



**Inland Revenue**  
Te Tari Taake

**IR261**  
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# Direct selling

**Tax facts for people who distribute  
for direct selling organisations**



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# Introduction

Direct selling is quite different from other ways of doing business in New Zealand. Because of this, many people who start working as distributors for direct selling organisations are unsure about how the tax rules affect them.

If you're a distributor for a direct selling organisation, this booklet is for you. We've written it to help you understand how to meet your tax obligations.

Read page 7 to find out whether you're a commission agent, an independent reseller or an employee.

## ird.govt.nz

Go to our website for information and to use our services and tools.

- **Log in or register for myIR** - manage your tax and entitlements online.
- **Calculators and tools** - use our calculators, worksheets and tools, for example, to check your tax code, find filing and payment dates, calculate your student loan repayment.
- **Forms and guides** - download our forms and guides.

### Forgotten your user ID or password?

Request these online from the myIR login screen and we'll send them to the email address we hold for you.

## How to get our forms and guides

You can get copies of our forms and guides at [ird.govt.nz/forms-guides](http://ird.govt.nz/forms-guides)

# Part 1 – Commission agent, independent reseller or employee?

## Who are direct selling distributors?

Direct selling organisations sell products to the public through their distributors. The distributors may purchase the products and sell them at a marked-up price or sell them on behalf of the organisation for a commission. Distributors might also sponsor other distributors into the organisation and teach them how to sell and sponsor. These distributors are called downliners. Distributors are normally independent from the direct selling organisation.

When you set up as a distributor for a direct selling company you fall into one of 3 categories for tax purposes –

- commission agent
- independent reseller
- or employee.

The first 2 types of distributors are normally self-employed but there are important differences in their tax treatment. The tax rules for employees are very different from the rules for self-employed people.

It's important you know whether you're a commission agent, an independent reseller or an employee.

## Are you in business?

The first step in working out which tax rules apply to you is to establish whether, for tax purposes, you're 'in business'.

If you're in business for yourself, you're either an independent reseller or a commission agent. Employees are not in business - their employers are.

As far as the income tax rules are concerned, you're in business if the nature of your activity is business like and indicates an intention to make a profit.

If you only buy products for yourself or as gifts for others and have no intention of making a profit from selling those products, you're not in business. Deciding whether or not you're in business under the tax laws is not always clear cut.

If you're unsure, call us on 0800 377 774.

## Your relationship with the direct selling organisation

It's important you know exactly what your status is with the direct selling organisation so you know which tax rules affect you. The table below shows the most common relationships between direct selling organisations (upliners) and their distributors (downliners) and briefly describes their tax obligations.

<p><b>If you...</b></p> <p>...earn a salary or wage from the direct selling organisation</p>	<p><b>If you...</b></p> <p>...are paid solely on a commission basis for products you sell</p>	<p><b>If you...</b></p> <p>...buy products from the direct selling organisation at wholesale prices and sell them at retail prices</p>
<p><b>...then you're...</b></p> <p>an employee.</p>	<p><b>...then you're...</b></p> <p>a commission agent.</p>	<p><b>...then you're...</b></p> <p>an independent reseller.</p>
<p><b>So...</b></p> <p>PAYE and ACC earners' levy are deducted from your wages.</p> <p>You cannot claim expenses.</p>	<p><b>So...</b></p> <p>tax is deducted from your payments.</p> <p>You may have to register for GST.</p> <p>You can claim expenses if you're in business.</p>	<p><b>So...</b></p> <p>you must pay your own tax.</p> <p>Your direct selling organisation does not deduct tax from payments to you.</p> <p>You may have to register for GST, and you can claim expenses.</p>

If you're not sure what sort of distributor you are, call us on 0800 377 774.

## Employees

If your only source of income is as an employee of a direct selling organisation you'll need to fill in a **Tax code declaration - IR330** form and give it to the business you sell the product for. They'll deduct the appropriate PAYE and pay it to us.

The rest of this booklet is for commission agents and independent resellers.

## Commission agents

If your income is commission from your sales, tax will have to be deducted from your commissions. Fill in an IR330 and give it to the business you sell the product for. Make sure you write 'WT' as your tax code. They'll then deduct 20% tax from your gross commission and pay it to us. If you do not complete the IR330 or provide your IRD number, tax will be deducted at 35%.

