

Information reporting for the sharing economy

For online marketplaces (also known as digital platforms)



New Zealand online marketplaces must provide Inland Revenue with information about sellers and the income they earn from relevant services on their platform. Find out what you need to do.

New Zealand is implementing the sharing and gig economy information and exchange framework developed by the Organisation for Economic Co-Operation and Development (OECD). These rules apply from 1 January 2024.

Who is affected

The rules affect:

- online marketplaces that connect buyers with sellers of relevant services
- sellers on online marketplaces that get income from relevant services.

The rules apply to all online marketplaces that are New Zealand tax residents.

Reportable sellers

A reportable seller is someone who registers with an online marketplace to offer relevant services. They do not have to be actively selling on the online marketplace.

Sellers may be individuals (sole traders) or entities (organisations).

The rules apply to domestic and non-resident sellers.

Active sellers

Active sellers provide relevant services during 1 January to 31 December in any year, or they receive income from relevant services in that time.

Excluded sellers

Some providers of relevant services will be excluded from the reporting requirements. These include:

- Government entities
- businesses that have listed more than 2,000 nights of accommodation per property listing, in a 12-month period
- a listed company selling on the online marketplace.

Online marketplaces can use their own records or publicly available information to determine whether a seller is an excluded seller.

Alternatively, an online marketplace can get a declaration from the seller stating they fall into the above categories.

Relevant services

A relevant service is:

- the rental of immovable property (including commercial and residential), such as carparks, short-stay and visitor accommodation
- personal services such as ride-sharing, food and beverage delivery, and graphic and web design services.

Advertising a property is available to rent and the sale of goods are not relevant services.

Personal services

A personal service is a service involving time- or task-based work performed by one or more individuals at the request of a buyer.

A personal service must be adapted to the requirements of the buyer who has requested it. A service that cannot be adapted to the specific time or content requirements of a buyer is not a personal service for these rules.

Example - Non-personalised guided tour

The seller is a tour guide who delivers a tour with a set itinerary. While the tour guide might adapt his content slightly as the tour progresses based on how the customers interact, it is still broadly the same content and delivered in a generally uniform manner.

Any deviations in the delivery of the tour are supplementary to the generally uniform service and, therefore it is not considered a personal service.

Example – Commissioned art

The seller is an artist who sells artwork to buyers via a platform. Buyers can commission exclusive artwork. The creation and sale of these is considered to be the provision of a personal service as the artwork is created on request for a fee.

A personal service does not include a service provided as part of an employment relationship with the online marketplace or a related entity of the online marketplace.

You may presume that any time- or task-based service facilitated through your platform is a personal service. This may be rebutted by establishing that the services cannot be adapted to the specific time or content requirements for buyers.

Consideration

Consideration is compensation in any form that is paid or credited to a seller in connection with relevant services, the amount of which is known or reasonably knowable by the online marketplace.

Consideration includes money, crypto assets, payments in kind, tips, gratuities, and goods or services provided to a seller. Where consideration is paid or credited to a seller in any form other than a fiat currency, it should be reported in NZ dollars.

Information to collect and report

Online marketplaces must collect and report information about reportable sellers and themselves.

Seller information

For each reportable seller, the online marketplace must report the following details.

Sellers who are individuals:

- first name and last name
- primary address
- jurisdiction(s) the seller is resident
- tax identification number (TIN) issued to them, for example an IRD number for New Zealand tax residents and the jurisdiction that issued it
- date of birth.

Sellers who are entities:

- legal name
- primary address
- jurisdiction(s) the seller is resident
- TIN issued to them and the jurisdiction that issued it
- business registration number, for example an NZBN for New Zealand companies.

The online marketplace is expected to collect information from sellers that it does not already hold.

Immovable property information

For both types of sellers (individuals and entities), online marketplaces must report the following information for each immovable property that is used as a relevant service:

- address of each property listing
- land registration number (if known)
- number of days each property listing was rented during the calendar year
- the type of each property listing (for example apartment, parking space), where available.

All immovable property units located at the same street address and offered for rent by the same seller should be treated as a single property listing for reporting. The number of days each sub-unit was rented should be combined to determine the number of days each property listing was rented during the reportable period.

Activities and consideration

Online marketplaces must report on the following for each reportable seller and immovable property:

- total consideration paid or credited
- number of relevant activities carried out to which that consideration relates
- fees, commissions or taxes withheld or charged
- financial account identifier (where available)
- name of the holder of the financial account where consideration is paid or credited.

This information must be reported for each quarter of the calendar year.

The person receiving the benefit of the service does not have to be the one providing the consideration for the service to be reportable.

Example - Reportable consideration

Platform A is a platform that connects sellers of cleaning services to customers. Platform A provides customers with two hours of free cleaning when they initially sign up to the platform. Platform A compensates the seller of the cleaning service for these two hours cleaning. As the seller is receiving consideration for the service, the service they are providing is reportable.

