,200 in total sales in Box 5
- \$2,200 in zero-rated supplies in Box 6.

Costs in raising capital funds

You can claim for GST input tax incurred on supplies of financial services made to raise funds intended for expenditure in your taxable activity, to the extent that the capital funds your taxable activity.

It does not apply to persons who principally make supplies of financial services.

Example

A building company sells shares to purchase a development property that will be 80% commercial and 20% residential incurs \$6900 (including GST of \$900) in expenses to sell the shares. The company claims an input tax deduction of \$720 (80% GST for the commercial property). This is subject to further adjustment should the estimated use differ from the actual use.

Emissions Trading Scheme

The supply of these emissions units is zero-rated for GST:

- New Zealand units
- Kyoto-compliant units
- approved overseas units
- certain "grey list" or "voluntary" units, eg, voluntary carbon standard units (www.v-c-s.org) and gold standard units (www.cdmgoldstandard.org).

The supply of emissions units made under the Emissions Trading Scheme (ETS) or the Permanent Forest Sink Initiative (PFSI) is also zero-rated.

Standard GST rules will still apply to the supply of units such as fuel costs created in the normal course of a business.

Post-1989 forest land owners/permanent forest sink initiative (PFSI) participants

If you receive allocations of emissions units under post-1989 forest ownership or a PFSI, you make a supply of carbon removal services as consideration for the units. Include these services as zero-rated supplies in your GST returns.

If an unincorporated body receives an allocation of units or if multiple legal owners receive an allocation from one NZ Emissions Unit Register (NZEUR) holding account, the GST-registered body/group makes the supply to the Crown. Individuals in the allocation group do not make or receive a supply.

Summary table

The following table sets out the different types of emissions units transactions and their GST treatment.

Transaction	from/to	GST treatment
Common transactions - New Zealand Units, Kyoto-compliant units and approved overseas units		
All supplies of emissions units	prior to 1/1/09	standard-rated
All supplies of services (deemed or actual) made in exchange for emissions units	prior to 1/1/09	standard-rated
Transfer of emissions units by government	1/1/09 onwards	zero-rated
All supplies of services (deemed or actual) made in exchange for emissions units transferred by government	1/1/09 onwards	zero-rated
Surrender of emissions units	1/1/09 onwards	zero-rated
Supply of New Zealand units and Kyoto-compliant emissions units not involving the government	1/1/09 onwards	zero-rated
Voluntary units		
All supplies of voluntary units	prior to 1/4/10	standard-rated
All supplies of services (deemed or actual) made in exchange for voluntary units	at all times	standard-rated
All supplies of voluntary units	1/4/10 onwards	zero-rated
Transactions involving the government outside the Emissions Trading Scheme		
Transfer of emissions units by government	1/1/09 to 6/10/09	zero-rated
Supplies of services (deemed or actual) made in exchange for emissions units transferred by government	1/1/09 to 6/10/09	standard-rated
Transfer of emissions units by government under PFSI	6/10/09 onwards	zero-rated
Supply of services (deemed or actual) made in exchange for emissions units transferred by the government under PFSI	6/10/09 onwards	zero-rated
Transfer of emissions units by government	6/10/09 onwards	standard-rated

For further information see the *Tax Information Bulletin*, Part II, Vol 21, No 8 (October/November 2009)

Foreign currency payments

If you are paid for goods or services in a foreign currency, convert the amount to New Zealand dollars using the exchange rate for the date of the GST time of supply.

To claim a GST credit you must hold a tax invoice in New Zealand currency.

GST on imported services - reverse charge

When you import services from a non-resident supplier you usually will not be charged GST if you let them know you're also GST registered. However, if you then use some or all of those services for something other than your taxable activity, you'll need to account for the GST on the non-taxable use. You add GST to the price of the services you've received, and include it as income in your GST return. This is called a "reverse charge".

If you were charged GST at the rate of 0% ("zero-rated") you will need to make an adjustment if you use the services for non-taxable use.

