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AUSTRALIA + NEW ZEALAND

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## **WEEKLY COMMENT: FRIDAY 14 NOVEMBER 2025**

1. The *Taxation (Annual Rates for 2019-20, GST offshore Supplier Registration, and Remedial Matters) Act 2019* (“the GST Offshore Supplier Amendment Act 2019”), with a date of assent of 26 June 2019, introduced the GST rules on distantly taxable goods.
2. This week I conclude my review of the GST rules relating to distantly taxable goods. I look at taxable supply information for distantly taxable goods, Customs implications of importing distantly taxable goods, circumstances in which a supplier may reimburse a recipient for tax charged on importation, and correction when GST is incorrectly charged to a registered person.

### **Taxable supply information for distantly taxable goods**

3. Section 19M states that a registered person who makes a supply that includes distantly taxable goods with GST of more than zero must provide the recipient with the following information (or alternative particulars acceptable to the Commissioner):
  - (a) The taxable supply information that would be required if the goods supplied were not distantly taxable goods and not imported with distantly taxable goods But see **paragraph 6** below regarding the taxable supply information required under s 19K);
  - (b) The date upon which the receipt is issued;
  - (c) Information indicating the items for which the amount of tax included is more than zero;
  - (d) Information indicating the items for which the amount of tax included is zero.
4. Similarly to listed services and remote services, s 77(2) allows a non-resident supplier of distantly taxable goods to express the consideration for the goods in the currency of the consideration received by the supplier.
5. Section 19M(4) states that if the information is not supplied, and is requested by the recipient, the taxable supply information must be provided within 10 working days after the request. This requirement really applies to supplies to non-registered persons to whom a receipt (as opposed to a full tax invoice) is to be issued – see **paragraph 12** below.

6. Regarding what is the taxable information referred to in s 19M, s 19K(1) sets out taxable supply information for supplies by a registered person as follows:
- (a) Section 19K(1) states that a registered person who makes a taxable supply to another registered person must provide the recipient with taxable supply information for the supply within 28 days of a request for the taxable supply;
  - (b) But s 19K(2) states that s 19K(1) is overridden by s 19K(4), s 19K(7), s 19K(10) and s 19L;
  - (c) Section 19K(7)(b) states that a supplier is not required to provide taxable supply information if the supplier is a non-resident supplier who makes a supply of distantly taxable goods, unless s 19K(8) applies;
  - (d) Section 19K(8) states that a supplier is required to provide taxable supply information if s 8(4F) applies to treat the supply as being made in New Zealand;
  - (e) As was covered in *Weekly Comment 24 October 2025*, s 8(4F) states that a non-resident supplier will be able to elect to treat a supply of distantly taxable goods to a GST-registered business as a supply made in New Zealand if:
    - (i) The non-resident supplier reasonably expects that more than 50% of the value of the supplies they make to customers in New Zealand during the 12-month period from the election will be made to persons who are not GST-registered; and
    - (ii) The value of the supply (excluding GST) is \$1,000 or less (i.e. the goods are distantly taxable goods);
    - (iii) Inland Revenue notes in *Tax Information Bulletin*, Vol 31, No. 8, September 2019 (“the Distantly Taxable Goods TIB Item”) that there is no requirement for the non-resident supplier to inform Inland Revenue of the election or to keep records that the election was made;
  - (f) Section 19K(9) states that a non-resident supplier who makes a supply of distantly taxable goods may choose to provide taxable supply information for the supply to a recipient if:
    - (i) The supply of the goods was incorrectly treated as being made in New Zealand (i.e. the s 8(4F) election was not made); and
    - (ii) The value of the supply, in New Zealand currency as at the time of the supply does not exceed \$1,000; and
    - (iii) The recipient notifies the supplier that the recipient is a registered person and/or the recipient provides the supplier with the registration number or new Zealand business number of the recipient.
7. The effect of the above is that a full tax invoice can be issued to a registered person for distantly taxable goods, but a tax invoice cannot be issued for goods exceeding \$1,000. Inland Revenue notes, in the Distantly Taxable Goods TIB Item on page 50, that this means that, if the value of the supply is above NZ\$1,000, the receipt or invoice issued to the recipient should not include the phrase “tax invoice”. In this situation, the supplier’s only option is to refund the GST charged, if it transpires that GST was charged on a supply to a

GST-registered business using the goods and services in its taxable activity – see **paragraph 30** below.

