

New Zealand GST

A tax professional's essential guide to calculating, reporting and paying indirect taxes in New Zealand



Introducing GST in New Zealand...

New Zealand first introduced a Goods and Services Tax (GST) in October 1986 with a model similar to many of the world's most established VAT regimes.

Indeed, it is based on the OECD's standard indirect tax regime model.

But New Zealand's tax authorities are not ones to rest on their laurels, for they have continued to update and transform the country's GST model to ensure it is known as one of the most progressive in the world.

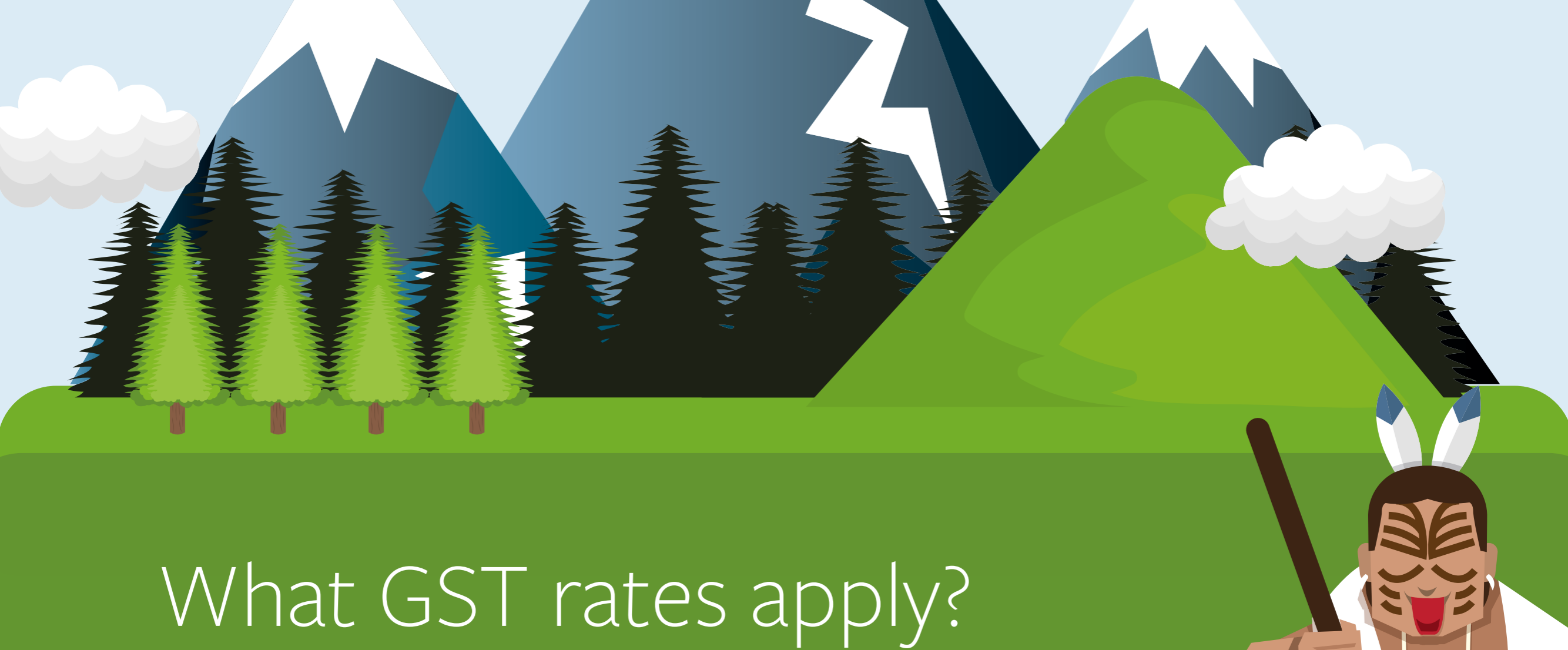
GST in New Zealand applies to the majority of all goods and

services supplied across the country and is charged at a standard rate of 15% or a reduced rate of 0%.

It is recognised around the world for its remarkably wide base and limited number of exemptions.

In one of the most recent amendments to the regime, remote services provided by non-residents of New Zealand are now also liable for GST and offshore sellers must now register and account for GST.

GST in New Zealand continues to be administered jointly by the Inland Revenue and Customs.



What GST rates apply?