When you acquire the services, if you estimate your taxable use of the services will be less than 95% of total use, then you'll be treated as if you supplied the services yourself in the course of your taxable activity. You'll need to add GST to the cost of those services, and include them in your GST return.

You'll also be able to claim as an expense in your GST return the GST-inclusive cost of the imported services, in proportion to your estimate of their taxable use.

You'll also need to account for the GST reverse charge on imported services if you find at the end of an adjustment period that your taxable use of an imported service was less than 95%. This is also done by adding GST to the cost of the service and including it in the relevant GST return. You will also claim as an expense the GST-inclusive cost in proportion to your actual taxable use.

Example

Melissa is a GST-registered self-employed publicist. She purchases a graphics software package from a non-resident supplier for \$400, and because she identifies herself as GST registered she is not charged GST on the purchase. She estimates she'll use the software 50% for her business and 50% for home use.

Under the reverse charge rule, Melissa is treated as supplying the software package to herself for \$460 (\$400 plus \$60 GST). She puts that amount as income on her GST return. However, she can also claim half of that amount as an expense, to reflect her business use of the software. She does this by putting \$230 (\$200 plus \$30 GST) as an expense in the same GST return.

For information about GST on supplies of remote services see **Tax Information Bulletin Vol 28, No 6 (July 2016)**.

Lotteries and other games of chance

If you run raffles, lotteries, or other games of chance, you must account for the proceeds of the lottery (eg, total sales of tickets or cards) less the total amount of cash prizes.

Example

Total proceeds of a raffle were \$1,070 (535 tickets at \$2 each).

Cash prizes were:

1st	\$ 500
2nd	\$ 200
3rd	\$ 100
Total	\$ 800
Total proceeds	\$ 1,070
Cash prizes	\$ 800
Difference	\$ 270

You must include \$270 in Box 5 of the return for the taxable period covering the date the raffle was drawn.

If one raffle has a number of draws, account for the GST in the return covering the date of the first draw.

You can claim GST for the cost of non-cash prizes in the normal way.

Non-resident businesses and GST

The GST rules for non-residents depend on the circumstances of the business.

Non-resident GST business claimants

Non-resident businesses that do not carry out a taxable activity in New Zealand, but receive goods or services here, may be able to register for and claim GST.

Non-resident businesses supplying remote services

Non-resident businesses that supply remote services, including online services, from outside New Zealand to customers resident in New Zealand may be required to register for GST if they meet certain conditions.

For full details go to ird.govt.nz/international-tax

GST on assets sold by not for profits

Generally, GST input credits can be claimed for the purchase of an asset or for expenses that include GST relating to that asset.

Where input credits are claimed, the asset will be considered part of the GST activity.

In these situations, GST output tax will be payable on the disposal of the asset or an equivalent event (eg an insurance pay-out in the event of a fire).

From 1 April 2019 there will be a 24-month transition period that a not for profit can elect to remove an asset from their GST base where it is not part of the taxable activity.

Any GST input credits claimed for the asset will need to be repaid.

The election will need to provide details of the asset, calculation of input credits being repaid and period of election.

Elections should be sent to Charities.queries@ird.govt.nz

Telecommunications – mobile roaming services

Outbound mobile roaming services

Outbound mobile roaming services means mobile roaming services used outside New Zealand by a person with a New Zealand registered mobile device, whose usual mobile network is in New Zealand. These services are subject to GST of 15%

Inbound mobile roaming services

Inbound mobile roaming services means mobile roaming services used by a non-resident who is in New Zealand and whose, usual mobile network is outside New Zealand. These services are zero-rated for GST if supplied by a resident, or treated as being made outside New Zealand (and so not subject to GST) if supplied by a non-resident.

Part 5 - GST and koha

If your koha is an unconditional gift you do not have to pay GST on it. An unconditional gift is a voluntary payment to a non profit body that does not benefit the payer or giver in the form of goods or services.

