

# GST – quick reference

GST is a tax on goods and services supplied in New Zealand by GST-registered persons. It may also apply to imported goods and certain imported services. It is generally charged and accounted for at a rate of 15%. Anyone who carries on a taxable activity, or who intends to do so from a definite date, may register for GST.

## How GST works

Most goods and services supplied in New Zealand have GST added to the price. The exceptions are goods and services supplied by businesses not required to register for GST, and exempt supplies.

- You must charge GST on your sales and income if you're GST registered. You can also claim back the GST on your purchases and expenses. You cannot do either of these if you're not registered.
- You'll need to file GST returns to claim GST you've paid and/or charged.
- If your return shows you have charged more GST than you have paid, you must pay the difference to us.
- If your return shows you have paid more GST than you've charged, we'll refund you the difference.

## Registering for GST

You must register for GST if your turnover (sales from taxable activities), including certain imported services you receive:

- was over \$60,000 for the last 12 months, or
- is expected to go over \$60,000 for the next 12 months.

You can choose your GST return filing frequency (how often you file) - monthly, 2-monthly, or 6-monthly and your taxable period for 2 or 6 monthly returns. You must align your taxable periods to your balance date. If you do not choose a taxable period when you register, we'll put you on the 2-monthly option matching your balance date.

You can register even if your turnover is less than \$60,000. If you need help deciding, use our guided help –

### Do I need to register for GST?

**Register for myIR.** It is available 24 hours a day, 7 days a week. You can register for GST in myIR.

## When you're GST registered

You'll need to:

- charge GST on all your sales, except those exempt from GST
- provide taxable supply information and supply correction information to your customers

- keep records of all your sales and income including taxable supply information and supply correction information
- keep taxable supply information and supply correction information for your purchases and expenses, such as invoices, receipts, or other documents
- complete and file your GST return in myIR or through your accounting software and make any payment by the due date

If you want to keep your records outside of New Zealand, contact us or send a message in myIR to request approval.

## What taxable supply information do I give my customers?

You'll need to provide your customers with taxable supply information. This can be an invoice or provided in other documents.

The amount of detail you need to include in your taxable supply information depends on the value of the goods or services being sold.

- If a sale is \$200 or less, you do not need to provide taxable supply information, but you must keep records.
- If you make a sale of more than \$200, you'll need to provide taxable supply information.

For more details on what you need to include, use our **GST record keeping requirements tool**.

These requirements also apply to taxable supply records you'll need to keep, to claim GST on your purchases and expenses.

## Supplies exempt from GST

GST cannot be charged on some goods and services—these are called exempt supplies. The most common ones are:

- letting property as a private dwelling
- interest you receive
- the sale of donated goods and services by a not-for-profit organisation
- certain financial services.

Go to **Exempt supplies** to find out more.

## Your GST accounting basis

There are 3 ways of accounting for GST—payments, invoice, or hybrid. You should choose the accounting basis that best suits your business. If you want to change your accounting basis after you've registered, you can do this in myIR.

**Payments basis**—claim GST when you pay for your purchases and expenses and account for GST when your customers pay you. This basis can only be used if the total value of your taxable supplies in any 12-month period is \$2 million or less, or the nature, value and volume of your supplies makes this basis the most appropriate one for you.

**Invoice basis**—claim GST when you receive taxable supply information such as an invoice, and account for GST when you provide an invoice or receive a payment, whichever comes first.

**Hybrid basis**—claim GST when you pay for your purchases, account for GST when you provide an invoice or receive a payment, whichever comes first.

**Note:** This method is not commonly used by small businesses because of negative cashflow consequences. This is because you may return GST on invoiced sales before you have received payment, but you can only claim GST when you have paid for your purchases (not when invoiced).

## How often do I file GST returns?

The period covered by the GST return is called the taxable period. The 3 taxable periods are:

**Monthly**—if your annual turnover is over \$24 million in any 12-month period, you must file your returns monthly. This taxable period benefits registered persons such as exporters who regularly get GST refunds but is also available to all registered persons.

**2-monthly**—if your turnover is up to \$24 million in any 12-month period, you can choose this option. This is the standard option for filing GST returns.

**6-monthly**—you can choose this option if your turnover is under \$500,000 in any 12-month period.

## Due dates

We'll send you a reminder in myIR when your GST return is ready for you to file. The reminder includes the due date for filing and making any payment.

The due date is usually the 28th of the month following the end of your taxable period, except for return periods ending:

- 30 November – the due date is 15 January of the following year
- 31 March – the due date is 7 May of the same year.

If the due date for your GST return falls on a weekend or public holiday, it will be due the next working day.

Remember, file and pay on time to avoid late filing penalties, late payment penalties and interest.

## Working out the GST in a price

Depending on whether the total price includes or excludes GST, use the following methods.

- For a single GST-inclusive amount, multiply the total by 3, then divide by 23 to get the GST portion. If an item or service costs \$100 including GST, multiply \$100 by 3, then divide by 23 = \$13.04. This is the GST portion.
- To add GST to a single GST-exclusive amount, multiply the total by 15% (0.15). If an item or service costs \$50, excluding GST,  $\$50 \times 0.15 = \$7.50$ . The GST-inclusive amount is \$57.50.

## Cancelling your GST registration

You can cancel your GST registration if:

- you dispose of your business, or
- scale it down so your annual turnover is less than \$60,000.

You can cancel your registration in myIR. You have certain obligations when you cancel your registration. For more information go to **Cancelling your GST registration**



### ird.govt

Go to our website for information and to use our services and tools.

- Log in or register for myIR - manage your tax and entitlements online.
- Calculators and tools - use our calculators, worksheets and tools, for example, to check your tax code or calculate your student loan repayment.
- Forms and guides - download our forms and guides.

#### Forgotten your myIR user ID or password

Request these from the myIR login screen and we'll send them to the email address we hold for you.

#### Supporting businesses in our community

Our Community Compliance officers offer free tax education and advice to businesses and small organisations, as well as seminars for personal tax and entitlements.

Our Kaitakawaenga Māori offer a free advisory service to help meet the needs of Māori individuals, organisations and businesses.

Go to **ird.govt.nz/contact-us** and select Request a business advisory visit Find a seminar or workshop near you at **ird.govt.nz/seminar**



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