



ANALYSIS

<p>Title</p> <ol style="list-style-type: none"> <li>1. Short Title</li> <li>2. Interpretation</li> <li>3. Zero-rating—duty-free goods</li> <li>4. Zero-rating</li> <li>5. Taxable return periods</li> <li>6. Calculation of tax payable or refund where change in accounting basis</li> </ol>	<ol style="list-style-type: none"> <li>7. Commissioner may approve use of symbols, etc., on electronically transmitted invoices and credit and debit notes</li> <li>8. Objections to assessments</li> <li>9. Registered person to notify of change of status</li> <li>10. Keeping of records</li> </ol>
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1992, No. 2

**An Act to amend the Goods and Services Tax Act 1985**

[13 March 1992

BE IT ENACTED by the Parliament of New Zealand as follows:

**1. Short Title**—This Act may be cited as the Goods and Services Tax Amendment Act 1992, and shall be read together with and deemed part of the Goods and Services Tax Act 1985 (hereinafter referred to as the principal Act).

**2. Interpretation**—Section 2 (1) of the principal Act is hereby amended by inserting, in their appropriate alphabetical order, the following definitions:

“‘Credit note’ means a document provided pursuant to section 25 (3) (a) of this Act, and includes a document deemed to be a credit note under section 25 (3A) of this Act:

“‘Debit note’ means a document provided pursuant to section 25 (3) (b) of this Act, and includes a document deemed to be a debit note under section 25 (3A) of this Act:

“‘Name’, in relation to a registered person, includes—

“(a) The name (if any) specified by the registered person as a trading name in the person’s application for registration under this Act; or

“(b) Any trading name subsequently notified to the Commissioner under section 53 (2) of this Act as the

name the registered person wishes to use for the purpose of issuing or creating tax invoices and credit or debit notes under this Act.”

**3. Zero-rating—duty-free goods**—(1) Section 11 (1) of the Goods and Services Tax Act 1985 (as amended by section 4 (1) of the Goods and Services Tax Amendment Act 1990) is hereby amended by inserting, after paragraph (ae), the following paragraph:

“(af) The goods are supplied, by a supplier licensed pursuant to section 82 of the Customs Act 1966 as an export warehouse, to—

“(i) An inbound air traveller; or

“(ii) An outbound air traveller who uplifts the goods upon returning to New Zealand—

within an area licensed pursuant to section 32 of the Customs Act 1966 as a Customs examining place for the Customs processing of international air travellers at an international airport; or”.

(2) This section shall apply to supplies made on or after the 1st day of October 1986.

**4. Zero-rating**—(1) Section 11 (2) of the principal Act is hereby amended by repealing paragraph (c) (as amended by section 9 (6) of the Goods and Services Tax Amendment Act 1986 and section 4 (3) of the Goods and Services Tax Amendment Act 1990), and substituting the following paragraphs:

“(c) The services are supplied directly in connection with moveable personal property, other than choses in action, situated outside New Zealand when the services are performed; or

“(ca) The services—

“(i) Are supplied directly in connection with goods referred to in either section 47 (2) or section 181 of the Customs Act 1966, notwithstanding that the goods are in New Zealand; and

“(ii) Are supplied to a person who is not resident in New Zealand at the time the services are performed; or”.

(2) Section 11 of the principal Act is hereby consequentially amended—

(a) By omitting from subsection (1) (ba) (as substituted by section 8 (2) of the Goods and Services Tax Amendment Act 1988) the expression “subsection

(2) (c) (ii) of this section refers”, and substituting the expression “subsection (2) (ca) of this section applies”:

- (b) By omitting from subsection (2) (e) (ii) (as substituted by section 2 (1) of the Goods and Services Tax Amendment Act (No. 2) 1991) the expression “goods referred to in paragraph (c) (ii) of this section”, and substituting the expression “goods to which paragraph (ca) of this subsection applies”.

(3) The following enactments are hereby consequentially repealed:

- (a) Section 9 (6) of the Goods and Services Tax Amendment Act 1986:  
 (b) Section 4 (3) of the Goods and Services Tax Amendment Act 1990.

**5. Taxable return periods**—Section 16 (1) of the principal Act is hereby amended by omitting from the second proviso the words “that year”, and substituting the words “the following year”.

**6. Calculation of tax payable or refund where change in accounting basis**—Section 19c of the principal Act (as substituted by section 3 (1) of the Goods and Services Tax Amendment Act 1991) is hereby amended by repealing subsections (2) to (7), and substituting the following subsections:

“(2) Where a registered person changes from an invoice basis to a payments basis of accounting, the tax payable under subsection (1) of this section shall be an amount determined in accordance with the following formula:

$$a - b$$

where—

“a is an amount equal to the aggregate amount of the input tax deducted pursuant to section 20 (3) of this Act in relation to the amounts due that are required to be shown in the list of creditors required to be prepared by the registered person under section 19B (3) (a) (i) of this Act; and

“b is an amount equal to the aggregate amount of output tax accounted for pursuant to section 20 (3) of this Act in relation to the amounts due that are required to be shown in the list of debtors required to be prepared by the registered person under section 19B (3) (a) (ii) of this Act.

