

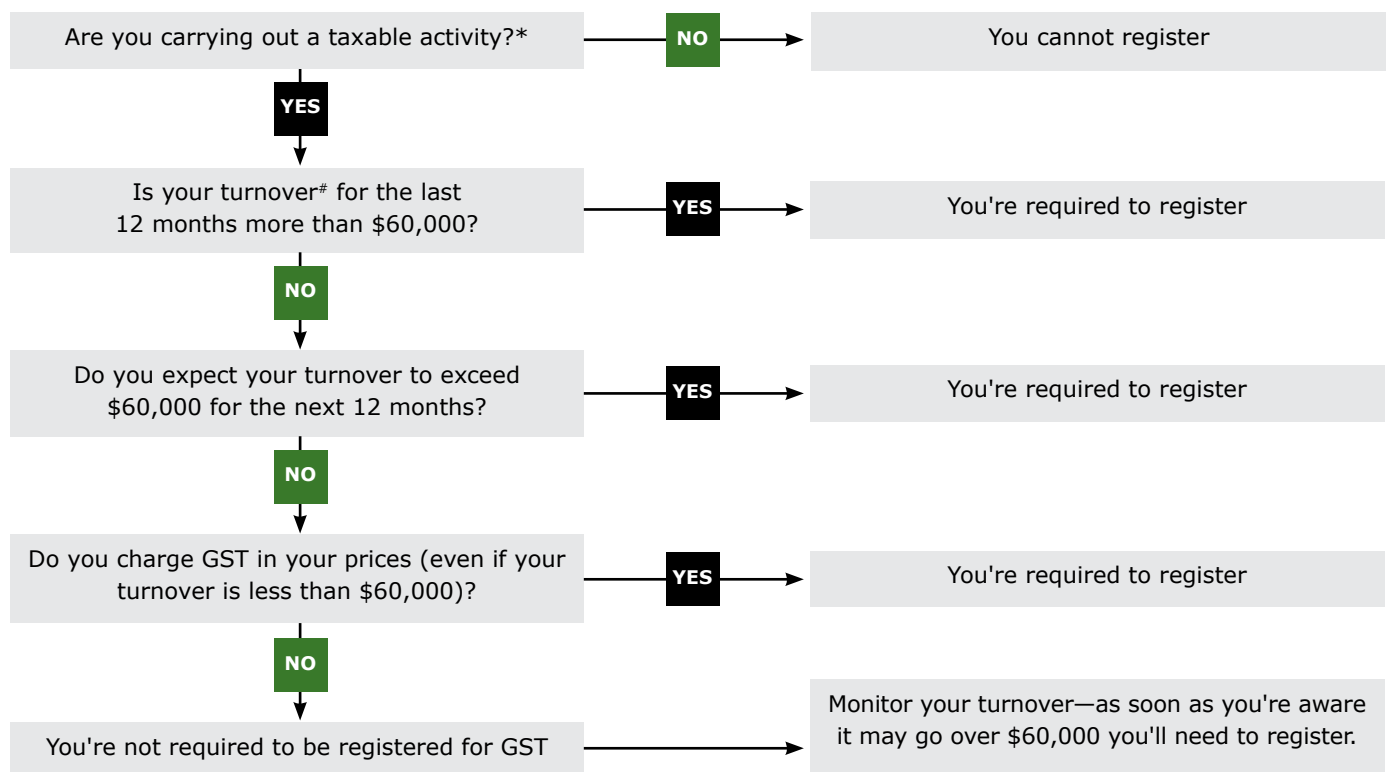
GST – do you need to register?

Work out if you need to register for GST. You can register for GST in myIR. For more information about GST go to ird.govt.nz/gst

What is GST?

GST (goods and services tax) is a tax on most goods and services supplied in New Zealand by registered businesses. GST also applies to most imported goods, and certain imported services. GST of 15% is added to the price of goods and services. If you're a GST-registered business, you pay GST on your purchases and expenses and charge GST on your sales. The difference between these 2 is what you pay to Inland Revenue or receive as a GST refund.

STEP 1 Deciding to register



Note: You are charging GST if you show GST on your receipts/invoices or tell your customers they are paying GST. If you provide goods or services as part of, or through, another organisation or company, check with them to see if GST is included e.g. taxi drivers.

