



Inland Revenue
Te Tari Taake

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New Zealand tax residence

Who is a New Zealand resident for tax purposes?



The information in this guide is based on current tax laws at the time of printing.

Introduction

The tax residence rules determine whether a person is a New Zealand tax resident. The worldwide income of a New Zealand tax resident is subject to New Zealand tax laws. People who are not New Zealand tax residents (non-residents) are liable for New Zealand tax only on their New Zealand-sourced income.

Note

This guide deals with tax residence rules. These are different from the normal New Zealand immigration residency rules.

We have used the words “resident” and “non-resident” in this guide for New Zealand tax purposes only.

Read on for information about:

- tax residence rules for individuals:
 - who is a resident and who is a non-resident, for tax purposes only
 - temporary tax exemption on foreign income
 - what income you’re taxed on as a resident or a non-resident
 - paying tax as a resident or a non-resident
- tax residence rules for non-individuals
- where to go for further help.

Please read all sections so you can establish whether you’re a tax resident or a non-resident.

Note

You may need to provide information about your financial accounts in New Zealand and overseas to comply with international obligations. Find out more about:

- CRS (Common Reporting Standard) obligations
 - go to www.ird.govt.nz/crs
- FATCA (Foreign Account Tax Compliance Act) obligations - go to www.ird.govt.nz/fatca

www.ird.govt.nz

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.
- **Demonstrations** - learn about our services by watching short videos.
- **Get it done online** - complete forms and returns, make payments, give us feedback.
- **Work it out** - use our calculators, worksheets and tools, for example, to check your tax code, find filing and payment dates, calculate your student loan repayment.
- **Forms and guides** - download our forms and guides.

Forgotten your myIR user ID or password?

Request a reminder of your user ID or reset your password online. You'll need to know your IRD number and have access to the email address we hold for you.

How to get our forms and guides

You can get copies of all our forms and guides by going to www.ird.govt.nz and entering the shoulder number in the search box. You can also order copies by calling 0800 257 773.

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Tax residence rules for individuals

Who is a New Zealand tax resident?

You're a New Zealand tax resident if:

- you've been in New Zealand for more than 183 days in any 12-month period and haven't become a non-resident - see page 7, or
- you have a permanent place of abode in New Zealand - see below, or
- you're away from New Zealand in the service of the New Zealand government.

The 183-day rule

If you've been in New Zealand for more than 183 days in any 12-month period, you're considered to be a New Zealand tax resident from the first of the 183 days. The 183 days don't have to be consecutive. For example, if you come to New Zealand for 10 days in April and then return for 20 days in September of the same year, it will be counted as 30 days. If you're in New Zealand for part of a day, it's counted as being a whole day. This means that the days you arrive or depart are treated as "days present" in New Zealand.

If you've ever been resident in New Zealand under the 183-day rule you remain resident until you become a non-resident - see page 7.

A permanent place of abode in New Zealand

The Income Tax Act 2007 says that a person, other than a company, who has a "permanent place of abode" in New Zealand is a New Zealand tax resident. To have a permanent place of abode in New Zealand there must be somewhere in New Zealand (ie, a house or other dwelling), where you habitually reside from time to time. Determining this requires an overall assessment of your circumstances and the nature and quality of the use you habitually make of the place of abode.

If you have strong ties to New Zealand it's likely that you have a permanent place of abode in New Zealand. The permanent place of abode test overrides any rules about the number of days you're out of New Zealand. So you'll still be tax resident in New Zealand as long as you have a permanent place of abode here, even if you're gone for more than 325 days.

If there's somewhere in New Zealand you could live, we need to decide whether it's your permanent place of abode. To do this, we look at all of your circumstances, including the following:

Do you have a permanent place of abode in New Zealand?

