

Goods and services tax (GST) on low-value goods

Information for transporters and customs brokers.

From 1 December 2019, New Zealand goods and services tax (GST) will apply to sales of low-value goods imported by consumers into New Zealand. **Find out about these changes and what you need to do.**

What's changing?

GST on low-value imported goods will be collected by merchants, online marketplaces or redeliverers.

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.

It will also have to report GST information to Customs. This is to ensure GST won't be collected again at the border.

How are transporters and customs brokers affected?

Suppliers will need your practical assistance to report GST information to Customs using Trade Single Window (TSW).

Generally, you will not be required to register for GST unless you are also a supplier for GST purposes.

What is a low-value good?

A low-value good is a physical good valued at NZ\$1,000 or less. This NZ\$1,000 threshold is based on the customs value of the good. This means transport and insurance costs are excluded when determining if GST needs to be charged.

Note:

The GST charged at the point of sale is based on the customs value of the good plus any transport and insurance charges.

Exceptions

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.

High-value goods and consignments over NZ\$1,000

Individual goods valued over NZ\$1,000 each (high-value goods) and consignments with a combined value exceeding NZ\$1,000 will have GST, any tariff duty, an import entry transaction fee (IETF) and a biosecurity system entry levy (BSEL) applied at the border.

If GST on the value of any goods has already been collected at the point of sale by the supplier, GST will still be payable on any tariff duty amount.

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.

GST-registered suppliers must:

- provide a receipt to the customer clearly showing the amount of GST charged
- 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 certain GST information for inclusion in import documents (see below).

Penalties may apply to your suppliers if they fail to take reasonable steps to make this information available to Customs.

Transporters and customs brokers must report GST information provided by suppliers using TSW.

If a supplier does not provide this tax information to you, you can still report the goods into TSW for Customs clearance. Some smaller businesses are not required to register for GST, so not every importation will contain this information.

If low-value goods are 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 supplier that charged the GST.

How to complete import documentation

All consignments valued at NZ\$1,000 or less can be cleared on an Inward Cargo Report (ICR), a Simplified Import Declaration (SID) or an Import Declaration.

ICRs and SIDs will be written off as GST paid (collected by supplier) or not required (supplier not registered for GST) unless the goods are:

- alcohol or tobacco
- high-value goods (with a customs value of more than NZ\$1,000)
- a consignment on the same craft or in the same mail dispatch for the same importer with a combined value exceeding NZ\$1,000.

In these cases, an Import Declaration is required.

What you need to do

Contact your clients and others involved in the goods supply chain to clarify if they are GST-registered and how you will work with them to collect and provide the required GST information.

Import documentation changes from 1 December 2019

Inward Cargo Report (ICR)		Simplified Import Declaration (SID)	Import Declaration	
Consignment NZ\$400 or less	Consignment greater than NZ\$400 up to NZ\$1,000	Consignment NZ\$1,000 or less	Consignment NZ\$1,000 or less	Consignment greater than NZ\$1,000
GST number of the supplier responsible for returning GST	GST number of the supplier responsible for returning GST	GST number of the supplier responsible for returning GST	GST number of the supplier responsible for returning GST	GST number of the supplier responsible for returning GST
Yes or no in the GST paid indicator on the goods item line	Yes or no in the GST paid indicator on the goods item line	Yes or no in the GST paid indicator on the goods item line	Yes or no in the GST paid indicator on the goods item line	Yes or no in the GST paid indicator on the goods item line
	Mandatory 11-digit tariff classification for each item in the consignment			

If the supplier is not registered for GST in New Zealand,

leave blank:

- GST number
- GST paid indicator on the goods item line.

We are here to help

Inland Revenue:

- www.ird.govt.nz/GSTupdate - detailed guidance on these changes.
- **Email:** info.lvg@ird.govt.nz

New Zealand Customs Service:

- www.customs.govt.nz – information about importing goods and Customs' charges.
- **Email:** feedback@customs.govt.nz