

GST

Tax invoices: greater than \$1,000

- Words “Tax Invoice” in a prominent place.
- Name or trade name of supplier.
- GST number of supplier.
- Name and address of recipient.
- Date invoice issued.
- Description of what was supplied.
- Quantity or volume of supply.
- Either:
 - GST-exclusive amount, GST amount and GST-inclusive amount; or
 - A statement that GST at 15% is included in the total price.

Tax invoices: between \$50 and \$1,000

- As above, minus recipient details and quantity or volume of supply.

Amounts less than \$50 (GST-inclusive)

- No tax invoice required, but need to retain sufficient records to identify the supplier.

Special cases

- **Buyer-created tax invoices** must include the words “Buyer-Created Tax Invoice—IRD-approved” in a prominent place.
- **Modified tax invoices** must include the words “Modified Tax Invoice—IRD-approved” in a prominent place.
- **Debit and credit notes** must include similar information to the above, but “debit note” or “credit note” in a prominent place.

If a document does not comply, reject it. Do not alter the document, or process other than what is on the document received from a supplier.

Employee or contractor

- A person engaged through an employment agency is not an employee (i.e. the engaging entity pays fees to the agency).
- A person engaged through a company may be an employee of that company, but not an employee of the engaging entity (i.e. the entity pays the company).
- If an individual is engaged, they will be an employee if they have insufficient flexibility to determine how, when, where and by whom the task is performed. Seek advice if unsure.

FBT

- Applies to **benefits** provided to **employees**, and persons associated with employees, by an employer.
- **Employee** includes past, present or future.
- **Employee** includes recipients of withholding payments.
- **Benefit** means a **non-cash** private benefit, and includes all matters associated with being in a position to work, generally including health, clothing, and transport to or from work.

Major categories

- Motor vehicles/loans/insurance—life (for whole-of-life and cashable policies, PAYE, rather than FBT, may apply to the premiums), sick, accident, death.

Unclassified benefits

- Car parks (excluding where owned or leased).
- Private air travel.
- Home phones and internet (unless principally provided for business use).
- Home security.
- Clothing, including shoes (except safety or “distinctive work clothing”).
- Dry cleaning (if not related to “distinctive work clothing” or overnight business travel).
- Insurance other than as above (excluding income protection).
- The first \$5 of the value of after-hours and similar transport home or back to work provided by the entity.
- Gifts.
- Home-delivered newspapers/magazines.

Unclassified benefits—exemptions

- Benefits provided on leased or owned premises (excluding clothing).
- Work tools provided principally for business purposes (such as cell phones and laptop computers).
- Benefits related to managing/preventing health and safety issues in the workplace (such as influenza inoculation, eye tests and employee assistance programmes). Does not include after-hours transport (insufficient connection to risks *in the workplace*).
- Employee relocation benefits.
- *De minimis* (refer to other commentary).

WHT

If NRWT and NRCT do not apply and the payment is not within the WHT rules, then there is no tax deduction requirement in respect of the contractor.

Does WHT apply? Primary categories potentially relevant to the entity are as follows:

• Refuse removal	15c per \$1
• Cleaning of premises or other assets	20c per \$1
• Vermin destruction	20c per \$1
• Freelance writers, photographers and artists contributing to pamphlets, circulars or similar publications	25c per \$1
• Resident and non-resident entertainers (includes koha or other payment to a speaker, lecturer, or person providing a talk on any topic)	20c per \$1
• Honoraria	33c per \$1
• Payments to members of the Commission, boards and committees	33c per \$1

If the contractor is within the above categories, then are the payments nevertheless exempt from withholding tax because the contractor is:

- A local authority?
- A public authority?
- A Māori authority (request contractor to confirm in writing from IRD if seek to rely on this)?
- A company? (Check the name on Companies Office website—if not listed or struck off, then they are not a company)
- Exempted by a valid exemption certificate provided to the entity?

There is no general exemption from withholding tax for partnerships or trading trusts.

If the contractor is within the above categories, do they hold a special rate certificate? If yes, then deduct at the rate per that certificate.

NRWT or NRCT

NRWT applies to royalty payments to non-residents.

NRCT applies to payments to non-residents for contract work performed in New Zealand and the use of assets in New Zealand.

Advice should be sought in dealing with non-residents.

TaxTeam—Tax Compliance Guide

WHT—Further categories of relevance

Extracts from Schedule 4 (Rates of tax for scheduler payments) of the Income Tax Act 2007.

Part B — Payments of company directors' fees, examiners' fees, or honoraria

1 A payment of a company **director's** fee, or an examiner's fee, or an **honorarium**, has a 0.33 rate of tax for each dollar of the payment.

