

Goods and services tax on listed services

GST information for drivers, deliverers and accommodation owners operating in the sharing economy



Online marketplaces (also known as digital platforms) must collect GST on all listed services provided through their online marketplace. Find out what you need to do.

The listed services rules

Since 1 April 2024, GST registered online marketplaces that facilitate the sale of listed services by sellers must collect and pay GST of 15% when the service is performed, provided, or received in New Zealand.

These GST rules do not apply to services that do not use an online marketplace. For example, services you sell through your own website, over the phone, by email or in person.

Websites or apps supplying their own services directly to customers, are not online marketplaces. These rules do not affect them. For example, a platform that provides delivery services directly to customers. If you are hired by one of these websites or apps, either as an employee or an independent contractor, these rules will not apply to you.

If you are unsure whether you are using an online marketplace, please check with them.

What listed services are

Listed services are:

- ride-sharing and ride-hailing
- food and beverage delivery
- short-stay and visitor accommodation.

Listed services do not include supplies of residential rental accommodation that are exempt from GST. This will generally be the case if the accommodation is used by the tenant as their home and there is a residential tenancy agreement.

Online marketplaces must also collect GST on closely connected services provided by the same seller if they are available through their marketplace. For example, holiday rental cleaning fees charged on top of the accommodation costs.

How you are affected

If you perform or provide listed services in New Zealand using an online marketplace, how these rules apply to you depend on whether you are GST registered or not.

You must tell your online marketplace if you are GST registered or not. If you are registered for another activity, you still need to tell them.

What you should do now

Provide your online marketplace with your:

- name
- IRD number
- GST registration status.

If you are non-GST-registered, a new flat-rate credit scheme applies. Under this scheme your online marketplace will collect GST at the standard 15% rate. Of this amount, they will pass on 8.5% to you as the flat-rate credit, and pay the remaining 6.5% to us. This flat-rate credit is for you to keep and recognises costs you incur when supplying these services.

Example – Non-GST-registered seller

Jared is not GST registered. He provides driving services in Wellington on a ride-hailing platform.

The platform charges a customer a fare of \$30 for Jared's services. The platform adds 15% GST to this fare, charging the customer a total of \$34.50.

As Jared is not GST registered, the GST amount of \$4.50 is accounted for in the following way:

- \$2.55 (8.5%) is passed on to Jared
- \$1.95 (6.5%) is paid to Inland Revenue.

Jared receives a monthly statement from the platform confirming the flat-rate credits passed on to him.

If you are GST-registered, you must still file GST returns. Treat listed services sold through online marketplaces as zero-rated supplies in your GST returns. To do this, see how to complete your GST returns below.

If you also supply goods or services outside of an online marketplace, for example services sold over the phone, by email or in person (even if the booking is recorded on an online marketplace), or as part of a separate activity, you must continue to pay GST on those supplies in your returns.

There are opt-out rules for large GST-registered sellers, discussed below. If you meet the criteria, you can carry on being responsible for the GST obligations including providing taxable supply information to customers, for example an invoice.

When to register for GST

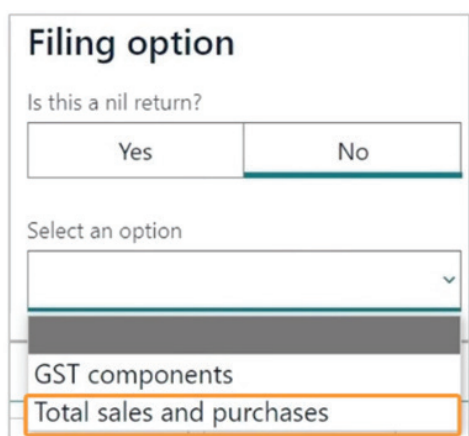
If you are not registered for GST, you will need to register if you have earned, or will earn more than \$60,000 from all your taxable activities in any 12-month period. This includes sales provided directly to customers, for example through your own website, and supplies made through an online marketplace.

You may also register voluntarily if you earn less than this.

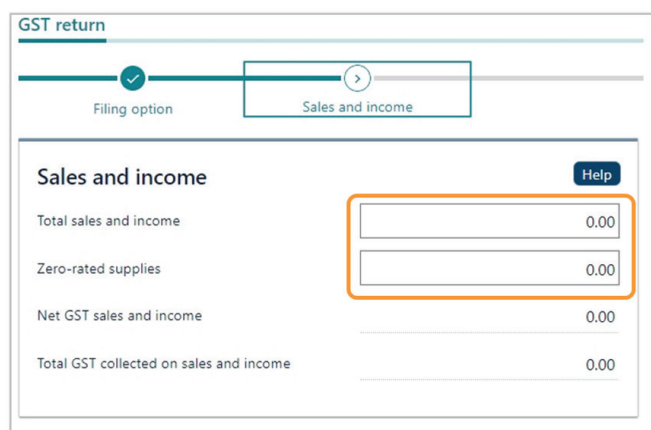
It is important to tell your online marketplace if your GST registration status changes.