Circumstance	Look at
Presence in New Zealand	how much time you spend in New Zealand, and whether you're here continuously or from time to time
Accommodation	how you've previously used the accommodation you have in New Zealand, and your connection with it, ie, whether you own it, lease it or control it
Family and social ties	where your family live (especially immediate family) and if you belong to any New Zealand clubs, associations or organisations
Economic ties	if you have bank accounts, credit cards, investments, life insurance or superannuation funds here
Employment or business	if you run a business here, or if you're employed here, if you have (or may have) employment to return to, the terms of any employment contract
Personal property	if you have vehicles, clothing, furniture and other property or possessions kept here

Intentions	whether you intend to come back to New Zealand to live and if you do, when
Benefits, pensions and other payments	whether you receive any welfare benefits, pensions or other payments from New Zealand agencies or organisations.

This list is a guide only - you'll need to consider your overall situation when working out whether you're a New Zealand tax resident.

Please note that even if you maintain ties (or even a physical home) in other countries you can still be a New Zealand tax resident. As long as you have a permanent place of abode in New Zealand you'll always be a resident.

Government service

If you're sent away from New Zealand in the service of the government in any capacity, you're considered to be a tax resident of New Zealand and liable for New Zealand tax on your worldwide income. The length of your absence and whether you have a permanent place of abode in New Zealand doesn't matter. This rule doesn't apply to a spouse, partner or children who may be accompanying you. The normal tax residency rules still apply to them.

Double tax agreements (DTAs)

You may be a tax resident in both New Zealand and another country. This means that you're resident in two countries under the tax laws of each of those countries. If both countries tax their residents on worldwide income you could be taxed twice on the same income. Double tax agreements have been negotiated between New Zealand and many other countries to determine what taxing rights each country has.

Go to www.ird.govt.nz to look at the latest list of countries that have DTAs with New Zealand.

Becoming a non-resident

Remember, if you have a permanent place of abode in New Zealand you'll be a resident for tax purposes. However, if the ties and links described on pages 4-6 suggest you don't have a permanent place of abode here, you can become a non-resident under the "325-day rule".

The 325-day rule

You become a non-resident for tax purposes if:

- you don't have a permanent place of abode in New Zealand, and
- you're away from New Zealand for more than 325 days in any 12-month period.

The 325 days do not have to be consecutive. If you're here for only part of a day it's counted as a whole day.

Paying tax as a resident

Your worldwide income is taxed

If you're a New Zealand tax resident you're taxed on your worldwide income. You must state your income from all sources, including that from overseas, in an *Individual tax return (IR3)*. You're normally allowed a tax credit for any tax paid overseas so you'll need to be able to produce records which show the overseas tax you've paid.

Note

We calculate tax on any overseas income in accordance with New Zealand tax laws. Our tax laws may be different from the laws of other countries.

The New Zealand tax year is from 1 April to 31 March of the following year. Unless you get consent from us to use a non-standard balance date you may need to apportion your overseas income to fit the New Zealand tax year.

The year you become a tax resident

Any person, individual or business required to pay tax in New Zealand will need to apply for an IRD number. Some contractors and entertainers don't require IRD numbers - see pages 16 and 17.

If you haven't had a personal New Zealand IRD number before, you can apply for one by filling in an *IRD number application – individual (IR 595)* form. When applying for a personal IRD number you'll have to go to an Inland Revenue appointed verifier with two specified identification documents. Just follow the instructions on the front of the application form.

To apply for an IRD number for a business, trust or other non-individual entity, fill in an *IRD number application - non-individual (IR596)* form.

If you've had a New Zealand IRD number before, call us on 0800 227 774 to check it's still valid.

Once you have your IRD number, please have it with you whenever you call us.

Temporary tax exemption on foreign income

Most types of individual income derived from overseas may be temporarily exempt from tax in New Zealand. This temporary tax exemption is available to people who:

- have qualified as a tax resident in New Zealand on or after 1 April 2006, and
- are new migrants or returning New Zealanders, who haven't been resident for tax purposes in New Zealand for at least 10 years before their arrival in New Zealand.

The temporary tax exemption for foreign income starts on the first day that you are a tax resident here. It ends 48 months after the month you **qualify as a tax resident** in New Zealand. This means that the period between your arrival in New Zealand and the date you qualify as a tax resident is also treated as an exempt period.

