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AUSTRALIA + NEW ZEALAND

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## **WEEKLY COMMENT: FRIDAY 7 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 is week 4 of my 5-week review of the GST rules relating to distantly taxable goods. I look at a supplier as a redeliverer, the Commissioner’s discretion to permit alternative methods for marketplace operators and redeliverers to determine whether they supply distantly taxable goods and the GST payable, claiming GST deductions for New Zealand expenses, relief from double taxation, supply by a New Zealand resident agent, and administration of the supplier registration system.

### **A supplier as a redeliverer**

3. A “redeliverer” is defined in s 2, for a supply of goods and a recipient of the supply as meaning a person who, under an arrangement with the recipient, delivers the goods from outside New Zealand at a place in New Zealand or arranges or assists the delivery of the goods from outside New Zealand at a place in New Zealand and:
  - (a) Provides the use of an address outside New Zealand to which the goods are delivered;
  - (b) Arranges or assists the use of an address outside New Zealand to which the goods are delivered;
  - (c) Purchases the goods outside New Zealand as an agent of the recipient;
  - (d) Arranges or assists the purchase of the goods outside New Zealand.
4. For example, NZ Posts’s YouShop would be regarded as a redeliverer under this definition.
5. Under s 60E, for a supplier of goods to a recipient, a redeliverer of the goods is the supplier of the goods if:
  - (a) No operator of an electronic marketplace is the supplier under s 60C(2) and s 60C(3); and
  - (b) No operator of a marketplace is the supplier under s 60D(2) and s 60D(3); and
  - (c) No seller or underlying supplier of the goods makes or arranges or assists the delivery of the supply to the recipient at a place in New Zealand; and

- (d) The supply meets the requirements for being a supply of distantly taxable goods when treated as being made by the redeliverer.
6. Inland Revenue notes that this is consistent with the policy intent that the redeliverer provisions apply in limited circumstances, where the other entities are unaware that the goods will be sent to New Zealand.
  7. Section 60E(2) provides that if, in relation to a single supply of distantly taxable goods to a recipient, more than 1 redeliverer is liable to account for tax on the supply, the person treated as making the supply is the redeliverer that first enters into an arrangement relating to the supply with the recipient, or, in the absence of such an arrangement, first enters into an arrangement relating to the supply with a person acting on behalf of the recipient.
  8. The value of a supply of distantly taxable goods and related transport and facilitation services provided by a redeliverer are subject to GST as follows:
    - (a) Section 10(7C) states that where a redeliverer makes a supply of distantly taxable goods to a recipient, the value of the supply is equal to the consideration paid for the goods by the recipient, which means that the GST to be returned by the redeliverer would be 15% of the price paid by the recipient to the supplier of the goods;
    - (b) Section 11A(1D) in conjunction with s 10(7E) (discussed week-before-last in *Weekly Comment* 24 October 2025) mean that international transportation and other services provided by the redeliverer in bringing the goods to New Zealand (that would otherwise be zero-rated) will also be taxed at 15%, meaning that GST on the redeliverer's services will be 3/23 of the GST inclusive price paid by the recipient for the redeliverer's services.
  9. The default rule for redeliverers not responsible for the purchase of goods to determine the estimated customs value of goods they bring, or assist in bringing into, NZ, in s 60G(5) requires the redeliverer to:
    - (a) Prior to the delivery of goods to a place in New Zealand, obtain a declaration from the recipient of the amount paid for the goods; and
    - (b) Obtain a receipt or invoice issued by the merchant or other confirmation by the merchant of the amount paid for the goods, however:
      - (i) This is not intended to require the redeliverer to have any interaction with the merchant who sold the goods;
      - (ii) If the merchant has included an invoice in the package, checking the consideration shown on the invoice against the amount declared by the recipient, or requiring the recipient to provide the receipt or invoice issued by the merchant, would be sufficient.

**Commissioner discretion to agree or prescribe alternative methods**

10. Section 60G(7) allows the Commissioner to prescribe or agree to methods for marketplace operators and redeliverers to make conclusions relevant to whether they are treated by section 60C or 60E as making a supply of distantly taxable goods and/or determine the amount of GST payable.