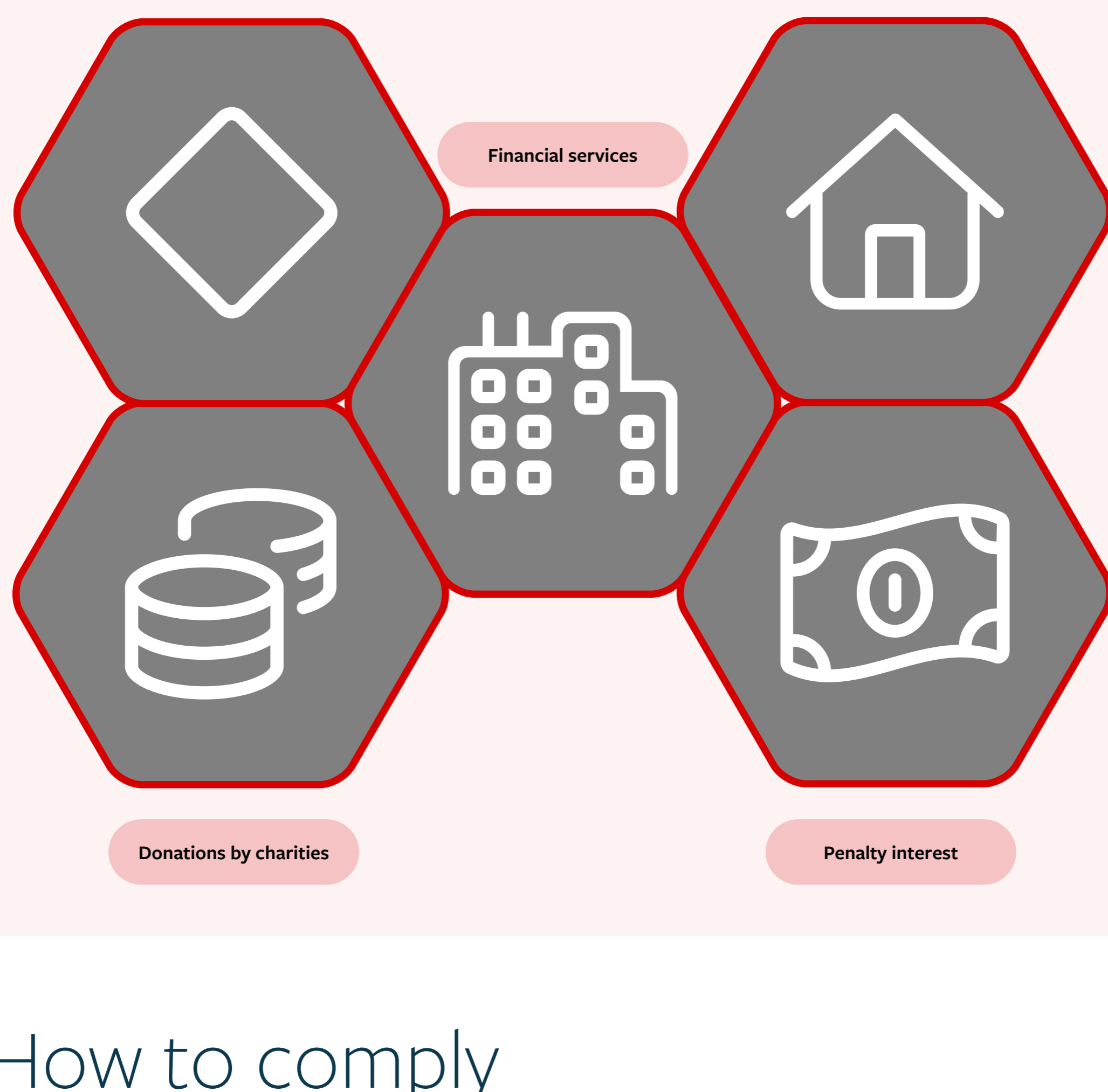
New Zealand operates a remarkably simple set of rates compared with most countries. Transactions will either be subject to its standard or zero-rated options.

15% **Standard**
e.g. most goods and services

0% **Zero-rated**
e.g. some exports and financial services

Exemptions

A number of goods and services are exempt from GST in New Zealand, including:



How to comply

Businesses that provide taxable supplies in New Zealand are legally obliged to maintain accurate and comprehensive records. These must include the following:



