

INTERPRETATION STATEMENT: IS 20/02

GOODS AND SERVICES TAX – SUPPLIES BY NEW ZEALAND HUNTING OUTFITTERS AND TAXIDERMISTS TO OVERSEAS HUNTERS

All legislative references are to the Goods and Services Tax Act 1985 unless otherwise stated.

Contents

Scope of this Interpretation Statement.....	2
Structure of this Interpretation Statement	2
Summary of this Interpretation Statement.....	2
Introduction to the legal analysis.....	4
Legislation	5
Supplies subject to GST.....	5
Zero-rated supplies.....	6
Identifying the GST supplies in a transaction	8
Determining the GST supplies made by outfitters	10
Determining the GST supplies made by taxidermists.....	13
Application of the law	17
Supply by an outfitter of a hunting experience in New Zealand.....	17
Supply by an outfitter of souvenir animal parts or hunting souvenirs.....	17
No supply by an outfitter of souvenir animal parts when a wild animal is killed on Crown land.....	18
Taxidermy services on souvenir animal parts supplied in New Zealand by an outfitter	18
Taxidermy services on souvenir animal parts supplied for export by an outfitter	19
Sale and export of a hunting souvenir by a taxidermist	20
Crating and packing services supplied by a taxidermist	20
Insurance and transport	20
Scenarios showing supplies of souvenir animal parts or hunting souvenirs for export	20
Scenario 1 – No supply of exported wild souvenir animal parts by an outfitter	21
Scenario 2 – Standard-rated supply of souvenir animal parts by an outfitter.....	22
Scenario 3 – Zero-rated supply of hunting souvenir by an outfitter using an independent taxidermist.....	23
Scenario 4 – Zero-rated supply of hunting souvenir by an outfitter using an in-house taxidermist.....	24
Scenario 5 – Zero-rated supply of souvenir animal parts by an outfitter and zero-rated supply of taxidermy services by a taxidermist.....	25
Scenario 6 – Zero-rated supply of hunting souvenir by a taxidermist.....	26
Valuation of supplies	27
Deposits and the time of supply	29
Overseas intermediaries	30
Extensions of time for export of souvenir animal parts or hunting souvenirs.....	30
Examples.....	32
Example 1 – Free-range tahr and chamois hunting trip	32
Example 2 – Supply of taxidermy services to overseas hunter.....	34
Example 3 – Game estate outfitter supplies complete hunting package to overseas hunter	35
Example 4 – Outfitter supplies hunt and souvenir animal parts for export to overseas hunter; independent taxidermist supplies taxidermy services to overseas hunter	37
References.....	40
Appendix – Legislation	41
Goods and Services Tax Act 1985	41
Wild Animal Control Act 1977	44

Scope of this Interpretation Statement

1. This Interpretation Statement considers the GST treatment of supplies made by New Zealand hunting guides or outfitters and taxidermists to overseas hunters. It explains which supplies of goods and services made to overseas hunters are standard-rated and which are zero-rated for GST purposes.
2. This Interpretation Statement replaces three earlier public statements the Commissioner made on GST and hunting and taxidermy supplies to overseas hunters:
 - “Trophies and animal products derived from the tourist, hunting and safari industry – zero-rating under GST” *Tax Information Bulletin* Vol 9, No 6 (June 1997): 1;
 - “Trophies and animal products derived from the tourist, hunting and safari industry – zero-rating under GST” *Tax Information Bulletin* Vol 15, No 7 (July 2003): 23; and
 - “QWBA 07/04: Trophies and animal products derived from the tourist, hunting and safari industry that are to be mounted in New Zealand – zero-rating” *Tax Information Bulletin* Vol 19, No 7 (August 2007): 19.

Structure of this Interpretation Statement

3. This Interpretation Statement is summarised in [4] to [12]. A detailed legal analysis of the transactions between outfitters, taxidermists and overseas hunters is in [13] to [139]. Four examples then illustrate the application of the GST rules in a practical context (from [141]).