Keep a record of expenses you incur in selling the products. You'll be able to claim those expenses against your commission received when you file your IR3 tax return at the end of the financial year.

Read Part 2 for details on filing tax returns, Part 3 for expenses you can claim and Part 4 for GST obligations.

## Independent resellers

As an independent reseller you're self-employed. Being self-employed means you're responsible for paying your own tax on your direct selling business profit. Profit is the amount of income left after all expenses have been deducted. You'll have to file an IR3 tax return by 7 July each year. If you have a tax agent this date may be different.

If you're in a partnership you'll pay tax on your share of the partnership profit. You'll have to file an IR7 tax return for your partnership, as well as an IR3 return for yourself.

You must include a set of your direct selling financial accounts with your IR3 return or complete a **Schedule of business income - IR3B** form.

## Part 2 – General information about being in business

In Part 1 we set out some guidelines to help you decide whether you're in business. This part sets out some general tax facts all business people need to know.

### Record keeping

It's important for all businesses to keep full and accurate records. You must keep these records for 7 years.

Your records must be accurate enough to allow us to calculate the income and expenses of your business, and to confirm your accounts.

You must keep records of all sales and purchases. Examples of records include:

- taxable supply information
- supply correction information
- bank statements
- invoices and receipts
- credit card records – including statements and vouchers
- cash register or point of sale records
- cashbooks.

If you're GST registered, go to Part 4 for more information on records you need to keep.

### For more help

If you would like more information on record keeping, get a copy of our **Smart business - IR320** guide.

### Filing your returns

A balance date is the last day of an accounting year.

For most businesses the accounting year begins on 1 April and ends the following 31 March. When you apply for an IRD number, your balance date will be 31 March. This is called the standard balance date. You can change your balance date in myIR. For more information, go to [ird.govt.nz/change-balance-date](http://ird.govt.nz/change-balance-date)



For a 31 March balance date, you must send your IR3 tax return to us by 7 July. Any tax owing as a result should be paid by 7 February in the following year.

### *Example*

Fred is self-employed and has a 31 March balance date. He must file his 2023 IR3 by 7 July 2023. He does this and finds he owes \$780.22 in tax. Fred must pay this tax by 7 February 2024.

### *Note*

If you have a tax agent these dates may be different.

## Provisional tax

If you're running a business, you need to budget for paying your own tax. Unless your profit is very small, you'll have to start paying your income tax through the year - this is known as provisional tax. Even commission agents who have tax deducted from their commissions may have to pay provisional tax.

The number of provisional tax instalments you'll need to make depends on whether you're GST-registered, your GST filing frequency and which provisional tax method you're using.

If you're GST-registered you'll make combined GST and provisional tax payments and complete combined returns.

If you're not GST-registered, you'll need to make 3 instalments.

If you use the ratio method to calculate your provisional tax, you'll need to make 6 instalments.

You'll need to budget for these payments in the financial planning of your business.

## Are you liable for provisional tax?

When you, or your accountant or tax agent, work out the financial accounts for your business after your balance date each year, you'll know how much profit (or loss) the business made. This profit or loss goes into your tax return as part of your taxable income. You can then work out the tax due on your total year's income.

After deducting any other tax already paid on your behalf (such as PAYE), the result is your residual income tax. If the residual income tax is more than \$5,000, you need to pay provisional tax for the following year.

## When you start your business

If you use the standard, estimation or ratio options, you will not need to pay provisional tax during your first year of business. If you use the accounting income method (AIM), you'll only pay provisional tax when you make a profit, even during your first year.

However, your first year in business is not tax free. Any income tax from your first year in business is usually due by 7 February the following year. If you have an agent it will be due by 7 April.

This may mean you must pay income tax for your first year in business at the same time as paying provisional tax for your second year in business.

You can choose to make voluntary payments of tax during your first year of business to help spread the cost. If you make voluntary payments you may be able to get an early payment discount.

## For more help

Read our **Provisional tax - IR289** guide. It explains what provisional tax is, what income it's charged on and how to pay it.

