

From 1 October 2016 there are new rules relating to non-resident businesses that supply remote services (including online services) to New Zealand customers.



Under the new rules, non-resident companies are required to register for GST and charge GST on supplies made to individuals who are not registered for GST. If you are a GST registered business the new rules will not affect your net GST position. However, to ensure that no GST is charged, you will need to advise the non-resident supplier of remote services that you are a GST registered business.

Remote services can include:

- digital content such as e-books, movies, TV shows, music and online newspaper subscriptions,
- games, apps, software and software maintenance,
- online gambling services,
- website design or web publishing services, and
- legal, accounting, insurance or consultancy services.

Regular suppliers of non-resident remote services should have had some sort of correspondence with you asking if you are GST registered and for you to provide them with your GST number. If not, you may need to chase them.

It will pay to keep an eye on any invoices you receive from overseas suppliers of remote services. If they have included GST in an invoice to you incorrectly, you need to go back to them to get it refunded, rather than claiming the GST in your GST return. However, there is an exception for small amounts where the supply is under \$1,000, which can be included in your GST return, if a valid tax invoice has been provided.

If you do receive an invoice from a non-resident business for remote services, that includes GST and is greater than \$1,000, we suggest that you pay the GST exclusive amount and request a credit note for the GST portion. When requesting the credit note, advise the supplier that you are GST registered, give them your GST number and ask they do not include GST in any future invoices.

We suggest the following standard response for any incorrect invoices received.

Hi XXX

We received invoice XXX dated XX/XX/XX. We note that GST has been included in the invoice. We understand that this invoice is for remote services as defined by the New Zealand GST Act 1985.

We confirm that we are a GST registered entity. Our GST number is XXX-XXX-XXX, and as such no GST or GST at a Zero rate, should be charged on this invoice.

We will pay the GST exclusive amount of \$XXX on the invoice due date. Can you please provide us with a credit note for the GST portion of \$XXX. Can you also note in your system that no GST should be charged on future invoices to us.

Please contact me in you have any queries.

Regards

If you have any questions regarding the above please contact your current McCulloch + Partners advisor.