Summary of this Interpretation Statement

4. For clarity, in this Interpretation Statement the Commissioner of Inland Revenue uses certain terms to assist with her analysis and explanations of how the GST rules apply to the industry. It is important this Interpretation Statement is read in the context of these terms:
 - New Zealand hunting outfitters and guides who provide hunting experiences for overseas hunters visiting New Zealand are referred to collectively as “outfitters”;
 - outfitters and taxidermists are referred to collectively as the “industry”;
 - “trophy fee” refers to the amount paid by the hunter for the opportunity to hunt and kill the animal and for its souvenir parts. It is a separate amount from amounts paid by the hunter for accommodation, food and the like.
 - “souvenir animal parts” refers to the parts of a trophy hunting animal killed by a hunter (for example, heads, shoulders, skins, antlers and bodies) that may later be expedited or mounted;
 - “hunting souvenir” refers to the souvenir animal parts once they have been expedited or mounted by a taxidermist;
 - “expediting” refers to the processes used by taxidermists to preserve and prepare souvenir animal parts ready for mounting; and

- “mounting” refers to the process used by taxidermists of using the expedited souvenir animal parts to create life-like hunting souvenirs.
5. In the Commissioner’s view, for GST purposes, an outfitter makes:
- one composite GST supply to the hunter of a hunting experience in New Zealand; or
 - two separate GST supplies where souvenir animal parts or hunting souvenirs are supplied by the outfitter, being:
 - a single composite supply of a hunting experience in New Zealand; and
 - the supply of souvenir animal parts or a hunting souvenir.
6. In the Commissioner’s view, the outfitter’s single composite supply of a New Zealand hunting experience to an overseas hunter is a standard-rated supply of goods and services. This means GST is charged on the supply by the outfitter at the standard rate of 15%. All the elements of the single composite supply will be standard-rated for GST purposes. A deposit triggers the time of supply.
7. Different GST treatments apply to the supply of souvenir animal parts or hunting souvenirs, depending on the circumstances and contractual arrangements between the parties. When a supply is referred to as being “zero-rated” that means GST is charged on the supply by the outfitter (or the taxidermist) at the rate of 0%. This Interpretation Statement sets out six scenarios involving supplies of souvenir animal parts or hunting souvenirs for export:
- Scenario 1 – No supply of exported wild souvenir animal parts by outfitter;
 - Scenario 2 – Standard-rated supply of souvenir animal parts by outfitter;
 - Scenario 3 – Zero-rated supply of hunting souvenir by outfitter using an independent taxidermist;
 - Scenario 4 – Zero-rated supply of hunting souvenir by outfitter using an in-house taxidermist;
 - Scenario 5 – Zero-rated supply of souvenir animal parts by outfitter and zero-rated supply of taxidermy services by taxidermist; and
 - Scenario 6 – Zero-rated supply of hunting souvenir by taxidermist.
8. Before souvenir animal parts can be entered for export and exported to the overseas hunter they must at least be expedited by a taxidermist. That taxidermist might be employed by the outfitter or operate independently. Taxidermists usually process or work on souvenir animal parts owned by someone else, such as an outfitter or a hunter. Therefore, when they expedite or mount souvenir animal parts, they are providing a taxidermy service. Only when taxidermists sell hunting souvenirs they own themselves will they be making supplies of goods.
9. Once a taxidermist has completed working on the hunting souvenir, they will usually crate and pack it ready for shipping overseas. The GST treatment of the crating and packing services is the same as the GST treatment of the taxidermy services. However, the costs of arranging insurance and transport and of transporting goods overseas are zero-rated.

10. Where souvenir animal parts or hunting souvenirs are supplied by an outfitter to the overseas hunter and the outfitter in the course of, or as a condition of, the supply enters those parts or souvenirs for export and exports them within 28 days, the supply is zero-rated. On application by an outfitter (or their agent), an extension period for exporting will generally be allowed by the Commissioner. An outfitter may make one application for an extension of time for future supplies of souvenir animal parts or hunting souvenirs for export. If the Commissioner is satisfied a determination covering those future supplies is appropriate, she may make one.
11. Valuation of GST supplies is particularly important where a supplier is making a mixture of standard-rated and zero-rated supplies to an overseas person. The Commissioner considers a "trophy fee", as that term is used in the industry, is for both the outfitter's supply of souvenir animal parts or hunting souvenirs and the opportunity to hunt and kill a particular breed and quality of animal during the supply of a hunting experience.
12. The value attached to those separate supplies for GST purposes should properly represent the consideration paid for those separate supplies of goods and services. The onus is on taxpayers to show that a payment has been made in respect of, in response to, or for the inducement of, a supply.