## Part 3 – Claiming expenses

### Expenses

Generally, an expense is deductible for income tax purposes if it's incurred in generating taxable income or is necessary for carrying on a business. Expenses may be deducted even if they do not produce income immediately, but are expected to do so in the future.

You cannot claim private living expenses. If you buy goods or services that you use both in your business and privately, you'll need to apportion those expenses between business and private use.

The cost of assets cannot be claimed as an expense. However, they can be written off (depreciated) over a number of years covering the life of the asset. See page 15 for more information. The way you acquire assets can sometimes make a difference to what you can claim. For example, rental payments for leased assets are often fully deductible.

Following are some of the more common types of business expenses.

#### Cost of goods sold

Independent resellers buy goods and resell them. This means one of their major expenses is the cost of the goods they sell.

Commission agents do not usually buy the stock they sell, so they do not claim for the cost of goods sold.

The cost of goods sold is made up of 3 parts - purchases, opening stock and closing stock. Independent resellers subtract the cost of goods sold from their sales total to get their gross profit.

Purchases are the amounts you pay for the goods you're going to sell.

At the end of the income year (usually 31 March) if you hold goods that you purchased for selling to customers, you'll have to do a stocktake. This will give you your closing stock figure.

There are several ways to value your stock but cost is the most practical way. This means your closing stock value is the amount it cost you to buy the items you have on hand.

**Example**

At 31 March 2023 Bill has 140 bottles of shampoo on hand. They cost him \$5 each. His closing stock value is simply  $140 \times \$5 = \$700$ .

Your closing stock then becomes your opening stock for the next year (starting 1 April).

Going back to the cost of goods sold, the calculation is:

	Opening stock
<i>plus</i>	purchases
<i>less</i>	closing stock

**Example**

Bill's purchases for the year ended 31 March 2023 were \$2,470. His opening stock at 1 April 2022 was \$600, and we worked out his closing stock at \$700 (see above).

His cost of goods sold is:

Opening stock	\$ 600
<i>plus</i> purchases	<u>\$ 2,470</u>
	\$ 3,070
<i>less</i> closing stock	<u>\$ 700</u>
Cost of goods sold	\$ 2,370

Bill subtracts his cost of goods sold from his total sales. His sales were \$7,620 for the year ended 31 March 2023, so his gross profit is:

Sales	\$ 7,620
<i>less</i> cost of goods sold	<u>\$ 2,370</u>
Gross profit	\$ 5,250

If Bill pays or receives performance volume rebates he will adjust his gross profit accordingly (see page 13).

**Goods for private use**

You must make an adjustment for any trading stock used privately. Keep full records of the market value of goods you take for personal use, or for family and friends. Show the market value of these goods as sales and include them in your sales figures.

**Example**

Bill took shampoo from his opening stock for personal use. The market value at the time he took the shampoo was \$50. He included \$50 in his sales figure for the year.

**Performance volume rebates**

Depending on how your direct selling organisation is structured, an upliner may pay performance volume rebates to downliners. If you do this, you can claim the payments for tax purposes. Add them on to your cost of goods sold when you work out your gross profit.

If you receive performance volume rebates, you reduce your cost of goods sold by the amount you receive.

**Example**

Bill's gross profit is worked out in the example on page 12. If he paid and received some performance volume rebates, his profit is worked out as follows:

Sales	\$ 7,620	
Cost of goods sold	\$ 2,370	
<i>less</i> performance volume rebates received	\$ 1,250	
<i>plus</i> performance volume rebates paid out	<u>\$ 750</u>	
Subtotal		<u>\$ 1,870</u>
Gross profit		\$ 5,750

**Samples and promotional equipment**

Promotional equipment such as product samples, brochures, delivery bags and sales aids for showing to distributors or customers can be claimed for tax purposes.

Remember, if you're using the equipment privately you must make an adjustment for private use.

## Motor vehicle expenses

You'll probably use a motor vehicle in your direct selling business to make deliveries, attend sales meetings and visit your downliners.

To claim for business running expenses (such as repairs, registration, petrol, depreciation, insurance) on a private motor vehicle, you need to record the amount of business use of the vehicle by using a logbook. Your logbook must show the date, distance and reason for travel.

