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AUSTRALIA + NEW ZEALAND

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WEEKLY COMMENT: FRIDAY 23 SEPTEMBER 2022

1. The *Taxation (Annual Rates for 2021–22, GST, and Remedial Matters) Act 2022* (“the March 2022 Tax Act”), which received the Royal assent on 30 March 2022, contains a number of amendments to the Goods and Services Tax Act 1985 (“the GST Act”). The changes affecting tax invoicing come into effect from 1 April 2023, therefore, it is timely to review all of the enacted GST changes. I plan on doing so over the next 3 weeks. I am also including proposed remedial amendments in the *Taxation (Annual Rates for 2022-23, Platform Economy, and Remedial Matters) Bill (No 2)* (the “Platform Economy Bill”) introduced on 8 September 2022.

Modernising information requirements for GST

2. Section 24 of the GST Act, which concerns tax invoices is being repealed by s 26(4) of the March 2022 Tax Act, with effect for taxable periods starting on or after 1 April 2023.
3. The key change is that rather than relying on a formal “tax invoice”, a wider set of ordinary business-to-business information, including electronic information, could be able to be used to support GST output tax and input tax.
4. The supplier must provide the relevant supply information at the time of supply unless the recipient is not a registered person. The form of provision of that information is to be determined by the supplier. An unregistered recipient of a taxable supply may request to receive the relevant supply information at the time of supply or at a later time.
5. In place of s 24, new sections 19E to 19Q have been inserted, applying for taxable periods starting on or after 1 April 2023.
6. New s 19F (as proposed to be amended by cl 187(8) of the Platform Economy Bill) states that:
 - (a) A registered person who makes a taxable supply of goods or services, or who receives a taxable supply of goods or services for the purpose of carrying on a taxable activity, must have a record of the “taxable supply information” and “supply correction information” for the supply;
 - (b) However, a registered person is not required to keep a record of the GST registration number of the supplier if the amount of consideration for the supply is \$200 or less (and a new s 75(4B) proposed in cl 189(3) of the Platform Economy Bill provides that a registered person is not required to keep a record of the GST registration number of the supplier if the amount of consideration for the supply is \$200 or less).

Taxable supply information

7. “Taxable supply information” is defined in s 19E(2), for a taxable supply of goods or services, as meaning:
- (a) For a supply that is not referred to in paragraphs (d) to (g) and the consideration in money for the supply (amendment proposed in cl 187(2) of the Platform Economy Bill) exceeds \$1,000:
 - (i) The name and registration number of the supplier; and
 - (ii) “Recipient details” for the recipient – defined in s 2, for a taxable supply of goods or services, as meaning: the name of the recipient, one or more items of information relevant (amendment proposed in cl 186(1) of the Platform Economy Bill) to the recipient being a physical address or a mailing address, a telephone number, an email address, a trading name other than the recipient’s name, a NZ business number, or a URL address for a website; and
 - (iii) The date of the invoice, or where no invoice is issued, the time of supply (amendment proposed in cl 187(4) of the Platform Economy Bill); and
 - (iv) A description of the goods or services; and
 - (v) If the amount of tax charged is the tax fraction of the consideration for the supply, the amount of the consideration for the supply and a statement that the amount includes a charge in respect of tax; and
 - (vi) If subparagraph (vi) does not apply, the total amount of tax charged for the supply, the consideration for the supply excluding the tax, and the consideration for the supply including the tax;
 - (b) For a supply that is not referred to in paragraphs (d) to (g) and has a value that exceeds \$200 and does not exceed \$1,000 (including the amendments proposed in cl 187(5) of the Platform Economy Bill):
 - (i) The name and registration number of the supplier; and
 - (ii) The date of the invoice, or where no invoice is issued, the time of supply; and
 - (iii) A description of the goods or services; and
 - (iv) If the amount of tax charged is the tax fraction of the consideration for the supply, the amount of the consideration for the supply and a statement that the amount includes a charge in respect of the tax; and
 - (v) If subparagraph (iv) does not apply, the total amount of tax charged for the supply, the consideration for the supply excluding the tax, and the consideration for the supply including the tax;
 - (c) For a supply that is not referred to in paragraphs (d) to (g) and the consideration in money for the supply (amendment proposed in clause 187(6) of the Platform Economy Bill) does not exceed \$200, the “supply information” for the supply – defined in s 2 as information for the supply that includes: the name and registration number of the