Introduction to the legal analysis

13. New Zealand outfitters supply hunting trips in New Zealand to overseas hunters. Overseas hunters who purchase these hunting trips usually come to New Zealand expecting to have the opportunity to hunt and kill particular breeds and quality of animals. If the hunt is successful and some souvenir animal parts are recoverable, then, in the absence of any other arrangements, the hunter may also expect those souvenir animal parts to be exported to them overseas. Hunting in New Zealand might take place on an outfitter's game estate, private land with permission or Crown land with appropriate permits.
14. Outfitters supply a variety of goods and services to overseas hunters during their visit to New Zealand such as airport transfers and accommodation, guiding, licences, the use of firearms and, sometimes, helicopter flights. On some occasions, if the overseas hunter is a member of Safari Club International, an animal may be given a score before it is killed so a Safari Club International record book entry can be made.
15. After a hunt, if an animal's carcass is recoverable and in a suitable condition, some souvenir animal parts may be taken from it. The GST treatment of the supply of those animal parts and the associated taxidermy depends on the contractual arrangements between the parties. For example:
 - taxidermy and exporting of the souvenir animal parts as a hunting souvenir might be included in the outfitter's package or it might be negotiated by the outfitter for an additional fee;
 - the souvenir animal parts might be supplied for export by the outfitter, with the hunter contracting with a New Zealand taxidermist separately for the taxidermy; or
 - the hunter might contract separately with a New Zealand taxidermist for expediting or mounting services, and on completion the hunting souvenir is exported to the hunter overseas by the taxidermist.

16. Overseas hunters may pay outfitters for an all-inclusive hunting package or the hunt price may be calculated using a price list for all the different goods and services supplied by the outfitter. Whatever the arrangement, it is usual for an overseas hunter to pay the outfitter a deposit at the time of booking to secure their hunt dates.

Legislation

17. GST is a consumption tax. It is intended to tax supplies consumed in New Zealand. Generally, a GST-registered person making a supply in the course or furtherance of their taxable activity must charge GST at the prevailing standard rate on the supply (see s 8(1)). However, where the goods and services will not be consumed in New Zealand (for example, where goods are being sold and exported by the supplier to an overseas customer) the GST zero-rating rules apply to modify the general rule in s 8(1) by reducing the rate of GST that must be charged to 0% (see ss 11 and 11A).
18. To determine the GST treatment of supplies made by a New Zealand outfitter or taxidermist to an overseas hunter, two questions need to be answered:
- First, are the supplies made to the overseas hunter subject to GST under s 8(1)?
 - Then, if the answer to the first question is yes, are those supplies zero-rated under s 11 or s 11A?

Supplies subject to GST

19. Section 8(1) provides that GST is charged on the supply in New Zealand of goods and services by a registered person in the course or furtherance of a taxable activity carried on by that person:

8 Imposition of goods and services tax on supply

- (1) Subject to this Act, a tax, to be known as goods and services tax, shall be charged in accordance with the provisions of this Act **at the rate of 15% on the supply** (but not including an exempt supply) **in New Zealand of goods and services**, on or after 1 October 1986, by a registered person in the course or furtherance of a taxable activity carried on by that person, by reference to the value of that supply. [Emphasis added]

20. Accordingly, where supplies are made in New Zealand to an overseas hunter by a New Zealand outfitter or taxidermist and those supplies are made in the course or furtherance of their taxable activities, GST is chargeable on those supplies by reference to the value of the supply. It is assumed the New Zealand outfitter or taxidermist is registered for GST purposes and is carrying on a taxable activity in New Zealand. (The valuation of supplies is discussed at [113] to [123].)
21. Further, s 8(2) deems goods and services to be supplied in New Zealand, if the supplier is resident in New Zealand.
22. Therefore, even though an overseas hunter might purchase their hunting package overseas, or might enter into a contract with the outfitter overseas, this does not prevent GST from being charged on the supply. This is because the supplies will be made in New Zealand by a New Zealand-resident, GST-registered person in the course or furtherance of their taxable activity. The place where the contract is

entered into or where payment is made is not relevant to the GST treatment of the supply.