Rather than recording actual business use of the motor vehicle for the whole year you can keep a logbook for a 90-day test period to calculate your percentage of business use.

You can then use this percentage for the next 3 years, unless your business use of the vehicle rises or drops by more than 20%.

### *Example*

Hugh keeps a logbook for a 90-day test period and finds he has travelled a total of 2,500 km. The business trips he has detailed in his logbook total 1,800 km.

$$\frac{1,800}{2,500} = 72\%$$

Hugh can claim 72% of all his motor vehicle expenses as a business expense.

If you do not keep a vehicle logbook you may claim up to 25% of the vehicle running costs as a business expense. However, you may be asked to substantiate the percentage claimed.

Alternatively, you can keep a record of the number of kilometres travelled for your business and use Inland Revenue kilometre rates to make a claim. For more information go to [ird.govt.nz](http://ird.govt.nz)

No GST credit can be claimed on motor vehicle expenses calculated using mileage rates.

## Home office expenses

If you run your business from a home office you may be able to claim part of the costs of running your home.

Your home office must be an area you've set aside principally for business use. You must keep a full record of all expenses you wish to claim.

Divide the total floor area you set aside for your home office by the total floor area of your house. The result is the percentage you can claim of your expenses.

### *Example*

Sandy has an office of 10 square metres set aside in a house of 100 square metres. She can claim 10% (10/100) of house expenses, including power.

If Sandy owns the property, she can claim 10% of the rates, interest on her mortgage (not the principal) and insurance on her house.

## **Phone, mobile and internet expenses**

If you run your business from home you can claim a deduction of 50% of the rental of a telephone landline if this is also your private line. Business-related toll calls are 100% deductible.

If you have a separate business line, you can claim the full cost of this for both income tax and GST. If you make any private calls on the business line and are charged for these, you will have to make an adjustment.

If you run your business from home and have an internet plan for both business and private use, you can claim part of this as a business expense.

You can decide how to work out the business proportion, but it needs to give a fair and reasonable result. You must also meet normal record-keeping requirements.

## **Depreciation**

If you buy assets for your business you cannot immediately claim their cost for tax purposes, but you can make a claim for depreciation over the asset's life. The depreciation you calculate each year is deducted from the asset's value. The remaining value of the asset is called the "adjusted tax value".

There are 2 ways to calculate depreciation on an asset - the diminishing value method and the straight line method.

The diminishing value (DV) method calculates depreciation each year by using a constant percentage of the asset's adjusted tax value. This means the amount you claim for depreciation will steadily reduce each year.

The amount you claim using the straight line (SL) depreciation method is a percentage of the asset's original cost price. So you claim the same amount of depreciation for an asset each year.

**Example**

Molly buys a used car for \$15,000 in April 2022 for use in her business. A logbook shows the car is used 75% of the time for business purposes. She cannot claim the full \$15,000 as an expense in the year she purchases it. However, she can claim depreciation each year. Molly chooses to use the diminishing value method of depreciation for cars, which means she can claim 30% of the adjusted tax value each year.

$$\$15,000 \times 30\% = \$4,500 \text{ depreciation}$$

The adjusted tax value of the car will now be:

$$\$15,000 - \$4,500 = \$10,500 \text{ (this is the figure Molly will use to calculate depreciation on next year).}$$

An adjustment must be made for Molly's private use of the car and is calculated as:

$$\$4,500 \times 75\% = \$3,375$$

Therefore Molly can only claim \$3,375 as a depreciation expense, even though the full depreciation amount is \$4,500.

**Example**

Harry bought a computer for \$3,000 in October 2021. In April 2022 he started using it full time in his business. The market value of the computer in April 2022 is \$1,500. This is the figure that depreciation will be calculated on in Harry's 2023 income tax return.

**For more help**

For more information on depreciation read our booklet **Depreciation - a guide for businesses - IR260**.

**Other expenses you can claim**

Other business expenses that can be claimed for tax purposes are:

- accounting fees
- postage
- ACC levies
- stationery such as business cards, writing material, name stamps and other office supplies
- conference and travel-related expenses (business part only).



## For more help

For more information on claiming business entertainment expenses read our booklet **Entertainment expenses - IR268**.