supplier, the date of the supply, a description of the goods or services, and the amount of the consideration for the supply;

- (d) For imported supplies referred to in s 19G, a registered person who receives a supply of goods or services that is treated by s 8(4B) as being made in NZ, or who is required to account for output tax under s 20(3JC), must have a record of the supply showing:
 - (i) The name and address of the supplier;
 - (ii) The date of the invoice, or where no invoice is issued, the time of supply (amendment proposed in cl 187(9) of the Platform Economy Bill);
 - (iii) A description of the goods or services supplied;
 - (iv) The consideration for the supply;
 - (v) The amount of the consideration for the supply that the registered person has treated as not affecting the value of the supply relying on s 10(15C)(a) or (b) – being consideration paid to a non-resident group company or branch relating to employee salary or wages paid, or interest incurred, by the non-resident;
- (e) When a registered person purchases a supply of secondhand goods, that is not a taxable supply, for more than \$200, and claims an input tax deduction in respect of the supply (amendment proposed in cl 187(11) of the Platform Economy Bill), s 19H requires the registered person to have a record of the supply showing:
 - (i) The name and address of the supplier; and
 - (ii) The date on which the secondhand goods were supplied; and
 - (iii) A description of the secondhand goods; and
 - (iv) The quantity or volume of the secondhand goods; and
 - (v) The consideration for the supply;
- (f) For a supply by a member of a GST group under s 55, or a member of the new “supplier group” under new s 55B (to be discussed in next week’s *Weekly Comment*) referred to in s 19L (as replaced by cl 187(16) of the Platform Economy Bill):
 - (i) Under proposed s 19L(1), taxable supply information for a member supply made by an active member of a GST group under s 55 must include: the name and registration number of the supplier, or the name and registration number of the representative member of the GST group, and other information that would be required if the supplier were not a member of the GST group; and
 - (ii) Under proposed s 19L(2), taxable supply information for a member supply made by a supplying member of a supplier group under s 55B must include: the name and registration number of the supplier, or the name and registration number of the issuing member for the supplier group, and other information that would be required if the supplier were not a member of the supplier group;
 - (iii) Taxable supply information for a member supply made by an active member of a GST group is treated as being provided by the issuing member for the GST group or

by the representative member if the GST group does not have an issuing member, under proposed s 19L(3); and

(iv) Taxable supply information for a member supply made by a supplying member of a supplier group is treated as being provided by the issuing member for the supplier group, under proposed s 19L(4);

(g) For a supply by a registered person of distantly taxable goods at a price including GST at more than a zero rate referred to in section 19M, the supplier must provide to the recipient, at the time of the supply, the following information for the goods in the supply and for other goods imported with the supply:

(i) The taxable supply information that would normally be required (if the goods were not distantly taxable goods and not imported with distantly taxable goods);

(ii) The date on which the receipt is issued;

(iii) Information indicating the items for which the GST is more than zero;

(iv) Information indicating the items for which GST is zero;

(v) The consideration may be expressed in the currency of the consideration received by the supplier.

8. An additional requirement, in new s 12C, applying to taxable periods starting on or after 1 April 2023, for a registered person who makes a supply of distantly taxable goods on which GST of more than 0% is charged, is that the person must take reasonable steps to ensure that the NZ Customs Service has available, by the time of 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:

(i) The GST included in the price is more than zero;

(ii) The GST is zero;

(c) Information acceptable to the Commissioner is substitution for the information referred to above.

