

# Information for non-resident registrars on GST (sales tax) payable in New Zealand

*This note explains the obligations that non-resident registrars have to pay goods and services tax ("GST") in New Zealand on certain services provided over the Internet, as a result of a recent change in legislation.*

*This note only deals with New Zealand GST, as legislated under the Goods and Services Tax Act 1985, and no other New Zealand taxes or duties.*

*If you require additional clarification or advice, please contact your tax advisor or the New Zealand tax department at [www.ird.govt.nz](http://www.ird.govt.nz).*

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## Summary

Non-resident registrars who sell domain names (and other services) to New Zealand resident customers are required to pay GST if the fees for services exceed or are likely to exceed NZ\$60,000 in any one year.

## Detailed questions and answers

### 1 What is GST?

GST is a consumption tax on the supply of goods and services in New Zealand. The current rate of GST is 15% (as at December 2016).

### 2 What has changed?

Changes in October 2016 mean that some non-resident companies supplying services to New Zealand resident customers need to charge GST.

All NZRS prices are stated in New Zealand dollars and exclude GST. GST is automatically imposed on all charges to New Zealand resident registrars but not on non-resident registrars.

### 3 Who is a New Zealand resident?

Simply, a company or other entity will be a New Zealand resident if they:

- 1) carry on business in New Zealand from a fixed or permanent place in New Zealand (such as a branch office);
- 2) are an entity that is incorporated in New Zealand; or
- 3) are an entity incorporated outside New Zealand but the core management of the entity is based in New Zealand.

If you are unsure about whether a customer is a New Zealand resident, you can refer to IRD's statement on [residence](#) for further information.

### 4 Under what circumstances does a non-resident registrar have to register for GST in New Zealand?

A non-resident registrar must register for GST in New Zealand if:

- 1) they provide services to New Zealand resident customers; and
- 2) the fees for the services provided to New Zealand resident customers in the last 12 months is greater than NZ\$60,000; or are expected to be greater than NZ\$60,000 in the coming 12 months.

This requirement became effective from 1 October 2016. This means non-resident registrars need to consider whether to register by using sales information from the past 12 months, and assessing whether you will exceed the NZD60,000 threshold in the next 12 months.

You can find additional information about this [here](#).

## **5 How does a registrar determine whether a customer is a New Zealand resident customer?**

To determine whether a customer is a New Zealand resident customer, you must hold two non-conflicting pieces of evidence. For instance, two of the following:

- the customer's billing address;
- the internet protocol (IP) address of the device used by the customer or another geolocation method;
- the customer's bank details, including the account the customer uses for payment or the billing address held by the bank;
- the mobile country code of the international mobile subscriber identity stored on the subscriber identity module (SIM) card used by the customer;
- the location of the customer's fixed land line through which the service is supplied to them; and
- any other commercially relevant information.

## **6 Does a non-resident registrar with customers that are not New Zealand resident customers have to pay GST?**

No, a non-resident registrar providing services to non-resident customers does not have to charge GST under New Zealand law.

In addition, a non-resident registrar does not have to charge GST to New Zealand resident customers if fees to those do not exceed NZ\$60,000 in a 12 month period.

## **7 How does a non-resident registrar register for GST?**

Complete the [IR994](#) Form - the registration will have effect from 1 October 2016.

The first GST return will be for a six-month period, 1 October 2016 to 31 March 2017 (with an option to file two-monthly GST returns during this period).

From 1 April 2017, GST returns have to be filed quarterly. A "pay only" GST return will be available for non-resident registrars that will only pay GST in New Zealand (and do not have any New Zealand expenses).

## **8 Are there penalties for not registering or registering late?**

Yes, IRD can impose penalties (such as penalties for late filing, late payment, and tax shortfall penalties) as well as interest charges.