* **What is a taxable activity?** Any activity carried out continuously or regularly by a business, trade, manufacturer, professional person, association or club. It includes any activity that supplies, or intends to supply, goods and services to someone else for consideration (money, compensation, or reward) but not necessarily for profit. It does not include: working for salary and wages, being a company director, hobbies or any private recreation pursuit, private transactions such as the occasional sale of household or domestic items, making exempt supplies.

How is turnover calculated? The total value of taxable supplies in all your business activities, including grants and subsidies you receive or barter transactions, excluding any GST. This is not your profit as your expenses are not deducted when determining your turnover.

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 do not choose an accounting basis when you register, we'll put you on the invoice basis.

If you want to change your accounting basis after you've registered, you can do this in myIR.

Accounting basis	Who is eligible	What you need to do	
Payments basis	<p>If your total sales are:</p> <ul style="list-style-type: none"> \$2 million or less in the last 12 months likely to be \$2 million or less in any 12-month period, beginning on the first day of a month. 	<p>In your GST return for the period include:</p> <ul style="list-style-type: none"> amounts you've been paid by customers amounts you've paid to suppliers. 	<p>Under the payments basis, account for GST at the end of the taxable period when you make or receive the payment. This helps manage cash flow because you only pay us GST after you've received the payment from your customers, and you only claim GST for the purchases and expenses you've paid for.</p> <p>You must have taxable supply information to support the expenses in your return.</p>
Invoice basis	Anyone	<p>In your GST return for the period include:</p> <ul style="list-style-type: none"> amounts you've notified customers to pay by invoice, even if you have not been paid yet the full sale price if customers have paid any amount before you've invoiced them amounts you've been invoiced by suppliers, even if you have not paid them yet. 	<p>Using the invoice basis, you will account for GST at the end of the taxable period when you provided an invoice to your customers or received an invoice from your supplier.</p> <p>You must have taxable supply information to support the expenses in your return.</p>
Hybrid basis	<p>Anyone</p> <p>Note: This method is not commonly used by small businesses because of negative cashflow consequences.</p>	<p>In your GST return:</p> <ul style="list-style-type: none"> use the invoice basis for your sales use the payments basis for your expenses. 	<p>Under the hybrid basis you account for GST on sales and income using the invoice basis, and account for GST on expenses and purchases when you actually make payment.</p> <p>You must have taxable supply information to support the expenses in your return.</p> <p>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).</p>

Note: Around 78% of businesses choose the payments basis for their GST accounting basis.

Taxable periods/filing frequency

Your taxable period for your GST returns is also known as your filing frequency (how often you file). You can choose your taxable period – monthly, 2-monthly or 6-monthly. Taxable periods for 2 or 6 monthly returns must align to your balance date for income tax.

If you do not choose a taxable period when you register, we'll put you on the 2-monthly option aligned with your balance date.

Monthly

- You must file monthly returns if your sales are over \$24 million in any 12-month period.

Anyone can choose to file monthly GST returns. Monthly returns may suit you if you're entitled to frequent GST refunds.

2-monthly

- Anyone with sales under \$24 million in any 12-month period.

You can choose to file your returns in odd or even months aligned to your balance date. Filing returns every 2 months helps keep you on top of your GST requirements and in touch with your business's progress.

