Inland Revenue
Te Tari Taake

# Selling goods to consumers in New Zealand?

Information for suppliers.

## From 1 December 2019, overseas businesses that sell low-value goods to consumers in New Zealand may need to register for, collect and return goods and services tax (GST). **Find out if this affects you.**

### What is a low-value good?

A low-value good is a physical good valued at NZ$1,000 or less each, such as clothing, cosmetics, sports equipment and shoes. This means transport and insurance costs are excluded when determining if GST needs to be charged.

Goods imported into New Zealand valued over NZ$1,000 each (high-value goods) and all tobacco products and alcoholic beverages will continue to have GST and customs duties applied at the border.

### Who is a consumer?

A consumer for these rules is a person who buys low-value goods that are delivered to New Zealand and:

- is not registered for New Zealand GST; or
- is registered for GST and uses the low-value goods wholly for personal use.

### Who is affected?

These changes apply to:

- **merchants** that sell directly to New Zealand consumers either online, by phone or mail order
- **online marketplaces** through which merchants sell goods and services
- **redeliverers** that offer mailbox redelivery and personal shopping services from other countries.

There are rules for working out which of these businesses is treated as the supplier of the goods. If a business is treated as the supplier and its total supplies exceed or are likely to exceed NZ$60,000 in a 12-month period, then it must register for, collect and return New Zealand GST.

When determining if you meet the NZ$60,000 registration threshold, do not include supplies to New Zealand GST-registered businesses.

### Who charges GST?

Only one entity is required to collect GST on the value of the good. The order of priority is:

- if an online marketplace is responsible for GST on a sale, the merchant will not be responsible for GST
- if an online marketplace or the merchant is responsible for GST on a sale, a redeliverer will not be responsible for GST.

### How much GST should I charge?

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

Charge GST on:

- low-value goods
- transport and insurance for the good leaving its country of export and being delivered in New Zealand
- remote services (such as legal and accounting advice) and digital products (such as e-books, streamed movies and music)
- any other amounts paid by the consumer including any fees.

### Exceptions

You won't charge GST on:

- supplies of fine metal
- alcohol and tobacco products.

Fine metal is exempt from GST. Alcohol and tobacco products (regardless of value) are subject to excise taxes and GST at the border. These rules haven't changed.

Goods sold to a New Zealand GST-registered business (for use in their business) are also generally excluded. They must provide you with their GST number or New Zealand Business Number (NZBN) or advise you that they are GST-registered.

Even if you don't charge GST because of one of these exceptions, you must still include certain information on customs documents if you are registered for GST.

## High-value goods

Goods imported into New Zealand valued over NZ$1,000 each (high-value goods) will have GST charged at the border.

However, you have the option to charge GST on these goods at the point of sale if:

- 75% or more of the total value of the goods supplied to customers in New Zealand consists of goods individually valued at NZ$1,000 or less, or
- the Commissioner of Inland Revenue has given you approval to do this.

## Sales of multiple items

If you sell multiple low-value goods in a single transaction, collect GST on each low-value good even when the total value of the sale or transaction is over NZ$1,000.

If you sell low-value goods and high-value goods in a single transaction, collect GST on each low-value good. High-value goods will be taxed at the border as they come into New Zealand.

Customs processes will make sure GST is not collected on any goods in a consignment that have already been taxed at the point of sale.

## Sales to New Zealand GST-registered businesses

These sales are excluded but in limited circumstances, overseas suppliers can choose to collect and return GST on these sales if:

- the value of the supply is NZ$1,000 or less, and
- in the 12 months after the sale the supplier expects that more than 50% of all its sales to New Zealand customers will be made to non-GST registered customers.

If GST is incorrectly charged to a GST-registered business in New Zealand, the overseas supplier that sold the goods can either:

- provide a refund, or
- if the value of the supply is NZ$1,000 or less (excluding GST) they can issue a tax invoice which the recipient can use to claim a GST deduction.

## More for merchants

**If you sell through an online marketplace**, the marketplace operator will generally be responsible for collecting GST. Don't include those sales when determining if you meet the NZ$60,000 registration threshold.

An online marketplace is a service that allows you to make goods available to consumers for sale. It delivers the service through electronic communication such as a website or an app.

A service is not an online marketplace if it only provides advertising to make consumers aware of products and links them to your website to make a purchase. You will be responsible for the GST on these sales.

**To do:**

Contact your online marketplace operator to clarify how the GST rules will affect you, including:

- changes to their policies or terms of sale
- how this may affect your pricing, receipts or business systems
- how they will differentiate between consumer and business sales
- how this will affect returned goods and refunds processes
- how you will need to assist the online marketplace provider to provide GST information to transporters or customs brokers.

**If you sell directly to consumers**, check the value of these sales to New Zealanders to see if you need to register for New Zealand GST in your own right.