23. (Deposits, the time of supply and the impact of overseas intermediaries are discussed at [125] to [135].)

Zero-rated supplies

24. The second question concerns the rate at which a supplier should charge GST on those supplies: the standard rate of 15% or the reduced rate of 0%. The residence of the customer or whether any goods supplied are being exported overseas by the supplier can be relevant factors when determining whether a supply of goods or services is zero-rated, as these factors might indicate that the goods and services will not be consumed in New Zealand.
25. The zero-rating rules are divided into two parts: s 11 addresses the zero-rating of supplies of goods and s 11A addresses the zero-rating of supplies of services.

Zero-rating of goods

26. Paragraphs (a) to (eb) of s 11(1) are relevant to supplies of goods to overseas hunters.
27. Section 11(1)(a) to (eb) provides that a supply of goods that is chargeable with tax under s 8 must be zero-rated (and not standard-rated) in the following situations:
- (1) A supply of goods that is chargeable with tax under section 8 must be charged at the rate of 0% in the following situations:
 - (a) the supplier has entered the goods for export under the Customs and Excise Act 1996 and the goods have been exported by the supplier; or
 - (b) the goods have been deemed to be entered for export under the Customs and Excise Act 1996 and the goods have been exported by the supplier; or
 - (c) the supplier has satisfied the Commissioner that the goods have been exported by the supplier to a place outside New Zealand; or
 - (d) subject to subsection (4), the supplier will enter the goods for export under the Customs and Excise Act 1996 in the course of, or as a condition of, making the supply, and will export the goods; or
 - (e) subject to subsection (4), the goods will be deemed to be entered for export under the Customs and Excise Act 1996 and will be exported by the supplier in the course of, or as a condition of, making the supply; or
 - (eb) subject to subsection (4), the goods supplied—
 - (i) are supplied to a recipient who is a non-resident; and
 - (ii) have been entered for export under the Customs and Excise Act 1996 by the supplier or will be entered for export by the supplier in the course of or as a condition of making the supply; and
 - (iii) are exported by the recipient; and
 - (iv) are not intended by the recipient for later importation into New Zealand for use other than in making taxable supplies or exempt supplies, with the absence of such an intention being confirmed by the recipient in a document retained by the supplier; and
 - (v) are not used or altered by the recipient before being exported, except to the extent necessary to prepare the goods for export; and
 - (vi) leave New Zealand under an arrangement agreed by the supplier and the recipient at or before the time of the supply; and

- (vii) do not leave New Zealand in the possession of a passenger or crew member of an aircraft or ship;

28. It is assumed:
- the New Zealand outfitter or taxidermist is registered for GST purposes and is carrying on a taxable activity in New Zealand; and
 - the overseas hunter is not GST registered and is not carrying on a taxable activity in New Zealand.
29. Essentially, s 11(1)(a) to (c) requires that:
- the supplier has entered the goods for export or the goods have been deemed to be entered for export; and
 - the goods have been exported by the supplier; or
 - the supplier has satisfied the Commissioner that the goods have been exported by the supplier to a place outside New Zealand.
30. A supply of goods may also be zero-rated if s 11(1)(d) or s 11(1)(e) applies. Subject to s 11 (4), that is where:
- in the course of, or as a condition of, making the supply the supplier will enter the goods, or the goods will be deemed to be entered, for export under the Customs and Excise Act 2018; and
 - the goods will be exported by the supplier.
31. Section 11(1)(eb) is essentially the same as s 11(1)(d) in that it requires a supply of goods to be zero-rated where the supplier will enter the goods for export in the course of, or as a condition of, making the supply but, under s 11(1)(eb) the goods are exported by the purchaser (not the supplier). This means that while the goods will be entered for export by the supplier, it is the customer who causes them to be removed from New Zealand and sent to another country. The provision was added to the Act to take account of goods being exported from New Zealand by an overseas customer on free-on-board terms (that is, where the customer (rather than the supplier) pays the cost of transporting the goods from New Zealand). Section 11(1)(eb) does not apply where the goods are delivered to the overseas customer in New Zealand before they are exported.
32. Paragraphs (d), (e) and (eb) of s 11(1) are each subject to s 11(4), so zero-rating does not apply unless the supplier exports the goods from New Zealand within 28 days from the time of supply (or such longer period allowed by the Commissioner). For GST purposes, the time of supply is usually *the earlier of* the time when an invoice is issued or the time any payment is received by the supplier (for example, when a deposit is received by the supplier (or their agent): see s 9(1)).
33. The Commissioner has a discretion to extend the 28-day period within which goods must be exported to allow zero-rating (see s 11(5)). For an extension, it must not be practicable for the supplier to export the goods within 28 days. Where an extension is granted, the supply can be zero-rated so long as export occurs within the term of the extension. (The Commissioner's extension for hunting souvenirs is addressed at [136] to [139].)

