



## Tax Talk - GST On Low Value Goods

07 November 2019

**Complete your online shopping before 1 December 2019 to avoid a potential 15% price increase**

As you may be aware, the government enacted legislation earlier this year which requires non-resident suppliers of low value goods to return GST on their sales to New Zealand consumers. This is similar to the remote services GST (Netflix tax) that many of you have undoubtedly experienced.

Essentially, this means goods purchased from popular overseas online sites such as ASOS, Amazon, and eBay will have standard GST of 15% added to the price of the purchase. Therefore, those who plan to do their Christmas shopping using overseas online sites should look to complete their shopping early, by the end of November, as these rules come into force on 1 December 2019.

For those that want a little more technical detail, we provide a summary of the most pertinent changes below.

Currently, non-resident suppliers are not required to account for New Zealand GST on the sale of goods to New Zealand residents provided the goods are not physically in New Zealand at the time of supply. To collect GST on goods entering New Zealand, Customs holds items valued at NZ\$400 or greater until the purchaser pays the GST value to have the item released (if the item is subject to Customs duty, the goods value threshold can be lower).

However, from 1 December 2019, non-resident suppliers will be required to account for New Zealand GST on sales of goods valued individually at NZ\$1,000 or less, where the goods are delivered to New Zealand resident non-GST registered customers. Suppliers in this instance encompasses individual entities, electronic market places (e.g. Amazon) and re-deliverers (e.g. New Zealand Post's YouShop), who exceed or expect to exceed NZ\$60,000 of supplies to New Zealand resident consumers in a 12-month period.

As part of the change, the threshold for Customs to hold items will also increase to NZ\$1,000 to ensure no double taxation occurs.

While this change in the GST rules only affects business to consumer transactions (with GST registered businesses being exempt), GST registered business still need to be aware of the rules, as non-resident suppliers are required to assume the consumer is not GST registered until proof is provided.

These changes also mean that non-resident suppliers will have to start monitoring their New Zealand sales to ensure they register for and are compliant with the new GST legislation.

As always, if you have any queries or questions regarding the above, please contact your Baker Tilly Staples Rodway advisor.