When determining if you meet the NZ$60,000 registration threshold, you will need to include:

- low-value goods sold directly to consumers in New Zealand through your website, by phone or mail order
- amounts paid by the consumer for services such as delivery and insurance
- any other sales that GST applies to, such as online services or digital products sold to New Zealand consumers.

Overseas businesses are already required to collect and return GST on online services and digital products bought by New Zealand consumers from overseas.

When you are registered for GST, you will also need to ensure certain information is provided to customers and included on customs documents.

If you refund a consumer for goods that are returned, you should refund any GST you collected on the goods. If you have done this and you have already paid the GST to Inland Revenue, you can reduce the GST payable in your next GST return.

## More for online marketplaces

If you operate an online marketplace through which merchants sell low-value goods to consumers in New Zealand, you may be treated as the supplier for GST purposes. Similar rules already apply to sales of online services and digital products to New Zealand consumers.

When determining if you meet the NZ$60,000 registration threshold, you need to include:

- low-value goods supplied to consumers in New Zealand
- amounts paid by the consumer for services such as delivery and insurance
- any other sales that GST applies to, such as online services or digital products.

Once you register, you will need to work with your merchants to ensure certain information is provided to customers and included on customs documents.

**A merchant is responsible for GST on their sales through your platform** if the documentation provided with the consignment shows the merchant as the supplier and you have both agreed that the merchant is responsible for the GST, and all the following apply:

- you don't authorise the payment for the sale
- you don't make or authorise the delivery of the goods sold
- you don't directly or indirectly set any terms or conditions for the sale.

## More for redeliverers

You are a redeliverer if you assist in getting goods to New Zealand by providing either:

- an offshore mailbox service, where you provide or assist in providing the use of an address outside New Zealand to which goods are delivered
- a shopping service, where you purchase or assist in purchasing goods outside New Zealand as the agent of a recipient.

If you buy and resell goods, you are a merchant rather than a redeliverer.

When determining if you meet the NZ$60,000 registration threshold, you will need to include:

- the total value of low-value goods that you deliver to consumers in New Zealand
- amounts paid by the consumer for services such as delivery and insurance
- any other amounts that GST applies to including your fees.

**If a merchant or online marketplace operator also assists** in getting the goods to New Zealand, they will be responsible for GST, not you.

## If you need to register

To register, use our online GST registration process for non-residents (available from the beginning of September 2019). See www.ird.govt.nz

## Can overseas branches/divisions register separately?

An overseas business that sells goods and services to consumers in New Zealand through branches or divisions in separate locations must register for GST if the combined sales exceed NZ$60,000.

However, if a branch or division has its own accounting system it may apply to register separately so it can file its own GST returns.

A branch or division is a separate reporting line within a single entity.

## Converting foreign currency amounts to New Zealand dollars

When determining whether goods are individually valued at or below NZ$1,000 (and therefore whether to charge GST), you may use the spot exchange rate that applies at the time of supply or the exchange rate published by either:

- the New Zealand Customs Service (see www.customs.govt.nz)
- the Reserve Bank of New Zealand
- another central bank's reference rate
- a foreign exchange organisation (such as a bank that publishes foreign exchange rates) or foreign exchange data vendor.

You can choose from a sell NZD rate, a buy NZD rate or a midpoint rate. Whichever you choose, you must use it consistently.

When determining how much GST you are required to return to Inland Revenue in New Zealand dollars, you can use the conversion rate at either:

- the time of supply
- the end of each taxable period
- the time you file the return (or the time it was due)
- another time agreed with the Commissioner of Inland Revenue.

You cannot change your method for 24 months, unless agreed with the Commissioner.

## Preventing double taxation

Including the right information on import documents will prevent the purchaser paying tax a second time at the border. Suppliers (merchants, online marketplaces and redeliverers) along with transporters and customs brokers all have obligations to meet.

Suppliers must:

- ask transporters or customs brokers in the country of export to collect tax information and make sure it is provided to transporters or customs brokers in New Zealand
- provide tax information for inclusion in import documents.

Inform your transporter or customs broker:

- whether GST has been paid at the point of sale (yes/no)
- the name and GST number of the business responsible for returning GST.

Penalties may apply if you fail to take reasonable steps to make this information available to customs.

You must also provide a receipt to the customer clearly showing the amount of GST charged. The recipient can provide the receipt to Customs to ensure GST is not charged again.

If the low-value goods have been taxed at the point of sale and again at the border, the purchaser of the goods will need to seek a GST refund from the overseas business that charged GST.

## We are here to help

www.ird.govt.nz/GSTupdate – detailed guidance on how these changes may affect your business.

www.customs.govt.nz – information about importing goods.

**Email:** info.lvg@ird.govt.nz