

# Goods and services tax (GST) on listed services

Information for drivers, deliverers, and accommodation hosts operating in the sharing economy



From 1 April 2024, online marketplace operators (also known as digital platform operators) will need to collect GST on all listed services provided through their online marketplace. **Find out about these changes and what you need to do.**

## What's changing?

GST registered online marketplace operators facilitating the sale of 'listed services' must collect and return GST of 15% when the service is performed, provided, or received in New Zealand.

## What are listed services?

Listed services are:

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

GST will also apply to closely connected services if they're facilitated through the online marketplace. For example, holiday rental cleaning fees charged on top of the accommodation costs.

## How are drivers, deliverers and accommodation hosts affected?

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

**If you are GST-registered**, from 1 April 2024 you will need to treat the supply of listed services sold through online marketplaces as a zero-rated supply on your GST return. You can continue to claim GST on the costs you incur in making these supplies.

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

**If you are not GST-registered**, from 1 April 2024 a new flat-rate credit scheme will apply. Under this scheme your online marketplace will collect GST at the standard 15% rate. They will return 6.5% to Inland Revenue and will pass the remaining 8.5% to you. This flat-rate credit is for you to keep and recognises costs you incur when supplying these services.

### 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-term holiday 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 sales and income and \$100 as a zero-rated supply. The zero-rated supply is subtracted from sales and income resulting in \$0 total GST collected.
- Amy claims back GST on the purchases and expenses incurred to rent out her property as short-term accommodation.

### 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:

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

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

You will need to tell your online marketplace if you are GST registered or not.

## Do you need to provide taxable supply information?

You will not be required to provide taxable supply information (for example an invoice) to your online marketplace for supplies of listed services through their marketplace.

Online marketplaces will be required to provide the customer (the recipient of the service) with taxable supply information.

## Do you need 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) or 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.

## What if you incorrectly receive the flat-rate credit?

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

If you receive a flat-rate credit when you are GST registered, you will need to return it to Inland Revenue 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, penalties may apply to you.

### What should you do now?

Provide your marketplace operator with your:

- Name
- IRD number
- GST registration status.

If you are unsure whether you are using an online marketplace, please check with them. Services that are not facilitated through an online marketplace are unaffected by these GST changes.

## When you must pay GST on your sales and income

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 pay GST.

## What does this mean for your income tax return?

Your income tax return must include all of the income you earn and all your business expenses.

Do not include any flat-rate credits you receive as income in your income tax return. These are excluded income for income tax purposes.

**If you are GST-registered**, account for income and expenses on a GST-exclusive basis.

**If you are not GST-registered**, account for income on a GST-exclusive basis.

If you have expenses that relate to income made:

- through an online marketplace, deduct expenses on a GST-exclusive basis – this is because the flat-rate credits you receive from the marketplace recognises the GST on the costs you incur when making this income.
- outside of an online marketplace, deduct expenses on a GST-inclusive basis.
- partly through an online marketplace and partly from non-marketplace based sales, you will only be able to use a GST-inclusive basis for expenses relating to the non-marketplace based sales.

## More information

Visit us at [ird.govt.nz/sharing-economy](https://ird.govt.nz/sharing-economy)