



NON-RESIDENT IMPORTERS

GST IMPACTS FOR OVERSEAS COMPANIES WE UNDERSTAND



OVERSEAS COMPANIES IMPORTING COMMERCIAL GOODS TO SELL IN NZ ARE SUBJECT TO DUTIES AND GST

GST (15 percent) is payable on all goods imported into New Zealand. NZ Customs Services (Customs) collects GST on goods at time of importation (generally when goods arrive in the country). Once paid a Customs GST and Duty invoice is supplied.

To qualify as a Non-Resident Importer for GST purposes

An overseas company can claim GST from Inland Revenue (IR) when it carries out a taxable activity. To have GST deductions from Customs, your company must have a GST/IRD number.

To secure a GST/IRD number you'll need:

- Certificate of Incorporation of the registering company
- directors' full names, contact details and addresses
- certified identification documents for each director including full name, residential address and date of birth
- phone number and physical address of the registering company
- confirmation that your worldwide income exceeds NZD\$60,000 in the last 12-month period.

IR has a standard processing time of around five working days for GST/IRD number applications.

Non-Resident GST importer

This is the company status once a GST number is issued. This allows you to claim back any GST paid in NZ but at the same time, you must charge GST

at the rate of 15 percent on all your sales to NZ customers. GST can be claimed on expenses incurred related to taxable activity up to three months prior to commencement of business.

Filing GST to IRD

You can elect to file a company GST return on a monthly, two-monthly or six-monthly basis. The six-monthly basis is only allowed when the turnover of the company is less than NZ\$500,000 per annum. The company can also elect to return GST on a payments / cash basis or invoice / accrual basis. Payments / cash basis means a return is not required until the invoices are physically paid. Invoice basis is the opposite where GST is returned on invoices received even if not physically paid.

Companies office exemption

An application must be made to the Companies Office for an exemption to becoming an NZ company. This normally takes three working days. IR still requires a non-resident company registered for GST purposes to prepare an income tax return every year. This will normally record income tax of zero as the income would be recorded in the company's domiciled country.

Use of a Customs Agent

A non-resident registered for GST may employ an independent customs agent to act on its behalf in NZ. The agent may arrange for clearance of the goods through Customs and pay the GST on behalf of the non-resident. They may carry out other administrative duties such as distributing the goods to separate purchasers and answering customer enquiries.

NON-RESIDENT IMPORTERS

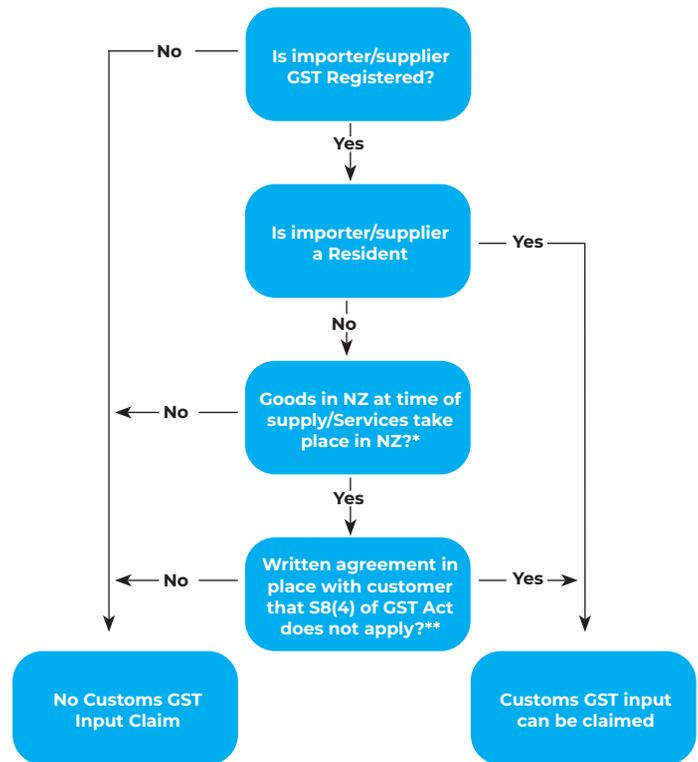
GST IMPACTS FOR OVERSEAS COMPANIES WE UNDERSTAND



Summary

To become a non-resident importer, the overseas company would:

1. Register for GST / IRD number from the New Zealand tax department.
2. Request a letter of exemption from the New Zealand Companies Office to obtain non-resident importer status.
3. File GST return to the NZ tax department on a monthly, two-monthly, or six-monthly basis.
4. File income tax return to the NZ tax department at end of each financial year.



*Earlier of Raising invoice or receipt of payment
**Suggested clause in terms of trade and on each invoice

Get in touch and let us help you thrive in a changing world

www.markhams.co.nz

The information contained in this publication is of a general nature and should not be relied upon as a substitute for professional advice in specific cases. Moore Markhams is a network of independent firms that are each members of Moore Global Network Limited. Member firms in principal cities throughout the world. Moore Markhams independent member firms in New Zealand are located in [Auckland](#) - [Christchurch](#) - [Dunedin](#) - [Hawke's Bay](#) - [Queenstown](#) - [Wairarapa](#) - [Wanganui](#) - [Waverley](#) - [Wellington](#).