



## NON-RESIDENT IMPORTERS

# GST IMPACTS FOR OVERSEAS COMPANIES WE UNDERSTAND



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## OVERSEAS COMPANIES IMPORTING 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 these 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 GST claimant

Where an overseas company imports goods to a registered person for the purpose of carrying on the registered person's taxable activity, the company may claim GST back from the Inland Revenue Department under s54B of the GST Act.

There are seven requirements to be eligible for registration:

1. The company is non-resident.
2. The company is not liable to be registered under s51, generally where it imports low value goods outside NZ.
3. The company is registered for a consumption tax in the jurisdiction where they are resident or the level of their taxable activity (\$60,000) would require them to register in NZ if they were carrying that activity out in NZ.
4. The amount of input tax exceeds \$500 or the company is liable for tax levied on the imported goods received by another person in NZ.
5. The company's taxable activity does not involve service directly to an end-user in NZ.
6. The company does not make taxable supplies in NZ or to an unregistered person that would otherwise be taxable supplies if the company was registered.
7. The company is not a member of a group of companies that makes taxable supplies in NZ.

Where imports by the non-resident company are low value goods they are deemed to have been supplied in NZ and the company is subject to domestic GST rules under s51.

The exception is unless the goods are supplied to a registered person for the purpose of carrying on the person's taxable activity.

To be charged GST deductions by NZ Customs, your company will be required to have a GST/IRD number.

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

- Business Industry Classification (BIC) code
- Description of business
- Physical address
- Contact details, including business phone and email address
- Certified identification documents for at least one director and one shareholder:
  - Passport page showing photo ID and name
  - Proof of residential address
- Certificate of Incorporation.

Once the GST number is issued the company will be classified as a Non-Resident for GST purposes (i.e. a Non-Resident GST importer). This will allow you to claim back GST paid in NZ.

### Filing GST to IRD

The company can elect to file GST returns to IR on a monthly, two-monthly or six-monthly basis.

A company registered under s54B must only use the payment basis for GST purpose, where an input tax deduction can only be claimed once payment for the supply has been made.

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Once filed, IR has up to 90 working days to either make the refund or notify the company of any information/investigation required for the claim.

Although a company is not formed in NZ, IR may still require a non-resident company registered for GST purposes to prepare an income tax return every year.

In normal circumstances, the income tax return would record an income tax of zero as the non-resident company would return income in its 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.

**Summary**

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

1. Check eligibility to register for GST under s54B of the GST Act.
2. Register for GST/IRD number from the New Zealand tax department
3. File GST return to the NZ tax department on a monthly, 2-monthly, or 6-monthly basis.