The concept of consideration and whether that consideration is 'reasonably knowable' determines if a business is or is not within the scope of the reporting rules. The key determinants are whether the online marketplace has knowledge that a relevant service has been carried out and if it was for a consideration which is knowable or reasonably knowable to the online marketplace.

If multiple parties are jointly registered as sellers, the total consideration should be reported for each seller. If the online marketplace can reliably determine the amount attributable to each seller, only their amount should be reported.

Example – Consideration not reasonably knowable

Platform B hosts third party advertising. Sellers can list relevant services and their contact details. A prospective buyer cannot contact a seller through Platform B directly. Neither the contract for sale nor the payment of consideration are concluded through Platform B. Platform B exclusively allows sellers to list or advertise a relevant activity. Therefore, Platform B is not within the definition of a 'platform'.

Example – Consideration is reasonably knowable

Platform C hosts third party advertising. Sellers can list relevant services, their contact details, and the consideration payable on Platform C. Platform C facilitates the contract between the buyer and the seller through its platform along with the payment of the consideration for the relevant service. Platform C's software knows when a relevant service is carried out and the consideration is known (or reasonably knowable). Platform C is therefore within the definition of a 'platform'.

Sales of goods and personal services in a single transaction

If a transaction involves both the sale of goods and the provision of a personal service and both can be identified separately, then the personal service component should be reported.

Where they cannot be separately identified, then the entire transaction should be reported, unless the personal service component is purely ancillary to the non-reportable element.

Reporting to sellers

Provide sellers with a copy of the information reported about them by 7 February.

Platform information

Online marketplaces must report the following information about themselves:

- their name
- their registered office address
- their IRD number
- business name for each platform.

Completing reporting obligations for another online marketplace

An online marketplace can report seller information on behalf of another online marketplace.

In this case, the New Zealand based online marketplace will need to report information identifying the other online marketplace.

Keep proof that the required information has been reported.

How to report the information

Online marketplaces with income reporting obligations will need to register for a Digital Platform Information (DPI) account with us.

You can register for a DPI account in myIR from 29 October 2024.

If you do not have a myIR account already, you must register for one at ird.govt.nz/myIR

Format and frequency

Online marketplaces must report:

- annually for each year ending 31 December
- information shown in quarterly periods
- on or before 7 February
- using the OECD model rules XML Schema.

Reporting methods

Online marketplaces will be able to report using either:

- XML file upload
- Excel template – limited to 1,000 sellers. Make sure you use the latest version provided in myIR.

You can correct reported information using the same methods.

Due diligence requirements

Online marketplaces are responsible for ensuring the information reported is valid.

You can choose to complete due diligence procedures for active sellers only.

Accurate seller information

Determine if the information collected from the seller is reliable. To confirm the information is correct, you should use the information you already have available and any public information.

Seller's residency

Online marketplaces should use the seller's primary address to confirm which country or jurisdiction they are resident in.

If a seller updates their primary address during the calendar year, the new address should be used for reporting purposes.

A seller should also be considered a resident for the country or jurisdiction that issued their TIN. Where the primary address and the jurisdiction that issued their TIN are different, they should be reported for both.

Timeframes for due diligence procedures

Online marketplaces must complete due diligence responsibilities for new sellers by 31 December of a reportable period.

For sellers that are already registered on a marketplace as of 1 January 2024, the due diligence procedures must be completed by 31 December 2025. If you already have the required information, provide this by 7 February 2025.

You may rely on the due diligence procedures conducted in previous reportable periods if:

- the seller's primary address has been either collected and verified or confirmed within the last 36 months, and
- you have no reason to believe the information is unreliable or incorrect.

Third party due diligence

If you use a third-party service provider or another online marketplace to fulfil the due diligence requirements, you remain responsible for the due diligence obligations.

Keeping records

Online marketplaces must keep records showing the steps they have taken to collect the information and the information relied upon.

These records must be kept in New Zealand and in English or te reo Māori. The only exception is if we have approved their storage outside New Zealand or in a different language.

You must keep this information for at least 7 years following the end of the reportable period.

Penalties

Penalties can apply if online marketplaces do not comply with their due diligence (including record keeping) and reporting obligations.

An online marketplace may be liable for a penalty of \$300 for each occasion that they do not meet the requirements that are set out in the reporting rules, unless the failure is due to circumstances outside their control. This is capped at a maximum of \$10,000 per reportable period.

Where an online marketplace does not take reasonable care to meet a requirement and a \$300 penalty has not been applied, we can assess penalties payable for each occasion. On the first occasion, a penalty of \$20,000 can apply. On subsequent occasions, a penalty of \$40,000 can apply. The maximum amount for a reportable period is \$100,000.

Resources

Visit us at ird.govt.nz/digital-platform-information.

Model Rules for Reporting by Platform Operators with respect to Sellers in the Sharing and Gig Economy (oecd.org).

If you have any questions, you can email us at: DPI@ird.govt.nz