How to complete your GST returns

To complete your GST returns using myIR, choose the **total sales and purchases** filing option.



Include the value of listed services before GST in both **total sales and income** and **zero-rated supplies**.



If you are filing using a paper return, include the value of listed services before GST in box 5 and 6.

Include the full amount before GST, not the net amount you receive after deducting any marketplace fees or commission.

You can continue to claim GST on your costs to make these supplies. For example, some online marketplaces include GST on their fees or commission. If they do, you can claim the GST on these.

Example – GST-registered seller

Amy is GST-registered. She rents out a property on an online marketplace for \$100 per night. The property is in New Zealand and is available for short-stay accommodation.

The online marketplace adds 15% GST to the nightly rate, charging guests \$115. They include \$115 as sales and income in their GST return.

In Amy's GST return, she includes:

- \$100 as **total sales and income** (box 5)
- \$100 as **zero-rated supplies** (box 6).

The zero-rated supplies are subtracted from sales and income resulting in \$0 total GST collected (box 7).

Amy can also claim back GST on any **purchases and expenses** incurred to rent out her property as short-stay accommodation (box 11).

What to do if you incorrectly receive flat-rate credits

The flat-rate credit scheme cannot apply to you if you are GST registered.

If you receive flat-rate credits when you are GST registered, you will need to pay them to us by making a debit adjustment in your GST return. You must also tell your online marketplace you are GST registered.

If you continue to receive flat-rate credits incorrectly, we may charge you penalties.

Taxable supply information

You do not need to provide your customers with taxable supply information, for example an invoice. Online marketplaces must do this.

You also do not need to provide taxable supply information to your online marketplace for supplies of listed services through their marketplace.

When you must collect and pay GST on your sales

If you're GST-registered and providing services that are not facilitated through an online marketplace, the ordinary GST rules apply and you will have to collect and pay GST.

Opt-out rules

There are opt-out rules for large GST-registered sellers. Sellers who opt-out remain responsible for the GST obligations including providing taxable supply information to customers. The online marketplace does not need to collect and pay the GST.

You can opt-out if 1 of the following applies.

- You're a non-individual and make more than NZ\$500,000 of supplies in a 12-month period. You need to tell your online marketplace in writing, for example by email, you are opting out. Online marketplaces will have different methods for doing this.
- You list, or can reasonably expect to list, more than 2,000 nights of accommodation on an online marketplace in a 12-month period. You can enter into an agreement with the online marketplace to opt out.
- You make more than \$60,000 of supplies of accommodation in a hostel or motel in a 12-month period. You can enter into an agreement with the online marketplace to opt out. To qualify, you must have been registered for GST before 1 April 2024 and provide accommodation through both an online marketplace and directly to your guests.

Note:

The 2,000-night threshold can be satisfied by a group of related companies. But it is not possible to combine accommodation nights across multiple online marketplaces.

For an opt-out agreement to be valid, there must be a written agreement the seller will be responsible for the tax obligations under the GST Act for the supplies of listed services. This includes:

- providing customers with taxable supply information, if required
- identifying the seller as the supplier
- filing GST returns
- collecting and paying GST to us.

Keep all information relating to opt-outs in your records.

Listing accommodation using a property manager or agent

If you use a listing intermediary (property manager or agent) to list short-stay and visitor accommodation on an online marketplace for you, treat them as if they are the online marketplace.

Your listing intermediary will administer the flat-rate credit scheme and will pass on flat-rate credits to you if you are not GST registered.

In certain circumstances the listing intermediary may also collect and pay the GST on the accommodation (and any closely connected services) supplied through the online marketplace.

GST rules when you sell your property or vehicle

If you are GST-registered and sell a property or vehicle which you have used to make taxable supplies of listed services, the GST rules will generally apply to the sale. You will also have to pay GST if you stop using your property or vehicle for this purpose.

However, you can choose to treat the sale of your property or vehicle as non-taxable if all of the following apply:

- you have not previously claimed a GST deduction for it
- it was not purchased or used for the main purpose of making taxable supplies
- it was not purchased as a zero-rated supply (unless you made a debit adjustment for the GST that would have been charged if your purchase was not zero-rated).

If you are non-GST-registered, the GST rules will generally not apply to the sale of your property or vehicle. This will be the case unless you intend to make supplies of more than \$60,000 in the next 12-month period.

More information

Visit us at ird.govt.nz/sharing-economy

These publications contain useful information. To read them, go to taxtechnical.ird.govt.nz

- **Determination (DET) 24/02:** GST on accommodation supplied through electronic marketplaces – opt-out agreement criteria
- **Tax Information Bulletin (TIB), Vol 35, No 6 (July 2023)** pages 66 – 71

For information on how to treat flat-rate credits for income tax, read **Flat-rate credits and income tax - AD283**.