Example

Sarah was in New Zealand from 10–14 March 2013. She then moved here on 22 April 2013, and qualified as a tax resident on 16 October 2013. She met the criteria for her foreign income to be temporarily exempt from tax in New Zealand. Her exemption applies from 10 March 2013 until 31 October 2017.

Qualifying for the exemption

To be eligible for a temporary tax exemption on foreign income you must:

- have qualified as a tax resident in New Zealand on or after 1 April 2006, and
- not have been a New Zealand tax resident at any time in the past 10 years before the date you qualified again as a tax resident in New Zealand - see page 4, and
- not have been eligible for this tax exemption before (including if you were eligible but chose to waive the exemption), and
- not be receiving Working for Families Tax Credits (your spouse or partner must not be receiving them either).

This exemption is a one-off, you can't extend your tax exemption or renew it after its expiry date. There are some types of foreign income that don't qualify for a temporary tax exemption.

The exemption and Working for Families Tax Credits (WfFTC)

You can't receive WfFTC while being tax exempt from foreign income. If you're eligible for the temporary tax exemption on foreign income and you (or your spouse or partner) are also eligible for WfFTC, you need to decide which option is the best for your situation.

If you decide to waive the temporary tax exemption so you can claim WfFTC, you'll need to show in your *Individual tax return (IR3)* all the foreign income you received from the date of your arrival in New Zealand.

Go to www.ird.govt.nz/wff-tax-credits/ to:

- see if you're eligible
- work out how much you may be entitled to
- register for WfFTC.

For further information about WfFTC you can call us within New Zealand on **0800 227 773** or on **+64 4 978 0779** if you're calling from overseas.

How to claim the exemption

The tax exemption is automatically granted if you're eligible. If you qualify for the exemption, you're not required to tell us about foreign income you receive (except for foreign income that doesn't qualify for the temporary tax exemption) for the period of your exemption.

Foreign income exempt from tax in New Zealand

Types of foreign income which are temporarily exempt from tax in New Zealand:

- controlled foreign company (CFC) income that is attributed under New Zealand's CFC rules
- foreign investment fund (FIF) income that is attributed under New Zealand's FIF rules (including foreign superannuation)
- non-resident withholding tax (eg, on foreign mortgages)
- income arising from the exercise of foreign employee share options
- accrual income (from foreign financial arrangements)
- income from foreign trusts
- rental income derived offshore
- foreign dividends
- foreign interest
- royalties derived offshore
- income from employment performed overseas before coming to New Zealand, such as bonus payments
- gains on the sale of property derived offshore (held on revenue account)
- offshore business income (that is not related to the performance of services).

Foreign income taxed in New Zealand

The foreign income that will continue to be taxed in New Zealand is:

- employment income from overseas employment performed while living in New Zealand, and
- business income relating to services performed offshore.

If you receive any non-exempt types of foreign income from the date of your arrival back in New Zealand, you'll need to show this income in your *Individual tax return (IR3)*, even if you qualify for a temporary tax exemption on other types of foreign income.

After the exemption has ended

When your temporary tax exemption ends, you need to include all your foreign income (received since your exemption ended) in your IR3, along with your New Zealand income. You're required to file an IR3 after the end of your exemption and every tax year after that, as long as you have foreign income (regardless of whether or not you told us of your foreign income when you arrived in New Zealand).

New Zealand's tax year runs from 1 April to 31 March. If your exemption ends at any time in a tax year other than on the standard balance day of 31 March, you'll need to apportion your foreign income received for that year in your IR3.

Example

Sam qualified as a tax resident in New Zealand on 10 September 2007 and met the criteria for his foreign income to be temporarily exempt from tax in New Zealand from 10 September 2007 until 30 September 2011.

Sam's exemption ends in the middle of a standard New Zealand tax year and he will continue to receive foreign income after his exemption ends (on 30 September 2011).