5 key GST responsibilities

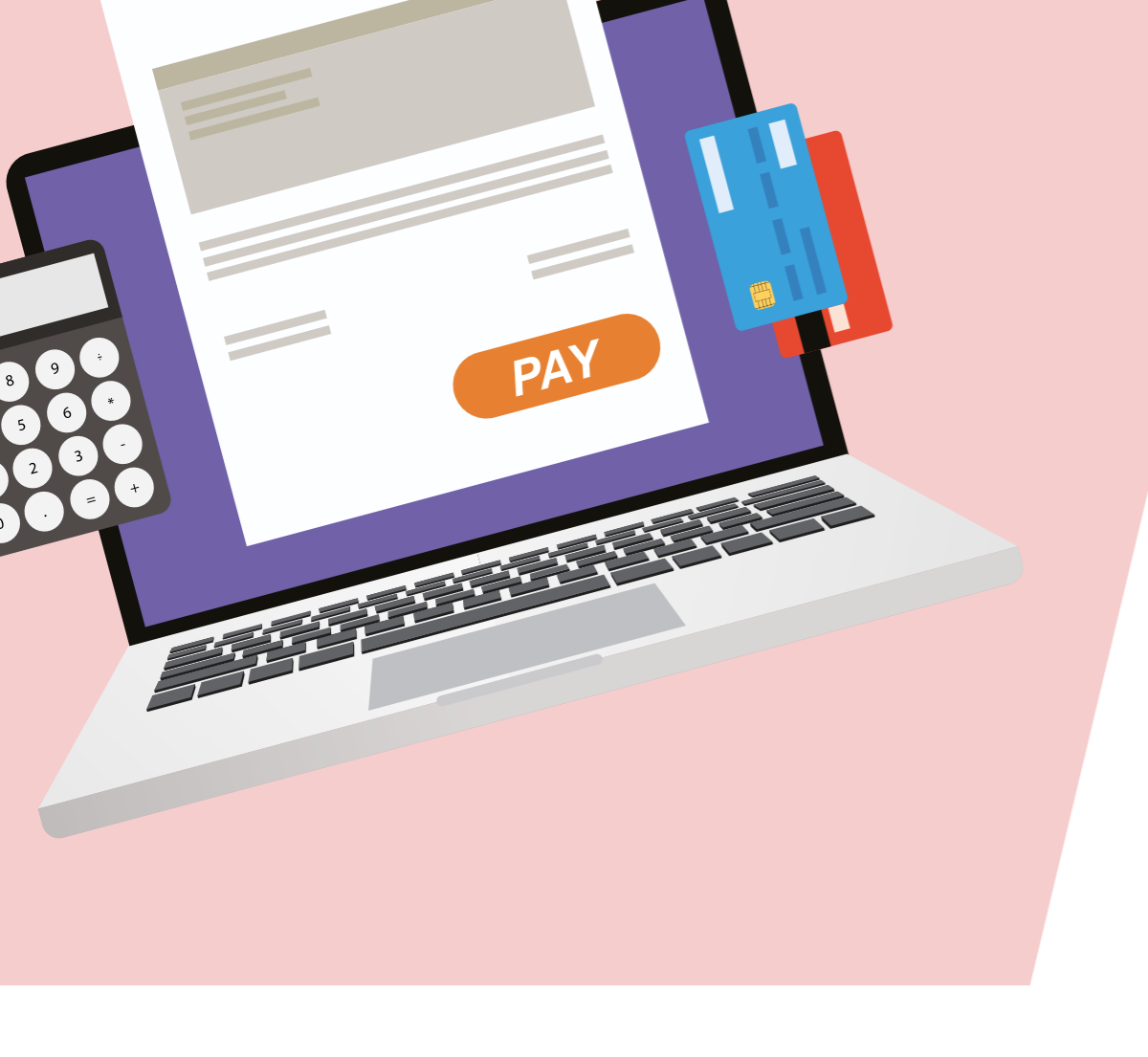
Tax teams operating in or trading with New Zealand hold a number of key responsibilities that must be met at all times. These include:



Invoices

For an invoice to be deemed valid for GST purposes in New Zealand, it must contain the following:

- 1 The words 'tax invoice' in a prominent place
- 2 Name and address of the recipient
- 3 Name and registration number of the supplier
- 4 Date of issue
- 5 Description and quantity of goods/services supplied



What about 'remote services'?

A number of 'remote services' are liable for GST in New Zealand. These are services provided by non-residents to private consumers within the country.

The range of services included is extremely wide and is known to include the following:



The expert's view...

Many people I speak to in the tax industry agree that New Zealand is home to one of the world's most progressive GST regimes - and one that should be held as a benchmark by other nations.

But that doesn't necessarily mean it's easy for your business to comply with its rules and regulations, especially if you are completing a high volume of transactions, are a non-resident trading in New Zealand or simply don't have the time to stay up to date with every change its tax authorities introduce.

From its very specific rules around compliance and the way your business must file GST returns to the limited number of exemptions and the new levy on digital services, there is plenty to get your head around.

That's why our automated tax determination and reporting solution for Oracle can be implemented with complete tax logic and content for New Zealand in just a few hours; and we'll also build automated workflows in any other ERP - including SAP - to help you seamlessly comply with the country's tax rules with only minimal manual inputs.

In my view, automation is the only way to truly stay on top of modern, fast-moving GST regimes like New Zealand, so if your business is still working manually it's time to act!

Nathan Farmer
Commercial Director, Innovate Tax