Zero-rating of services

34. Section 11A specifies those supplies of services that may be zero-rated for GST purposes. Of relevance to New Zealand outfitters and taxidermists are paras (k) and (m) of s 11A(1).
35. Section 11A(1)(k) provides that a supply of services that is chargeable with tax under s 8 may be zero-rated where the customer of the supply is a non-resident and is outside New Zealand at the time the services are performed, unless one of the exclusions in subparagraphs (i) to (iii) applies. Of relevance to New Zealand outfitters and taxidermists is subpara (ii):
- (k) subject to subsection (2), **the services are supplied to a person who is a non-resident and who is outside New Zealand at the time the services are performed, not being services which are—**
 - (i) supplied directly in connection with land situated in New Zealand, or with an improvement to such land, or are supplied in connection with such land or improvement and are intended to enable or assist a change in the physical condition, or ownership or other legal status, of the land or improvement; or
 - (ii) **supplied directly in connection with moveable personal property, other than choses in action or goods to which paragraph (h) or (i) applies, situated in New Zealand at the time the services are performed; or**
 - (iii) the acceptance of an obligation to refrain from carrying on a taxable activity, to the extent to which the activity would have occurred within New Zealand ... [Emphasis added]
36. It is assumed that the overseas hunter is a non-resident in New Zealand for the duration of their hunt and is otherwise outside New Zealand.
37. Services provided to an overseas hunter while they are present in New Zealand are not zero-rated. Generally, services provided to an overseas hunter in connection with moveable personal property situated in New Zealand at the time the services are performed will not be zero-rated under s 11A(1)(k), even if the hunter is overseas at the time. This is because in both those circumstances the services are seen as being consumed in New Zealand, so are subject to GST at the standard rate.
38. However, services supplied directly in connection with goods, which are a zero-rated supply of exported goods under s 11(1)(a) to (eb), can be zero-rated under s 11A(1)(m) where the supply of services is made to a non-resident who is outside New Zealand at the time the services are performed:
- (m) the services are supplied—
 - (i) directly in connection with goods, the supply of which was subject to any one of section 11(1)(a) to (eb); and
 - (ii) to a recipient who, when the services are performed, is a non-resident and outside New Zealand;

Identifying the GST supplies in a transaction

39. Before applying the GST rules in ss 8, 11 and 11A to outfitters and taxidermists, it is necessary to first understand the nature of the transaction being entered into by the parties. A transaction may comprise many different elements that together or separately may amount to supplies for GST purposes. The approach of the New Zealand courts when seeking to identify the GST supplies in a transaction has

been to consider the true nature of the legal arrangements actually entered into and carried out by the supplier and the customer in light of the surrounding circumstances: *Marac Life Assurance Ltd v CIR* (1986) 8 NZTC 5,086 (CA); *CIR v Gulf Harbour Development Ltd* (2004) 21 NZTC 18,915 (CA).