On his tax return for the year ending 31 March 2012 (the tax year that his exemption ended in), Sam has to show the foreign income he received from 1 October 2011 to 31 March 2012.

For more information

Go to www.ird.govt.nz for more about:

- the temporary tax exemption on foreign income
- filing an *Individual tax return (IR3)*.

You can also call us within New Zealand on **0800 227 774** or on **+64 4 978 0779** if you're calling from overseas.

The year you cease to be a tax resident

If you're leaving New Zealand, or have left New Zealand, you can use the information on our website or speak with your tax agent to determine if you're a New Zealand tax resident. Or, if you would like our view, you can fill in a *New Zealand tax residence questionnaire (IR886)*. We'll then advise you about your tax residence status and if you have any future New Zealand tax responsibilities.

If you'll no longer be a tax resident and won't be receiving income from New Zealand from the date you leave, you may need to complete an *Individual tax return (IR3)* up to the date of your departure. You can file your IR3 before the end of the tax year. Include any income you received from all sources up to the date you leave New Zealand.

Send your IR3 to the appropriate Inland Revenue address below before you leave.

Inland Revenue
PO Box 39090
Wellington Mail Centre
Lower Hutt 5045

For returns with payments

Inland Revenue
PO Box 39050
Wellington Mail Centre
Lower Hutt 5045

If you qualify for a refund or want a statement of account, we'll send it as soon as possible. Please make sure we have your overseas address.

If you'll be receiving income from New Zealand after you're no longer a tax resident, you'll have to pay tax as a non-resident - see page 15.

Please provide us with full details of:

- your overseas address
- the date you left or intend to leave New Zealand
- the length of time you intend to be away.

You can authorise another person in New Zealand to help with your tax affairs. See page 19 for more information on setting up a nominated person.

If you'll be receiving income from New Zealand after you're no longer a tax resident, you must file an *Individual tax return (IR3)* to the end of the tax year (31 March) following your departure. Include your worldwide income received until the date you left and your New Zealand income received after that date. Please clearly show the breakdown of income received before and after your departure.

Paying tax as a non-resident

If you're a non-resident you're taxed only on income you receive from a New Zealand source. If your only income from New Zealand is interest, dividends or royalties, and the correct amount of NRWT (non-resident withholding tax) is deducted, you won't need to file a non-resident return.

Please give your bank or other financial institution your overseas address and tell them you're a non-resident for tax purposes to ensure the correct amount of NRWT is deducted. There's a limited exception to paying NRWT on interest. If the payer of your interest pays approved issuer levy, NRWT isn't deducted from your interest. For further information please read our *NRWT (Non-resident withholding tax) – payer's guide (IR 291)* and *Approved issuer levy (IR395)* guide.

If you receive any other income such as rental, business or farming income, it is subject to New Zealand tax at the normal rates and you'll be required to file a *Non-resident individual taxpayers (IR3NR)* return.

Complete an IR3NR if you're a non-resident for the full year and you have continuing income from New Zealand. We'll send you an IR3NR taxpack each year, so make sure we have your current address while you're away. Please file only one return for any income year. Also note, we can't accept non-resident returns in any sort of electronic format such as email. For more information contact:

The Non-resident Centre

Postal address	Inland Revenue Non-resident Centre Private Bag 1932 Dunedin 9054 New Zealand
Telephone	+64 3 951 2020 between 9 am and 4.30 pm (New Zealand time) Monday to Friday
Fax	+64 3 951 2216
Email	nonres@ird.govt.nz

Workers in the horticulture and viticulture industries

The horticulture and viticulture industries often have a shortage of local workers. The Recognised Seasonal Employer (RSE) scheme facilitates the temporary entry of additional workers from overseas to plant, maintain, harvest and pack crops for a limited period. The Ministry of Business, Innovation and Employment administers the RSE scheme.

If you're a recognised seasonal worker under the RSE scheme you're a non-resident for New Zealand tax purposes but will have to pay New Zealand tax on your New Zealand income.