## Working out your profit

### Commission agents

If you're a commission agent you need to keep details of the expenses you can claim. The total of these expenses will be deductible from your commission income when you file your **Individual tax return - IR3**.

In May, after the end of the tax year, you'll receive a Summary of Income that will show your commission income and the amount of tax deducted from it. You'll also be able to see your earnings information through your myIR secure online services account.

### Independent resellers

Independent resellers receive their income by selling goods they've bought from their supplier. They can supplement their income with volume price rebates or discounts.

At the end of your accounting year you'll have to produce a set of accounts to work out how much profit (or loss) your business made.

To do this, add up all the income that the business earned over the year, and subtract all the allowable business expenses. Your profit is the remainder.

**Example**

Here's how an independent reseller works out their profit:

	\$	\$
<b>Income</b>		
Retail sales		10,500
<b>Cost of sales</b>		
Cost of goods sold	4,000	
<i>less</i> gross performance rebates received	(2,000)	
<i>plus</i> performance volume rebates paid out	<u>1,000</u>	
Subtotal		<u>3,000</u>
<b>Gross profit</b>		7,500
<b>Other expenses</b>		
ACC levies	144	
Accounting fees	200	
Depreciation (on computer)	350	
Home office expenses (power, insurance etc)	265	
Motor vehicle	1,020	
Postage and stationery	52	
Samples and promotion	500	
Telephone	<u>220</u>	
Total		<u>2,751</u>
<b>Net profit</b>		4,749

Remember, you'll need to make an adjustment to your income for the market value of any trading stock you use privately.

## GST and your income tax accounts

If you're registered for GST there are 2 ways to prepare your accounts for income tax purposes.

- You can record all income and expenses including GST. Then adjust your accounts by listing GST refunds as income and GST to pay as expenses.
- The other way to prepare your accounts is to simply exclude GST on all income and expense items.

If you're not registered for GST show your total expenses, including GST, as well as your total income.

See Part 4 for more information on GST obligations.

## Part 4 – GST (goods and services tax)

GST is a tax on consumption. It's charged and accounted for at a rate of 15%, by GST-registered businesses. They then calculate the amount of GST they have charged and pay it to us. They also claim back the GST they incur as part of their business.

The GST rules apply differently to commission agents and independent resellers. Employees do not have to account for GST - their employer does.

### Registering for GST

Before you can register for GST you must be conducting a taxable activity. Your distributorship may be a taxable activity even if you're not 'in business' as defined on page 5.

You must register for GST if your turnover (sales from taxable activities), including certain imported services you receive:

- was over \$60,000 for the last 12 months, or
- is expected to go over \$60,000 for the next 12 months.

In a direct selling business, turnover is made up of:

- retail sales
- bonuses
- commissions.

A good guideline to check if you'll be over the \$60,000 threshold for the year is to look at your monthly turnover. If your monthly turnover is \$5,000 or more you should register for GST.

If you operate 2 or more business ventures, you'll need to add the turnovers together to see if you're over the \$60,000 turnover figure.

You can voluntarily register for GST if your turnover is less than \$60,000.

If you charge GST in your prices you must register, even if your turnover is less than \$60,000.

You can register for GST in **myIR**.

If you're already GST-registered in another business and you're running your direct selling business part-time, you are GST-registered for both businesses.

If you register for GST, let your direct selling organisation and also your upliner know.

## Taxable periods

When you register for GST you have a choice as to how often you file your GST returns. Depending on your turnover you may be able to file your returns monthly, 2-monthly or 6-monthly.

## Accounting basis

There are 3 ways of accounting for GST—payments, invoice or hybrid. You should choose the accounting basis that best suits your business.

If you do not choose an accounting basis when you register, we'll put you on the invoice basis.

If you want to change your accounting basis after you've registered you can do this in myIR.

### Payments basis

Under the payments basis you account for GST at the end of the taxable period when you make or receive the payment. This helps you manage your cash flow because you only pay us GST after you've received the payment from your customers, and you only claim GST for the purchases and expenses you've paid for (provided you hold taxable supply information for the claim).

### Invoice basis

Using the invoice basis, you account for GST at the end of the taxable period when you provided an invoice to your customers or received an invoice from your supplier (provided you hold taxable supply information for the claim).