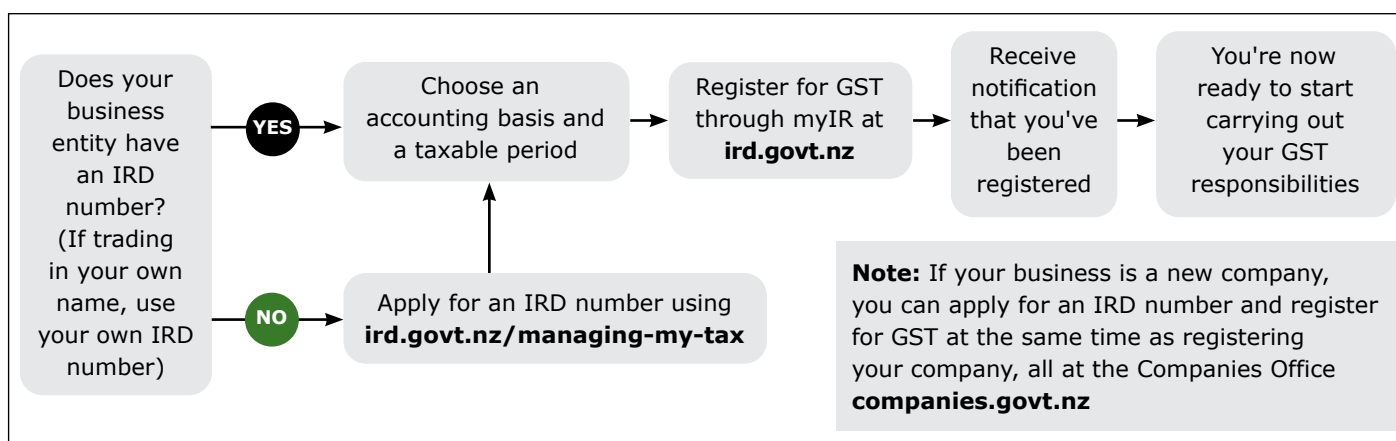
6-monthly

- Anyone with sales under \$500,000 in any 12-month period.

You only need to file 2 GST returns a year, but it can be a big job for 6 months' worth of trading in one go. This option is more suitable if your business does not have a large volume of transactions.

STEP 3 Registering for GST

If you're required to register, or wish to voluntarily register, you can do this in myIR at ird.govt.nz



STEP 4 Completing the online registration

myIR registration

It's easy to complete the online GST registration. Your personal details will be pre-populated and help text messages will be available to assist you. Error messages will continue to display if an invalid entry is made.

When you complete your GST registration in myIR, in most cases you'll receive immediate confirmation of your GST number and registration details. Then, each time your GST return is due for filling, we'll advise you when the return is available in myIR for you to complete and submit by the due date.

Register for GST ird.govt.nz/gst/registering-for-gst

Backdating registration

In exceptional circumstances we can backdate your GST registration start date. Contact us if:

- you have been adding GST to your prices but are not yet registered
- there is another reason you think your registration start date should be backdated.

Gather your information

You will need:

- the IRD number of the person or organisation you are registering
- your bank account number for your GST refunds
- the business' turnover in the last 12 month
- the business' expected turnover in the next 12 months.

You will be asked to enter your BIC (business industry classification) code when you register. You can get it from businessdescription.co.nz



What happens next?

Once registered for GST you need to:

- charge GST to your customers
- file GST returns using myIR
- pay any GST you owe to us
- keep GST records.

Remember you need to deregister when you're no longer in business or charging GST—see ird.govt.nz/gst

Voluntary registration

You can still register for GST if your turnover from a taxable activity is less than \$60,000.

The advantages of registering for GST include:

- it helps you keep on top of your paperwork and see how your business is doing
- you can claim GST on your expenses relating to your taxable activity
- it might make it easier to deal with your suppliers.

The disadvantages of registering for GST include:

- you need to add GST to your prices
- you need to file returns regularly
- you are charged penalties if your returns or payments are late.

Not-for-profit organisation

Not-for-profit organisation can apply in writing to have each branch and division registered separately. However, each branch or division must maintain its own accounting system and:

- be in a separate location, or
- carry out different activities.

Branches and divisions with a turnover of:

- more than \$60,000 for any 12-month period must register
- less than \$60,000 for any 12-month period may voluntarily register.

What is a not-for-profit?

Any society, association or organisation:

- that is not operated for profit or gain of any member, and
- whose rules prevent the distribution of money or property to any of its members, proprietors or shareholders.

Examples include charitable organisations, sports clubs, parent-teacher associations (PTAs), churches, social clubs.

Special registration

For information on separate branches, divisions, groups and agent or representative types of registration, see our website ird.govt.nz/gst-special-types-registration

Non-resident GST business claimants

Non-resident businesses that do not carry out a taxable activity in New Zealand, but receive goods or services here, may be able to register for and claim GST. For full details go to ird.govt.nz/gst/gst-for-overseas-businesses