9. Section 19K (including amendments proposed in clauses 187(13) – (15) of the Platform Economy Bill) sets out the rules for information which must be provided by the supplier to the recipient as follows:

(a) A registered person who makes a taxable supply of goods or services, or who receives a taxable supply of goods or services for the purpose of carrying on a taxable activity, must have a record of the taxable supply information and supply correction information for the supply [s 19K(1)];

(b) Where a supply is made to a person who is not GST-registered, the recipient must be provided with the taxable supply information within 28 days of a request for the information [s 19K(3)];

- (c) A supplier (other than a non-resident supplier who chooses to treat supplies as made in NZ under s 8(4F)) is not required to provide taxable supply information, under s 19K(7), if:
- (i) The consideration for the supply does not exceed the threshold amount of \$200; and/or
 - (ii) The supplier is a non-resident supplier who makes a supply of distantly taxable goods to which s 8(3)(ab) applies – i.e. goods treated as supplied in NZ; and/or
 - (iii) The supplier is a non-resident supplier who makes a supply of remote services to which s 8(3)(c) applies – i.e. services treated as supplied in NZ;
- (d) Despite the above, a non-resident supplier who makes a supply of distantly taxable goods to which s 8(3)(ab) applies, or who makes a supply of remote services to which s 8(3)(c) applies, may choose, under s 19K(9), to provide taxable supply information if:
- (i) The supply is not a contract of insurance; and
 - (ii) The supply of goods or services was incorrectly treated under s 8(4D) or 8(4E) as being made in NZ, when the supply should have been treated as made outside NZ, or under s 11A(1)(x) as not being zero-rated, when the supply should have been zero-rated; and
 - (iii) The value of the supply in NZ currency as at the time of the supply does not exceed \$1,000; and
 - (iv) The recipient notifies the supplier that the recipient is a registered person and/or provides the supplier with the GST registration number or NZ business number of the recipient;
- (e) A recipient must provide the supplier with the taxable supply information (and the Commissioner’s prior approval is no longer required – these were previously referred to as “buyer-created invoices”), under s 19K(4), providing that:
- (i) The supplier and the recipient agree that the supplier will not issue the information and the recipient will issue taxable supply information for each taxable supply by the supplier to the recipient; and
 - (ii) The recipient and the supplier record the reasons for entering into the agreement if the terms of the agreement are not part of the normal terms of business between the recipient and the supplier; and
 - (iii) The Commissioner does not invalidate the agreement before the supply because of failure to comply with the agreement or a failure to record the reasons for the agreement; and
 - (iv) The registered person who provides the taxable supply information under s 19K(4) provides the recipient with the taxable supply information for the supply within 28 days of the request for the taxable supply information, or by an alternative date agreed by the supplier and the recipient, as required by s 19K(5);
- (f) Taxable supply information must be provided in the following circumstances:

- (i) Under s 19K(6), if goods are sold in, or towards, satisfaction of a debt, under s 5(2), and the supply by the debtor would have been a taxable supply, the person exercising the power to sell must issue taxable supply information on behalf of the supplier and if the supplier is not registered, include the supplier's tax file number in the information instead of the registration number;
- (ii) Under s 19K(8) by a non-resident supplier of distantly taxable goods for a taxable supply if s 8(4F) applies to treat the supply as being made in NZ.

10. Under a concession allowed by s 19K(10) (as amended by cl 187(15) of the Platform Economy Bill), if the Commissioner is satisfied that there are or will be sufficient records available to establish the particulars of any supply or class of supplies, and that it would be impractical to require that tax supply information be provided under s 19K, the Commissioner may determine that, subject to any conditions that the Commissioner may consider necessary:

- (a) Any 1 or more of the particulars specified in s 19E(2) shall not be contained in the taxable supply information; or
- (b) Taxable supply information is not required to be provided.



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