Your employer will deduct tax, including ACC levies, at a flat PAYE rate. You won't have to pay any further tax or have a refund to claim, and in most cases, you won't have to file an end-of-year tax return.

You need to use the NSW (non-resident seasonal worker) tax code on your *Tax code declarations (IR330)*.

Non-resident contractors and entertainers

There are special rules for non-resident contractors and non-resident entertainers who earn income from New Zealand.

Please contact one of our specialist teams for more information.

Non-resident Contractors Team

Postal address	Inland Revenue Non-resident Contractors Team PO Box 2198 Wellington 6140 New Zealand
Telephone	+64 4 890 3056
Fax	+64 4 890 4502
Email	nr.contractors@ird.govt.nz

Non-resident Entertainers Unit

Postal address	Inland Revenue Non-resident Entertainers Unit PO Box 5542 Auckland 1141 New Zealand
Telephone	+64 9 984 4329
Fax	+64 9 984 3081
Email	nr.entertainers@ird.govt.nz

The year you become a tax resident again

If you've been a non-resident then return to New Zealand and become a tax resident again, you may need to file an *Individual tax return (IR3)*. You should include the period from 1 April before your arrival up to the end of the tax year, the following 31 March. To find out if you need to do this call 0800 227 774.

If you do need to complete an IR 3, include your New Zealand income earned while overseas and your worldwide income received after the date of your arrival for the income year. Please clearly show the breakdown of income you received before and after you arrived.

Student loan borrowers going overseas

If you're away from New Zealand six months or more (184 or more consecutive days), you'll need to contact us and let us know. We'll consider you to be an overseas-based borrower and, in most cases, we'll charge interest on your student loan.

You may qualify for a repayment holiday of up to one year. If you qualify, you won't have to make any repayments in that time. But we'll continue to charge interest.

You'll need to apply for a repayment holiday before you leave New Zealand or within six months (183 days) of leaving and provide an alternative contact person who is resident in New Zealand.

You may still qualify for an interest-free loan if one of the following applies. You:

- are studying overseas
- are living in Niue, Cook Islands, Tokelau or Ross Dependency
- are working overseas for the New Zealand Government
- are working overseas because your New Zealand employer requires this
- are working as a volunteer overseas
- are accompanying your partner overseas
- have an unexpected delay returning to New Zealand
- have an unplanned absence.

For information about your student loan repayment obligations while you're overseas, repayment holidays and interest-free loans go to www.ird.govt.nz/studentloans

To receive up-to-date information about student loans sign up to our email newsletter "Notify Me" at www.ird.govt.nz/sl/notify-me

Giving someone authority to act on your behalf while you're overseas

We can't discuss your Inland Revenue records with anyone except you, unless you nominate someone else to have access to your records and act on your behalf.

Your nominated person will be able to check your records including your tax status and make any other enquiries on your behalf. They can also receive your statements, refunds and other correspondence. But remember, you'll still have overall responsibility for meeting your obligations, including filing returns and making payments by the due date.

For more information or to nominate someone to act on your behalf:

- complete an *Elect someone to act on your behalf (IR597)* form, or
- call us on 0800 227 774.

Remember to have your IRD number with you.

To nominate someone to act on your behalf, you'll need to know:

- the full name of the nominated person and their IRD number (if possible)
- the tax types the nominated person is to have authority to act on
- the length of time you want the nominated person to act for you.

Tax residence rules for non-individuals

There are different tax residence rules for non-individual taxpayers.

Companies

A company is a resident in New Zealand if it meets any one of the following criteria:

- **It is incorporated in New Zealand.** A company which is incorporated under the New Zealand Companies Act 1993 is resident in New Zealand.
- **Its directors exercise control in New Zealand.** Those acting in their capacity as directors control the company here, whether decision-making by directors is confined to New Zealand or not.
- **It has its centre of management in New Zealand.** This is the place from where the company as a whole is managed. To determine where a company's centre of management is, acts of management at various levels may be relevant.
- **It has its head office in New Zealand.** The head office of a company is the office from which the business of the company is conducted. The focus of this test is the physical place where the administration and management of the overall business is directed from and carried out.