### Hybrid basis

Under the hybrid basis you account for GST on sales and income using the invoice basis, and account for GST on expenses and purchases when you actually make payment.

Note: This method is not commonly used by small businesses because of negative cashflow consequences. This is because you may return GST on invoiced sales before you have received payment, but you can only claim GST when you have paid for your purchases (not when invoiced).

## Filing your returns

The due date is usually the 28th of the month following the end of your taxable period, except for return periods ending:

- 30 November – the due date is 15 January of the following year
- 31 March – the due date is 7 May of the same year.

If the due date for your GST return falls on a weekend or public holiday, it will be due the next working day.

## Taxable supply information

The GST rules for invoicing and record keeping have changed.

You must keep records for all transactions however, you no longer need to keep a single physical document detailing the supply information, such as a tax invoice, credit note, or debit note. Your transaction records, accounting systems and contractual documents may, in combination, contain all the information you need to support the figures in your GST returns.

Taxable supply information refers to the minimum set of information buyers and sellers need to keep as evidence of a transaction.

Taxable supply information includes invoices, but it can also include information held in other forms, such as supplier agreements, contracts, and bank statements.

Your transaction records, accounting systems and contractual documents may, in combination, contain all the information you need to support the figures in your GST returns.

Sellers can provide taxable supply information to a customer using an automated direct exchange between the buyer's and seller's software, for example PEPPOL eInvoicing.

If you're GST-registered, you must

- keep records of all your sales and income including taxable supply information and supply correction information
- keep taxable supply information and supply correction information for your purchases and expenses, such as invoices, receipts, or other documents.

The information you need to keep may depend on the value of goods or services:

Taxable supply amounts			
	\$200 or less	More than \$200 and up to \$1,000	More than \$1,000
Seller's details	<ul style="list-style-type: none"> <li>Name or trade name of the seller</li> </ul>	<ul style="list-style-type: none"> <li>Name or trade name of the seller</li> <li>GST number</li> </ul>	<ul style="list-style-type: none"> <li>Name or trade name of the seller</li> <li>GST number</li> </ul>
Buyer's details	<ul style="list-style-type: none"> <li>Not required</li> </ul>	<ul style="list-style-type: none"> <li>Not required</li> </ul>	<ul style="list-style-type: none"> <li>Name, and 1 or more of the following:               <ul style="list-style-type: none"> <li>address (physical or postal)</li> <li>contact phone number</li> <li>email address</li> <li>trading name if different to the buyer's name</li> <li>New Zealand business number or website URL address</li> </ul> </li> </ul>
Date	<ul style="list-style-type: none"> <li>Date of invoice</li> <li>If no invoice provided, the time of supply date</li> </ul>	<ul style="list-style-type: none"> <li>Date of invoice</li> <li>If no invoice provided, the time of supply date</li> </ul>	<ul style="list-style-type: none"> <li>Date of invoice</li> <li>If no invoice provided, the time of supply date</li> </ul>
Information on the goods or services	<ul style="list-style-type: none"> <li>Description of the goods or services</li> </ul>	<ul style="list-style-type: none"> <li>Description of the goods or services</li> </ul>	<ul style="list-style-type: none"> <li>Description of the goods or services</li> </ul>
Payment information	The consideration for the supply*	Either <ul style="list-style-type: none"> <li>GST exclusive amount,</li> <li>GST amount, and</li> <li>GST inclusive amount</li> </ul> or <ul style="list-style-type: none"> <li>GST inclusive amount and</li> <li>a statement GST is included, charged at the standard rate for all the goods and services listed</li> </ul>	Either <ul style="list-style-type: none"> <li>GST exclusive amount,</li> <li>GST amount, and</li> <li>GST inclusive amount</li> </ul> or <ul style="list-style-type: none"> <li>GST inclusive amount and</li> <li>a statement GST is included, charged at the standard rate for all the goods and services listed</li> </ul>

\*Consideration can be a payment, act or holding back from using a legal right (for example, forgiving debt instead of enforcing payment). These are not consideration when they are unconditional gifts to not-for-profit organisations.

## Performance volume rebates

As an independent reseller you may receive performance volume rebates. These rebates reduce the cost price of stock from your supplier.