2 A payment has a 0.33 rate of tax for each dollar of the payment, if it is for work or services performed by—

- a local government **elected representative**;
- an **official** of a community organisation, society, or club;
- a **chair or member** of a committee, board, or council;
- an **official, chair, or member** of a body or organisation similar to one described in paragraph (b) or (c).

Part D — Payments for commercial cleaning and maintenance work, or for general contracting

1 A payment for **commercial cleaning or maintenance work** has a 0.20 rate of tax for each dollar of the payment.

2 A payment for work or services referred to in the following paragraphs has a 0.15 rate of tax for each dollar of the payment:

- **refuse removal**;
- **caretaking or acting as a guard**;
- **street or road cleaning**.

3 In this part,—

commercial cleaning or maintenance work means work or services that are **related to commercial land**, if the work or services have the following nature:

- cleaning all or part of premises;
- cleaning or laundering plant, vehicles, furniture, furnishings, fittings, or equipment;
- gardening (including grass cutting and hedge cutting);
- destroying vermin;
- destroying weeds.

commercial land means land that:

- **is not** used for farming or agriculture purposes;
- **is not** a dwelling house:

- **is not** premises that are used exclusively for residential purposes.

Part E — Payments for labour-only building work, or for labour-only fishing boat operating

1 A payment for **labour-only building work**, has a 0.20 rate of tax for each dollar of the payment.

2 In this part:

labour-only building work means work or services under a contract or arrangement which is exclusively or substantially for the supply of labour in connection with a building or a construction (including pre-fabrication and pre-cutting for the relevant building or construction), if the work or services have the following nature:

- work or services that, **customarily, may form part of the work or services of a carpenter** under a building contract;
- work or services connected with roof-fixing, steel-fixing, **erecting fences, or laying concrete**, bricks, blocks, tiles, slabs, or stones, if the relevant building or construction is not land that is used or intended to be used for farming or agriculture;
- work or services connected with hanging wallpaper, hanging decorative wall coverings or furnishings, or **painting or decorating (including plastering)**;
- work or services connected with installing fibrous plaster, wallboard, insulating material, interior tiles, interior lining, floor tiles, carpet, linoleum, or floor coverings.

Part F — Payments in relation to media, advertising, and entertainment

1 A payment of a **media contribution fee**, or of a promotional appearance fee, has a 0.25 rate of tax for each dollar of the payment.

2 A payment that relates to **media production work** has a 0.20 rate of tax for each dollar of the payment, if part A of this schedule, and clauses 4 and 5 of this part do not apply to the payment.

3 A payment of a **modelling fee** has a 0.20 rate of tax for each dollar of the payment.

4 A payment for services connected with a non-resident **entertainer** providing or **performing schedular entertainment activities** has a 0.20 rate of tax for each dollar of the payment, if the payment is:

- to the non-resident entertainer;
- to an agent of the non-resident entertainer;
- to a person acting on behalf of the non-resident entertainer.

5 A payment for services connected with a New Zealand **resident** providing or **performing entertainment activities** has a 0.20 rate for each dollar of the payment, if clause 6 does not apply to the payment and it is:

- to the New Zealand resident;
- to an agent of the resident;
- to a person acting on behalf of the resident.

6 A payment for services connected with a New Zealand resident providing or performing a Part F activity has a 0.15 rate for each dollar of the payment, if the payment relates to shares of riding or driving fees and it is:

- to the New Zealand resident, and the resident is an apprentice jockey or an apprentice driver;
- to an agent of the apprentice jockey or apprentice driver;
- to a person acting on behalf of the apprentice jockey or apprentice driver.

7 In this part:

Media contribution fee means fees or remuneration, paid to a contributor, **that relate to** a contribution for television, radio, theatre, stage, or printed media.

Media production work means work or services **that relate to** television, videos, or films, if the work or services have the following nature:

- on-set and off-set pre-production work or services;
- on-set and off-set production work or services;
- on-set and off-set post-production work or services.

Modelling fee means fees or remuneration **that relate to** modelling, including a personal attendance for any promotional purpose, for photography, for supplying personal photographs, or for supplying personal endorsements or statements.

Promotional appearance fee means fees or remuneration **that relate to** a personal attendance for exhibiting or demonstrating goods.

Schedular entertainment activities means activities or performances that meet the requirements of paragraphs (b) and (c) of the definition of non-resident entertainer in section YA 1.

Example: An activity or performance connected with a sporting event **or** competition, **or** making speeches **or** giving lectures **or** talks (for any purpose), **or** acting, singing, playing music, dancing, **or** **entertaining generally** for any purpose whether alone or not, **except where:** fully or partly government sponsored, an overseas official or the activity is part of a cultural programme of an overseas non-profit body.