

New Zealand Inland Revenue to focus on overseas suppliers of low- value goods

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New Zealand has passed the law requiring offshore suppliers, and some intermediaries to register and account for New Zealand Goods and Services Tax (GST) if their annual turnover of supplies of low-value goods (i.e., goods valued up to NZ\$1,000) to non-GST registered New Zealand consumers exceeds NZ\$60,000 (For background, see EY Global Tax Alert, [New Zealand GST on low value imports to apply from 1 December 2019](#), dated 14 June 2019.)

The Government responded to taxpayer feedback requesting more time for impacted businesses to prepare for the changes by slightly delaying the implementation to 1 December 2019 from the original planned effective date of 1 October 2019.

Inland Revenue is identifying businesses it believes may be impacted by the changes. In some instances, offshore businesses have also received follow up letters from Inland Revenue. Inland Revenue has cast its net broadly and we understand the list of recipients is based on data from New Zealand Customs and data received from overseas tax authorities (e.g., Australian Taxation Office). Businesses receiving such letters should respond appropriately as we understand Inland Revenue will be following up on their written requests.

This targeted approach is likely to have been influenced by the successful implementation of similar measures in Australia in 2018 and indicates that Inland Revenue expects to generate significant revenue in New Zealand based on the changes.

While supplies to New Zealand businesses will potentially fall outside the scope of the new rules, the onus will be on suppliers to take reasonable steps to obtain confirmation of the status of the New Zealand customers. It is important for offshore businesses who are supplying low-value goods to New Zealand-based customers to evaluate if they are impacted by the new rules.

Registration under the new rules is expected to open in early September 2019.

For additional information with respect to this Alert, please contact the following:

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EYG no. 003671-19Gbl

1508-1600216 NY
ED None

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