A company often satisfies more than one, or even all of these tests. Such a company is clearly resident in New Zealand. However, a company need only satisfy one of the four tests to be resident.

Trusts

The rules of residence for trusts are set out in our *Trusts and estates – income tax rules (IR288)* guide.

Services you may need

Self-service numbers (overseas callers)

This service is available to overseas callers seven days a week (but please note we're closed between 5am and 6am each day, New Zealand local time). Just make sure you have your IRD number ready when you call.

For access to your account-specific information, you'll need to be enrolled with voice ID or have a PIN. Registering for voice ID is easy and only takes a few minutes. Call +64 4 910 6076 to enrol.

Order forms and publications +64 4 978 0767

All other services +64 4 978 0775

When you call, just confirm what you want from the options given. If you need to talk with us, we'll re-direct your call to someone who can help you.

0800 self-service numbers

This service is available to callers seven days a week except between 5am and 6am each day. Just make sure you have your IRD number ready when you call.

For access to your account-specific information, you'll need to be enrolled with voice ID or have a PIN. Registering for voice ID is easy and only takes a few minutes. Call 0800 257 843 to enrol.

Order forms and publications 0800 257 773

All other services 0800 257 777

When you call, just confirm what you want from the options given. If you need to talk with us, we'll re-direct your call to someone who can help you.

Need to speak with us?

Personal tax enquiries

General tax, tax credits, refunds, payment options, Working for Families Tax Credits payments, and paid parental leave 0800 775 247

Child support (8am to 5pm Monday to Friday) 0800 221 221

Student loans 0800 377 778

Business tax enquiries

General tax, tax credits and refunds 0800 377 774

Employers 0800 377 772

GST 0800 377 776

Large enterprises 0800 443 773

International callers

Free calling doesn't apply to international calling customers. Direct dial numbers for international callers are available at www.ird.govt.nz/contact-us

Want faster access to our services?

Voice ID-enrolled customers have shorter calls and better after-hours access.

Enrol now 0800 775 247

Reset your myIR password 0800 227 770

Check your account balances 0800 257 777

Order publications 0800 257 773

Complaints Management Service

(8am to 5pm Monday to Friday) 0800 274 138

Our contact centres are open 8am to 6pm Monday to Friday. We record all calls. Our self-service lines are open at all times and offer a range of automated options, especially if you're enrolled with voice ID.

For more information go to www.ird.govt.nz/contact-us

myIR

A myIR account lets you manage all your Inland Revenue matters securely online. You can update your address, phone, email or bank account details, check your correspondence, work out your income tax filing options and check your KiwiSaver account.

Register for a myIR account today to:

- check if you're due a tax refund
- check all your details, including your student loan
- check and update your Working for Families Tax Credit details
- review your KiwiSaver contributions
- manage your child support payments
- file returns.

myIR is available 24 hours a day, seven days a week. Go to www.ird.govt.nz/myIR to find out more.

Forgotten your user ID or password?

Request these online and we'll send them to the email address we hold for you.

Publications

You'll find more information in these publications and forms.

Approved issuer levy (IR395)

Elect someone to act on your behalf (IR597)

New Zealand tax residence questionnaire (IR886)

New Zealand visitor's guide (IR294)

NRWT - payer's guide (IR291)

Rental income (IR264)

Taxes and duties (IR295)

Penalties and interest (IR240)

Trusts and estates income tax rules (IR288)

Privacy

Meeting your tax obligations means giving us accurate information so we can assess your liabilities or your entitlements under the Acts we administer. We may charge penalties if you don't.

We may also exchange information about you with:

- some government agencies
- another country, if we have an information supply agreement with them
- Statistics New Zealand (for statistical purposes only).

If you ask to see the personal information we hold about you, we'll show you and correct any errors, unless we have a lawful reason not to. Call us on 0800 775 247 for more information. For full details of our privacy policy go to www.ird.govt.nz (search keyword: privacy).

New Zealand Government