8. For non-registered persons, a full tax invoice cannot be issued, and the information referred to in s 19M serves merely as a receipt, as discussed in **paragraph 12** below, which can be a back-up to the customs information to prove the goods are distantly taxable goods on which GST has been charged by the supplier, so as to avoid double taxation of the distantly taxable goods.

### **Customs implications of importing goods including distantly taxable goods**

9. Changes to the *Customs and Excise Regulations 1996* resulted in:
  - (a) The de minimis (the threshold below which GST and other duties are not collected by Customs at the border) being set at a consignment with a customs value over NZ\$1,000; and
  - (b) Removal of the Import Entry Transaction Fee (IETF) and associated Biosecurity System Entry Levy (BSEL) from consignments with a customs value of NZ\$1,000 or less.
10. Section 12(1B) states that for the purposes of collecting GST on imports, if a registered person before the importation includes GST at a rate of more than zero in the price of the supply of the goods, the value of distantly taxable goods does not include amounts referred to in s 12(2)(a) and (c), being:
  - (a) The value of the goods determined in accordance with Schedule 4 of the *Customs and Excise Act 2018*; and
  - (b) The amount paid or payable for transport of the goods to New Zealand and associated insurance.
11. Section 12(1C) states that for the purposes of determining whether an item of goods in a consignment is goods to which s 12(1B) applies, the price, before the importation, of the supply of the item is treated as not including GST at a rate of more than zero unless the information available to the New Zealand Customs Service at the time of the importation of the item:
  - (a) Sufficiently identifies the item and the registered person who includes the tax in the price of the supply of the item; and
  - (b) Is information relating to the item that is acceptable to the Commissioner for this purpose.
12. As noted in **paragraph 8** above, for supplies of distantly taxable goods to non-registered persons on which GST is charged, s 19M requires a receipt to be provided at the time of supply to the recipient setting out:
  - (a) The date of issue of the receipt;
  - (b) Information including the items for which the amount of tax included is more than zero; and
  - (c) Information indicating the items for which the amount of tax included is zero.

13. Inland Revenue notes that if GST has been charged on all of the goods included on the receipt, the last two requirements can be met by including the total GST-inclusive price and stating that this price includes GST (or alternatively by including the amount of GST for each of the goods). However, if GST was charged on only some of the goods supplied, these requirements can be met by including the amount of GST for each of the goods. As noted in **paragraph 4** above, s 77(2) and s 19M(3) state that the consideration for the goods may be expressed in the currency of the consideration received by the supplier.
14. As also noted in **paragraph 5** above, s 19M(4) requires a registered person who omits to supply the receipt and is requested to do so by the recipient, to do so within 10 working days after the request. Section 143A(1)(fb) of the *Tax Administration Act 1994* (“the TAA”) provides that a person commits a knowledge offence if the person knowingly does not issue a receipt relating to the supply of distantly taxable goods as required by s 19M.
15. Inland Revenue notes that the purpose of this requirement is to provide the recipient of the supply with a document that they can provide to Customs as evidence that GST was charged at the point of sale, so that Customs does not collect GST again when the goods are imported into New Zealand. However, the requirement to provide a receipt is not the sole mechanism for preventing double taxation under the new rules. Rather, it serves as a back-up safeguard against double taxation in the situation where the primary mechanism in s 12C (see **paragraph 16** below) below either fails or, in some cases, may not be feasible under current systems.
16. Section 12C states that a registered person who makes a supply of distantly taxable goods, on which tax is charged at a rate greater than 0%, must take reasonable steps to ensure that the New Zealand Customs Service has available, by the time of the importation of the goods:
  - (a) The name and registration number of the registered person;
  - (b) Information indicating the items included in the supply, or imported with the supply, for which the amount of tax included in the price of the supply is more than zero;
  - (c) Information indicating the items included in the supply, or imported with the supply, for which the amount of tax included in the price of the supply is zero;
  - (d) Information that is acceptable to the Commissioner in substitution for the above information referred to in sub-paragraphs (a) to (c).
17. In relation to the “reasonable steps requirement”, Inland Revenue notes that:
  - (a) For merchants and marketplaces that fulfil orders, and for redeliverers, Inland Revenue states that the requirement to take reasonable steps would be met by:
    - (i) Providing the GST information listed above to the transporter or customs broker in the country of export (one way that the supplier could do this is by including the receipt or tax invoice for the goods in the commercial documentation provided to the transporter or customs broker); and
    - (ii) Asking the transporter or customs broker in the country of export to make sure the information is provided to the transporter or customs broker in New Zealand that will complete the import documentation on behalf of the importer;