11. These methods are an alternative to the default methods expected to be used when the compliance costs of using the default methods prove to be high. The Commissioner would take into account commercially relevant information, compliance costs and mechanisms to address situations where incorrect information is provided. An application for an alternative method would need to cover these points - discussed on page 40 of *Tax Information Bulletin*, Vol 31, No. 8, September 2019 (“the Distantly Taxable Goods TIB Item”).
12. Inland Revenue notes that the intention is to minimise costs for marketplace operators and redeliverers while ensuring that the GST treatment of supplies broadly achieves the correct result.
13. Under s 60F, a marketplace operator or redeliverer that has relied on a default method in s 60G or that has a safe harbour agreement with the Commissioner under s 60G(7) will not be held liable for GST underpaid solely as a result of relying on incorrect or misleading information provided by another party. Section 60F(2) provides that the electronic marketplace operator or redeliverer has a reduction in output tax allocated to the relevant taxable period that is equal to the amount of the deficiency, provided that the requirements of s 60G are met, meaning that:
  - (a) The reliance on information provided by a third party was in good faith and on reasonable grounds; and
  - (b) If applicable, the information provided is consistent with a method prescribed in the legislation or agreed with the Commissioner.

### **Claiming GST deductions for New Zealand expenses**

14. Non resident suppliers of distantly taxable goods can claim back New Zealand GST incurred on business expenses. Under s 20(3L), a non-resident supplier of distantly taxable goods may deduct input tax to the extent to which the relevant goods and services are used for, or are available for use in, making taxable supplies, treating all the supplies made by the person as if they were made and received in New Zealand.
15. This means non-resident suppliers of distantly taxable goods and remote services that have registered under the standard GST registration system as a “pay and claim” registrant will be able to deduct GST they have paid on business inputs sourced from New Zealand suppliers, without being required to “trace” the use of these inputs to making taxable supplies to consumers in New Zealand.
16. Input tax cannot be deducted to the extent that the goods are applied to a private use or are used in making supplies that would be exempt supplies if made in New Zealand.
17. Under an “attribution rule” in s 20(3LB) and s 20(3LC), a non-resident supplier of distantly taxable goods who imports the goods into New Zealand for delivery to another person and pays import GST to Customs, is prohibited from claiming the GST paid to Customs as input tax. Instead, the New Zealand recipient of the delivery is treated as having paid the GST on importation. If the non-resident supplier is themselves the New Zealand recipient of the supply, then the attribution rule will not apply and the GST on importation can be claimed as input tax.

### **Non-double taxation rule**

18. Section 20(3)(dd) allows a registered person to recover as input tax GST charged on a supply of distantly taxable goods to the extent that the supplier has incurred liability for, returned, and paid, a consumption tax in another country when goods are supplied to a NZ consumer who is not a registered person.
19. This prevents double taxation on supplies of distantly taxable goods where the supply is subject to a consumption tax in another jurisdiction.

### **Supply by a NZ resident agent**

20. Sections 60(1A) and 60(1AB) apply where a NZ resident agent supplies distantly taxable goods on behalf of a non-resident principal. The principal and the agent may agree that the agent, and not the principal, is treated as making the supply in the course or furtherance of the taxable activity carried on by them.
21. Inland Revenue notes that in this case, the agent would be required to return GST on both supplies to New Zealand consumers and GST-registered businesses.

### **Vouchers**

22. Similarly to listed services and remote services, s 5(11G) provides that a supplier of a token, stamp or voucher, with a face value may treat the supply of distantly taxable goods on the redemption of the token, stamp or voucher, instead of the issue or sale.
23. This applies regardless of whether the supplier of the distantly taxable goods upon redemption of the voucher is the same person who issued the voucher, or a different person.

### **Administration of the supplier registration system**

24. Under s 15(6), non-resident suppliers that supply only distantly taxable goods will have calendar quarterly taxable periods. Section 15E(2) allows a supplier to apply to the Commissioner to have an alternative taxable period end date. Under this provision, the Commissioner may approve an end date that is not more than seven days before or after the last day of a month.
25. Under s 75(3F), non-resident suppliers of distantly taxable goods may hold records outside New Zealand and in a language other than English.
26. A non-resident supplier who requires an IRD Number solely because they are a non-resident supplier of goods and services does not need to have a fully functional New Zealand bank account to obtain a bank account number see the registration form IR994.
27. A number of sections in the GST Act allow the Commissioner to require a person (either a recipient of a supply or the underlying supplier) who knowingly provides altered, false or misleading information resulting in GST being underpaid, to register and pay GST if the amount of GST is substantial or the behaviour is repeated.

*Arun David*

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