Your direct selling organisation or upliner should give you supply correction information with the rebate.

You'll then have to make an adjustment in your GST return so you do not over claim GST on your purchases.

If you're passing on part of a rebate you've received to your downliner, give them supply correction information for their part of the rebate.

### *Note*

Supply correction information was previously known as debit and credit notes.

## GST and direct selling

As a commission agent you're supplying your services to your direct selling organisation, so you'll have to charge the organisation GST on your commissions. Make sure you let your direct selling organisation know if you register for GST.

You do not usually account for GST on sales because your direct selling organisation will do that. Instead, on your GST return deduct the GST you've paid on your business expenses from the GST you charge on your commissions and pay the balance to us.

The rules are slightly different for independent resellers. You charge all your customers and downliners GST, then deduct the GST your supplier charged as well as the GST you paid on business expenses. Pay the balance to us. If you're going to register for GST, let your upliner know.

In both cases, if you've paid more GST than you charged, we'll refund the difference.

You cannot charge or claim GST if you're not GST registered.

## Cancelling your GST registration

You can cancel your GST registration if:

- you're closing or selling your business
- you expect your turnover to drop below \$60,000 - and stay there for a while
- you realise you are not required to be registered.

If you're going to continue your taxable activity you may still choose to cancel your registration. If you do decide to cancel, you can no longer:

- charge GST on your sales
- claim GST on your expenses.

If you're considering cancelling your GST registration, you'll need to know the situations where you must cancel or have a choice in cancelling. Use our handy online tool to help you decide what's best for your situation - **Should I cancel my GST registration**

If GST is included in your prices, you cannot cancel your GST registration, even when your turnover is under \$60,000.

### For more help

For more information on GST, go to our **GST guide - IR375**.



## Part 5 – Services you may need

### 0800 self-service number

Our 0800 self-service number, 0800 257 777, is open 7 days a week. Make sure you have your IRD number ready when you call.

For access to your account-specific information, you'll need to be enrolled with voice ID or have a PIN.

When you call, confirm what you want from the options given. If you need to talk with us, we'll re-direct your call to someone who can help you.

### Supporting businesses in our community

Our Community Compliance officers offer free tax education and advice to businesses and small organisations, as well as seminars for personal tax and entitlements.

Our Kaitakawaenga Māori offer a free advisory service to help meet the needs of Māori individuals, organisations and businesses.

Go to a seminar or workshop, or request a visit from us to find out more about:

- records you need to keep
- taxes you need to know about
- using our online services
- completing your tax returns (eg GST, employer returns)
- filing returns and making payments
- your KiwiSaver obligations.

Go to [ird.govt.nz/contact-us](https://ird.govt.nz/contact-us) and select **Request a business advisory** visit to find out about requesting a visit.

Find a seminar or workshop near you at [ird.govt.nz/seminars](https://ird.govt.nz/seminars)

## Audits and investigations

If you're running a business you can expect to be audited from time to time. This will involve our staff checking your records against the returns filed to make sure you have complied with your tax obligations.

Remember that you must keep all financial records of any taxable activity for 7 years. We may ask you to keep the records for an additional period when auditing or investigating you.

If you want to know more about audit procedures, refer to our booklet **Inland Revenue audits - IR297**.

## Privacy

Meeting your tax obligations means giving us accurate information so we can assess your tax and entitlements under the Acts we administer. We may charge penalties if you do not.

We may also exchange information about you with:

- some government agencies
- another country, if we have an information supply agreement with them, and
- Statistics New Zealand (for statistical purposes only).

You can ask for the personal information we hold about you. We'll give the information to you and correct any errors unless we have a lawful reason not to. Find our full privacy policy at [ird.govt.nz/privacy](http://ird.govt.nz/privacy)

## If you have a complaint about our service

We're committed to providing you with a quality service. If there's a problem, we'd like to know about it and have the chance to fix it.

If you disagree with how we've assessed your tax, you may need to follow a formal disputes process.

Find out more about making a complaint, and the disputes process, at [ird.govt.nz/disputes](http://ird.govt.nz/disputes)





**Te Kāwanatanga o Aotearoa**  
New Zealand Government