- (b) For an operator of a marketplace who is treated as making a supply of distantly taxable goods where the order is fulfilled by the underlying supplier, the reasonable steps requirement would be met by including GST information on commercial documentation and instructing the underlying supplier to pass this information through the logistics chain on their behalf.
18. Under s 143A(1)(fc) of the TAA, a supplier would commit a knowledge offence if they knowingly do not provide information relating to a supply of distantly taxable goods as required by s 12C.
19. Inland Revenue discusses the role of transporters and customs brokers in the Distantly Taxable Goods TIB Item as follows:
- (a) The transporter or customs broker completing the import documentation would report the GST information provided by the supplier or merchant (if this information is provided to them, they are not required to take extra steps to source the information) into the Trade Single Window for customs clearance;
- (b) The supplier's GST registration number is to be entered as a single nine-digit string without separators into the field provided in the Trade Single Window;
- (c) Whether or not GST was charged at the point of sale will be entered into the "GST paid" indicator as a yes (Y) or No (N) response.
20. For goods brought into NZ by international post, Inland Revenue notes that:
- (a) Issuing a customer a receipt as required by s 19M should be sufficient for the time being to meet the reasonable steps requirement;
- (b) If the value of the consignment is over \$1,000, the consumer should hire a customs broker to complete the import documentation and arrange the clearance of the goods, and provide their receipt to the customs broker as evidence that GST was charged at the point of sale.

**Reimbursement of tax by supplier if recipient charged GST on both supply and importation**

21. Section 12B applies when a registered person supplier makes a supply of distantly taxable goods for a consideration that includes GST at a rate of more than zero, that are imported into New Zealand. If the supplier receives a request from the recipient and a declaration or other confirmation that GST was paid on importation of the goods into NZ, the supplier must reimburse the recipient for the GST charged.
22. The non-resident supplier may make an adjustment under s 25(2)(b) in their GST return and take an input tax deduction for the tax incorrectly charged.
23. Inland Revenue states that these rules also apply where a supplier has incorrectly charged GST on a supply of imported goods that is not a supply of distantly taxable goods (for example, because the goods individually have estimated customs value above NZ\$1,000).

### **Correction when GST is incorrectly charged to a registered person**

24. Normally, s 19K(7) states that a GST-registered non-resident supplier who makes a supply of distantly taxable goods to another registered person is not required to provide taxable supply information.
25. However, s 20(4C) states that for a supply of distantly taxable goods, a recipient of the supply is denied an input tax deduction for the supply unless the recipient has obtained taxable supply information.
26. As noted in **paragraph 6** above, in circumstances where GST is inadvertently charged to a GST-registered person, s 19K(9) states that the non-resident supplier may choose to provide taxable supply information for the supply to the recipient if:
  - (a) The value of the supply, in New Zealand currency at the time of the supply, does not exceed \$1,000; and
  - (b) The recipient notifies the supplier that the recipient is a registered person and/or provides the supplier with the recipient's GST registration number or New Zealand business number.
27. Inland Revenue has stated that this must be a full tax invoice containing all the required information (the words "tax invoice", the name and registration number of the supplier, name and address of the recipient, date of issue, description and quantity of the goods and services supplied and the tax charged or a statement that the price includes GST).
28. If taxable supply information has been provided to the recipient under s 19K(9), the recipient will be in a position to claim an input tax deduction in its own NZ GST return.
29. It will not be necessary for the supplier to make an adjustment in its own GST return. These provisions turn a supply that should not have been taxed into a supply that is taxed at the standard rate of 15%.
30. Section 19K(9) does not apply if GST has incorrectly been charged on goods valued at more than \$1,000. Inland Revenue notes in the Distantly Taxable Goods TIB Item that in this case, the GST-registered recipient will have to seek a refund from the non-resident supplier. The non-resident supplier may make an adjustment under s 25(2)(b) in their GST return when it is apparent that a mistake has been made and take an input tax deduction for the tax incorrectly charged.
31. Inland Revenue also notes that an adjustment will be required only if the non-resident supplier has already filed a return and has accounted for an incorrect amount of output tax as a result of the mistake. If the mistake becomes apparent before the relevant return has been filed, the mistake can be rectified before the return is filed.



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