“(3) Where a registered person changes from a payments basis to an invoice basis of accounting, the tax payable under

subsection (1) of this section shall be an amount determined in accordance with the following formula:

$$a - b$$

where—

- “a is an amount equal to the aggregate amount of output tax that would have been accounted for pursuant to section 20 (3) of this Act, in relation to the amounts due that are required to be shown in the list of debtors required to be prepared by the registered person under section 19B (3) (a) (ii) of this Act, if the person had been accounting for tax payable on an invoice basis; and
- “b is an amount equal to the aggregate amount of the input tax that would have been deducted pursuant to section 20 (3) of this Act, in relation to the amounts due that are required to be shown in the list of creditors required to be prepared by the registered person under section 19B (3) (a) (i) of this Act, if the registered person had been accounting for tax payable on an invoice basis.

“(4) Where a registered person changes from a hybrid basis to an invoice basis of accounting, the tax payable under subsection (1) of this section shall be an amount determined in accordance with the following formula:

$$a - b$$

where—

- “a is zero; and
- “b is an amount equal to the aggregate amount of input tax that would have been deducted pursuant to section 20 (3) of this Act, in relation to the amounts due that are required to be shown in the list of creditors required to be prepared by the registered person under section 19B (3) (b) of this Act, if the person had been accounting for tax payable on an invoice basis.

“(5) Where a registered person changes from a hybrid basis to a payments basis of accounting, the tax payable under subsection (1) of this section shall be an amount determined in accordance with the following formula:

$$a - b$$

where—

- “a is zero; and

“b is an amount equal to the aggregate amount of output tax accounted for pursuant to section 20 (3) of this Act in relation to the amounts due that are required to be shown in the list of debtors required to be prepared by the registered person under section 19B (3) (c) of this Act.

“(6) Where a registered person changes from an invoice basis to a hybrid basis of accounting, the tax payable under subsection (1) of this section shall be an amount determined in accordance with the following formula:

$$a - b$$

where—

“a is an amount equal to the aggregate amount of input tax deducted pursuant to section 20 (3) of this Act in relation to the amounts due that are required to be shown in the list of creditors required to be prepared by the registered person under section 19B (3) (b) of this Act; and

“b is zero.

“(7) Where a registered person changes from a payments basis to a hybrid basis of accounting, the tax payable under subsection (1) of this section shall be an amount determined in accordance with the following formula:

$$a - b$$

where—

“a is an amount equal to the aggregate amount of output tax that would have been accounted for pursuant to section 20 (3) of this Act, in relation to the amounts due that are required to be shown in the list of debtors required to be prepared by the registered person under section 19B (3) (c) of this Act, if the person had been accounting for tax payable on a hybrid basis; and

“b is zero.”

**7. Commissioner may approve use of symbols, etc., on electronically transmitted invoices and credit and debit notes**—The principal Act is hereby amended by inserting, after section 25, the following section:

“25A. (1) The Commissioner may, for the purpose of facilitating the electronic transfer of tax invoices and credit or debit notes, approve the use in any such electronic transfer of symbols, abbreviations, or other notations to represent any

particulars required by section 24 or 25 of this Act to be contained in a tax invoice or a credit or debit note.

“(2) Any such approval—

“(a) May be expressed to apply generally, or to such registered person or class of registered persons as the Commissioner may specify:

“(b) May be limited to such cases or be subject to such conditions as the Commissioner thinks fit to impose:

“(c) May be withdrawn or varied by the Commissioner at any time on the giving of such notice as is reasonable in the circumstances.”

**8. Objections to assessments**—(1) Section 33 (1) of the principal Act is hereby amended by inserting, after the words “notice of assessment is given”, the following words and paragraphs:

“, or within such extended time as the Commissioner may allow on the application of the person made before the expiry of—

“(a) The time for objection specified in the notice of assessment; or

“(b) Any extended time for objection previously allowed by the Commissioner in respect of the assessment:”.

(2) Section 33 (2) of the principal Act is hereby amended by inserting, after the words “notice of assessment”, the words “, or after such extended time as the Commissioner may allow under subsection (1) of this section,”.

**9. Registered person to notify of change of status**—Section 53 of the principal Act is hereby amended by adding the following subsection:

“(2) Any registered person who wishes to change, or to adopt, any trading name used or to be used by the registered person for the purpose of issuing or creating tax invoices and credit and debit notes under this Act, shall notify the Commissioner in writing of—

“(a) The new trading name; and

“(b) The date from which that new trading name is to be used by the person for the purposes of this Act.”

**10. Keeping of records**—(1) Section 75 (3) of the principal Act is hereby amended—

(a) By omitting the expression “subsection (4)”, and substituting the expression “subsections (4) and (5)”:

(b) By omitting the expression "10 years", and substituting the expression "7 years".

(2) Section 75 of the principal Act is hereby further amended by adding the following subsection:

"(5) The Commissioner may, by notice in writing given before the expiry of the 7-year retention period specified in subsection (3) of this section, require a registered person to retain the records specified in that subsection for a further period not exceeding 3 years following the expiry of the 7-year period where—

"(a) The affairs of the registered person are or have been under audit or investigation by the Commissioner;  
or

"(b) The Commissioner intends to conduct such an audit or investigation before the expiry of the retention period as so extended, or is actively considering any such audit or investigation."

(3) This section shall come into force on the 1st day of April 1992.

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This Act is administered in the Inland Revenue Department.

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