If the koha, such as payments, goods or services are not an unconditional gift they will be liable for GST.

Deciding if your koha is liable for GST

Using the unconditional gift rule will let you know whether your koha is liable for GST. To help you decide, we've added some examples below. They're based on a non profit marae registered for GST.

GST on marae member payments

When a marae member gives money, goods or a service (koha) to their marae and expects nothing in return, then it is not subject to GST or liable for income tax.

Types of payments not taxed are:

- money given to bereaved family or committee at a tangihanga or hura kōhatu
- money given to a married couple or committee at a mārena
- koha given to a marae committee to assist in paying for a building house or church
- visitors on a marae giving a collection to donate to the marae committee

Types of payments that must be taxed are:

- a government department giving payment on a marae
- tourists given a tour on a marae for a fee
- fund raising activities by marae committee
- a marae building is made available for a function in exchange for koha.

Koha given to the tangata whenua

A group of people arrange to stay on your marae for a couple of nights at no charge by your marae. The group gives a koha to the tangata whenua at the pōwhiri.

The koha is an unconditional gift and is not liable for GST. It's unconditional because the payment was voluntary and not given for goods or services.

Staff workshop on your marae

A company holds a two-day staff workshop for thirty people on your marae. You charge a fee of \$50 per person per day. You must charge GST, because the money is paid for the goods and services supplied by you. You can claim GST on all goods and services you purchase to host this workshop.

Participants give a koha after staff workshop

After the workshop (in the example above) some of the participants give a koha to you in appreciation of the hospitality shown. As this koha is not for goods and services you have supplied and gives no direct benefit to the payers/giver, it is an unconditional gift and not liable for GST.

If your marae is not registered for GST, it cannot charge GST for any goods and services they supplied and cannot claim GST back on goods and services they pay for.

Part 6 - Further GST rate change adjustments

Adjustments for finance lease payments

The supplier (lessor) of goods under a finance lease is able to elect for the GST rate on payments made after 1 October 2010 to remain at the rate of 12.5%, provided all these conditions are met:

- The term of the finance lease began before 1 October 2010 and ends on or after 1 October 2010.
- The term of the finance lease is less than or equal to five years.
- The lessor advised the purchaser no later than 31 October 2010 that the GST rate on payments after 1 October 2010 would remain at 12.5%.

If you make or receive payments for a finance lease after 1 October 2010 that have GST included at 12.5%, you need to account for these as an adjustment in the GST return for the period in which the payment is made or received. The GST component of the payment can be calculated by dividing the amount of the payment by 9.

If you are making the payment, include this amount as an “other” adjustment in the bottom part of your **GST adjustments calculation sheet - IR372**.

If you are receiving the payment, include this amount as an “other” adjustment in the top part of your **GST adjustments calculation sheet - IR372**.

A finance lease eligible to have payments continue at the GST rate of 12.5% must have met the following criteria:

- Periodic payments are made during the term of the agreement.
- Part of the amount payable under the agreement is towards credit (interest) under a credit contract.
- If the agreement were to end early, the final amount of GST calculated for the supply of goods would be calculated on the basis that the amount paid towards the credit (interest) had decreased with each periodic payment.

Adjustments for qualifying supplies

In your GST return that covered 30 September 2010 you may have made a GST rate change adjustment.

The GST rate change adjustment was needed for any “qualifying supplies” that had GST charged at the 12.5% rate but wouldn’t be accounted for until after 1 October 2010. Your qualifying supplies depended on your accounting basis.

Payments (or cash) basis

Qualifying supplies were all goods and services:

- bought and invoiced on or before 30 September 2010, where full payment was not made by 30 September 2010
- sold and invoiced on or before 30 September 2010, where full payment was not made by 30 September 2010.

Invoice basis

Qualifying supplies:

- are any secondhand goods bought from a non-GST-registered person on or before 30 September 2010, where full payment wasn’t received by 30 September 2010
- didn’t include goods or services you’ve sold.

