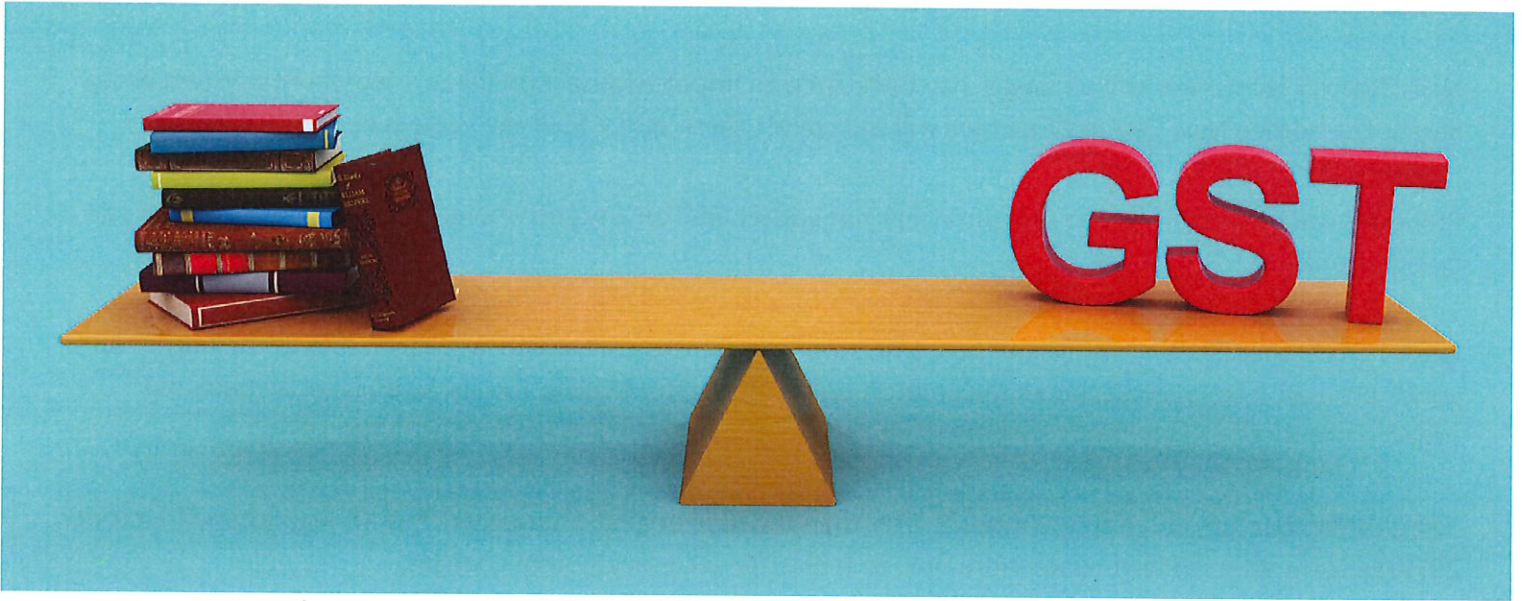


## Inland Revenue urges overseas businesses to register for GST

POSTED 03 OCTOBER 2019



Overseas businesses selling goods valued at a thousand dollars or less to New Zealand consumers are urged to register for GST ahead of a 1 December deadline.

The Government is introducing an offshore supplier registration system that requires overseas businesses to collect GST on low-value goods sold to New Zealand consumers at the point of sale. These businesses may need to register for, collect and return GST of 15% from 1 December this year.

Inland Revenue spokesperson Nick Bradley says New Zealand retailers already include GST in the price of their goods, collect this GST, and pay it to IR.

“Right now, GST isn’t collected on all goods purchased online from overseas because the cost of collecting less than NZ\$60 in GST and tariff duty at the border isn’t cost-effective,” Nick Bradley says.

“The change will help level the playing field for New Zealand businesses and stop the loss of a significant amount of tax revenue from the steady growth in online shopping.

“The change applies to all sales of low-value goods to consumers in New Zealand including online, mail order or by phone.

“From 1 December overseas businesses must start collecting GST on these goods but first they need to be registered for it. Registration applies to merchants or retailers selling directly to New Zealand consumers, as well as online marketplaces and re-deliverers.

“Beat the rush and register to collect GST from 1 December. That way, you’ll be ready to go,” Nick Bradley says.

Registrations are already open. Details are available at <https://www.classic.ird.govt.nz/campaigns/2018/gst-policy-update.html> (<https://www.classic.ird.govt.nz/campaigns/2018/gst-policy-update.html>)

**Media contact: Gay Cavill 029 2014 585**

## **Background:**

New Zealand consumers will no longer pay tariff duty, an import transaction fee or a biosecurity system entry levy at the border. New Zealand Customs will still collect these, and GST, if the value is over NZ\$1,000.

Processes will be put in place so Customs does not collect GST on any goods already taxed at the point of sale by the supplier.

Until 1 December 2019, New Zealand Customs will continue to collect GST and tariff duty at the border on goods brought from overseas when the amount due is more than NZ\$60. This excludes most alcohol and tobacco products.

The 1 December introduction is 2 months later than the date originally proposed in draft legislation (1 October 2019) to allow affected businesses more time to make the necessary system changes.

A low-value good is a physical good valued at NZ\$1,000 or less (excluding GST). Examples include books, clothing, cosmetics, shoes and sporting equipment and small electronic items.

GST is already collected on online services and intangibles bought from overseas. Examples include software downloads, e-books, legal and accounting advice, and streamed movies and music.

## **FAQ**

Does the NZ\$1,000 threshold apply per item or per invoice/transaction?

Per item. If multiple low-value goods are sold in a single transaction, the supplier must collect GST on each low-value good even when the total value of the sale/transaction is over NZ\$1,000.

This also means that if a consumer in New Zealand purchases multiple goods in a single transaction made up of low-value goods and high-value goods (goods valued above NZ\$1,000), the supplier must collect GST on each low-value good.

High-value goods will generally continue to be taxed at the border as they come into New Zealand.

Are there any exceptions?

These changes do not apply to supplies of fine metal, alcohol and tobacco products because:

- fine metal is exempt from GST under existing rules

- most alcohol and tobacco products regardless of value are subject to excise taxes and GST at the border. This is not changing.

Low-value goods sold to GST-registered New Zealand businesses for use in their business are also generally excluded under the new rules. But, if a New Zealand business imports goods in a consignment valued over NZ\$1,000 the business will pay GST and duty on these goods at the border.

---

### **Contact**

Phone: 04 890 1698

Email: [mediaqueries@ird.govt.nz](mailto:mediaqueries@ird.govt.nz)

---

**New Zealand Government**

© Copyright 2020 Inland Revenue. [Conditions of Use](#)