40. Sometimes, where a transaction involves multiple elements, it might be unclear whether there is one composite GST supply (of multiple elements) or multiple separate GST supplies. In those circumstances, the transaction must be analysed to determine the supplies made for GST purposes. This can be important for several reasons, for example if there are multiple separate supplies, then some of those supplies might be standard-rated and others might be zero-rated. Also, separate supplies might have different times of supply, which can be important for knowing when GST needs to be returned, when currency conversions need to be made or when extensions of time for exporters expire.
41. Case law has established numerous principles to assist in determining the separate supplies made for GST purposes. These principles are discussed in detail, with practical examples, in "IS 18/04: Goods and services tax – single supply or multiple supplies" *Tax Information Bulletin* Vol 30, No 10 (November 2018): 5.
42. IS 18/04 summarises (at [35] to [39]) the leading New Zealand decision on single and multiple supplies (*Auckland Institute of Studies Ltd v CIR* (2002) 20 NZTC 17,685 (HC)). It sets out the approach to be taken when analysing a transaction to determine whether there is one composite supply (of multiple elements) or multiple separate supplies:
 35. ... In *Auckland Institute*, Hansen J considered the GST treatment of supplies to international students studying in New Zealand. The taxpayer provided tuition services to students coming to New Zealand from overseas. An associated company provided pre-arrival services. The students paid a single "global fee" to the taxpayer for all supplies from both the taxpayer and the associated company. One of the issues before the Court was whether it was appropriate to split the supply to enable the pre-arrival services to be zero-rated.
 36. Hansen J discussed the approach of the House of Lords in *Card Protection Plan v Customs & Excise Commissioners* [2001] 2 All ER 143. In that case, the House of Lords considered whether a credit card protection plan offered to cardholders was a single composite supply or two independent supplies comprising the supply of VAT-exempt insurance and a separate supply of VAT-chargeable card registration services. The House of Lords concluded the dominant supply was of VAT-exempt insurance and the supply of the card registration services was ancillary to the exempt supply. In *Auckland Institute*, Hansen J summarised the principles from *Card Protection Plan* for determining whether a supply could be separated into multiple supplies (at [32]):
 - Every supply of a service must normally be regarded as distinct and independent.
 - A supply which comprises a single service from an economic point of view should not be artificially split, so as not to distort the functioning of the VAT system.
 - The essential features of a transaction must be ascertained in order to determine whether the taxable person is supplying the customer, being a typical consumer, with several distinct principal services or with a single service.
 - There is a single supply in particular in cases where one or more elements are to be regarded as constituting the principal service whilst one or more elements are to be regarded, by contrast, as ancillary

services which share the tax treatment of the principal service. A service must be regarded as ancillary to a principal service if it does not constitute for customers an aim in itself, but a means of better enjoying the principal service supplied.

- Even if a single price is charged which may indicate a single supply, it must still be considered whether the arrangements indicated that the customer intended to purchase two distinct services.
37. After reviewing all the relevant authorities, Hansen J summarised the principles for determining whether a supply could be separated into multiple supplies (with one or more differing GST treatments) (at [36]):
- [a] In determining whether a supply may be apportioned for GST purposes, it is necessary to examine the true and substantial nature of the consideration given to determine whether there is a sufficient distinction between the allegedly different parts to make it reasonable to sever them and apportion them accordingly.
 - [b] The enquiry is to determine whether one element of the transaction (or consideration given) is a necessary or integral part of another or whether it is merely ancillary to or incidental to that other element.
 - [c] A service will be ancillary to a principal service if it does not constitute for customers an aim in itself, but a means of better enjoying the principal service supplied.
38. Based on these principles, the Commissioner considers it helpful to ask three questions when analysing the transaction:
- What is the true and substantial nature of what is supplied to the recipient?
 - What are the relationships between the elements supplied?
 - Is it reasonable to sever the elements into separate supplies?
39. When answering these questions, it is important to consider the supply from the perspective of a typical customer.

Determining the GST supplies made by outfitters

43. In some arrangements, the outfitter and the hunter agree that, when recoverable, the outfitter will supply souvenir animal parts to the overseas hunter but the outfitter does not agree to export those parts or any hunting souvenir to the hunter. In that case, an outfitter's transaction with an overseas hunter ends at the conclusion of the hunt with the delivery of any souvenir animal parts to the hunter. It then falls to the overseas hunter to arrange with a taxidermist for their souvenir animal parts to be expedited or mounted and exported overseas to them. Sometimes the outfitter might suggest a suitable taxidermist and deliver the hunter's souvenir animal parts to that taxidermist, but the outfitter has no contractual responsibility to the hunter beyond the end of the hunt.
44. In other cases, the contractual arrangements between an outfitter and a hunter might specify that after the hunt the outfitter will supply and export to the overseas hunter:
- any souvenir animal parts recovered by the outfitter from the animal killed by the hunter; or
 - a hunting souvenir expedited or mounted by the outfitter from the recovered souvenir animal parts.
45. To determine the GST supplies made by an outfitter to an overseas hunter, the transaction between them needs to be considered from the hunter's perspective.