Hybrid basis

Qualifying supplies:

- are all goods and services bought on or before 30 September 2010, where full payment wasn’t received by 30 September 2010
- didn’t include goods or services you’ve sold.

The amount of each qualifying supply was the amount unpaid by 30 September 2010 and not written off as a bad debt by that date.

► Zero-rated or exempt supplies were not included in your qualifying supplies.

If, after making a GST rate change adjustment, you either write off a qualifying supply as a bad debt, or a credit or debit note is issued in relation to a qualifying supply, a further adjustment will be required.

Bad debts

If you write off a qualifying supply that you included in your GST rate change adjustment, calculate your further GST rate change adjustment by dividing the amount written off as a bad debt by 51.75. The result is the amount of GST payable. Include this amount as an “other” adjustment in the top part of your **GST adjustments calculation sheet - IR372**.

Debit/credit notes

If you issue or receive a credit or debit note for a qualifying supply you’ve already included in your GST rate adjustment, calculate your further GST rate change adjustment like this:

- Subtract from the GST-inclusive price on the original tax invoice the GST-inclusive price on the new debit or credit note.
- Divide the result by 51.75.

If the result is a positive amount, you have GST to pay. Include this amount as an “other” adjustment in the top part of your **GST adjustments calculation sheet - IR372**.

If the result is a negative amount, you have a GST credit. Include this amount as an “other” adjustment in the bottom part of your **GST adjustments calculation sheet - IR372**.

How to contact Inland Revenue

How to get our forms and guides

You can get copies of our forms and guides at ird.govt.nz/forms-guides

Need to speak with us?

Have your IRD number ready and call us on one of these numbers.

General tax, tax credits and refunds	0800 775 247
Employer enquiries	0800 377 772
General business tax	0800 377 774
Overdue returns and payments	0800 227 771

We're open 8am to 6pm Monday to Friday, and 9am to 1pm Saturday. We record all calls.

Our self-service lines are open 7 days a week. They offer a range of automated options, especially if you're enrolled with voice ID.

Find out more at ird.govt.nz/contact-us

Privacy

Meeting your tax obligations means giving us accurate information so we can assess your tax and entitlements under the Acts we administer. We may charge penalties if you do not.

We may also exchange information about you with:

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

You can ask for the personal information we hold about you. We'll give the information to you and correct any errors, unless we have a lawful reason not to. Find our full privacy policy at ird.govt.nz/privacy

Inland Revenue's services

myIR

Manage all your Inland Revenue matters securely online with a myIR account. Go to ird.govt.nz/myIR to find out more.

ird.govt.nz

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

Follow us on social media

Follow our social media channels for important updates, information and reminders to help you get your taxes and entitlements right.

- Facebook - @IRDNZ
- LinkedIn - Inland Revenue NZ
- Twitter - @NZInlandRevenue

Supporting businesses in our community

Our Community Compliance officers offer free tax education and advice to businesses and small organisations, as well as seminars for personal tax and entitlements.

Our Kaitakawaenga Māori offer a free advisory service to help meet the needs of Māori individuals, organisations and businesses.

Go to a seminar or workshop, or request a visit from us to find out more about:

- records you need to keep
- taxes you need to know about
- using our online services
- completing your tax returns (for example GST, employer returns)
- filing returns and making payments
- your KiwiSaver obligations.

Go to ird.govt.nz/contact-us and select **Request a business advisory** visit to find out about requesting a visit.

Find a seminar or workshop near you at ird.govt.nz/seminars

Tax Information Bulletin (TIB)

The TIB is our monthly publication containing detailed technical information about all tax changes. Subscribe at taxtechnical.ird.govt.nz/subscribe and we'll send you an email when we publish each issue.

Language Assistance – Ezispeak

If English is not your preferred language, ask for an interpreter and the language you want when you call us. We'll connect with an ezispeak interpreter to help with the call.

There are over 300 languages available with ezispeak. Find out more at ezispeak.nz