In the Commissioner's view, when a hunter visits New Zealand the hunter is seeking to obtain the following elements from the outfitter:

- the experience of hunting in New Zealand, including elements such as:
 - airport transfers to and from the hunting lodge;
 - accommodation and meals;
 - guiding services;
 - the opportunity to kill particular breeds and quality of animals;
 - transport around the hunting grounds;
 - licences and permits;
 - gun hire;
 - Safari Club International point scoring; and
- if the hunt is successful (which they invariably are), some souvenir animal parts taken from the hunted and killed animals (which may or may not form part of the hunt transaction agreed between the outfitter and the hunter).

46. The experience of hunting in New Zealand, in particular, the opportunity to hunt certain animals of a particular breed and quality, and the potential of taking home a hunting souvenir from an animal hunted and killed by the hunter, are the two key elements that an overseas hunter seeks when purchasing a hunt in New Zealand. Some hunters may be more focussed on enjoying the New Zealand hunting experience, while other hunters may be more interested in obtaining the hunting souvenir. However, whatever their motivation, to some extent both elements are supplied by outfitters to the hunter in New Zealand.

47. As explained in IS 18/04 at [46], when determining if the supply of those elements are separate GST supplies or a single composite GST supply what is important is not whether one element is ancillary or incidental to, or even a necessary or integral part of, the whole, but whether one element is merely ancillary or incidental to, or a necessary or integral part of, *any other element* of the transaction.

48. The hunting experience in New Zealand can occur without the hunter taking a hunting souvenir from an animal hunted and killed by the hunter. Accordingly, the Commissioner does not think a hunter would consider the hunting experience to be ancillary or incidental to the taking of a hunting souvenir. The hunting experience is an aim in itself, whether or not a hunting souvenir is taken.

49. In the Commissioner's view the hunting experience includes the opportunity to hunt and kill animals of a certain breed and quality while in New Zealand. It is not possible for the hunter to enjoy that opportunity without participating in the hunting experience. Therefore, the hunter cannot have the desired hunting experience in New Zealand without:

- the outfitter doing its best to ensure the desired animals are available to be hunted;
- being transported and guided by the outfitter; and
- having somewhere to eat and sleep while hunting and transport to get to and from the hunting lodge.

50. Accordingly, the Commissioner sees these elements as a necessary or integral part of the outfitter supplying a hunting experience in New Zealand to a hunter. Therefore, they are indicative of the supply of the hunting experience being a single composite supply. (In any event, in practice, all these elements have the same GST treatment, that is, they are all standard-rated as they are supplied in New Zealand.)
51. On the other hand, in the Commissioner's view, the taking of any hunting souvenir is not incidental to or necessary to the supply of the hunting experience. It is acknowledged that a hunting souvenir cannot be supplied without the hunting experience occurring but taking a hunting souvenir is not an integral or necessary part of a hunting experience. An outfitter's supply of any souvenir animal parts or a hunting souvenir from an animal killed by the hunter is a separate supply in its own right. In the case of overseas hunters, the supply of the hunting experience does not so dominate any supply of the souvenir animal parts or hunting souvenir that the supply of the parts or hunting souvenir loses its separate identity for fiscal purposes.
52. Given the somewhat uncertain nature of the supply of souvenir animal parts (that is, the outfitter and hunter do not know with certainty if and what souvenir animal parts will be able to be supplied until an animal is actually hunted and killed by the hunter), it is reasonable to sever the supply of souvenir animal parts from the supply of the hunting experience (and its associated elements).
53. As discussed in IS 18/04 at [57] and [58], the fact some outfitters may sell a hunter an "all-inclusive" hunt, including souvenir animal parts or a hunting souvenir, for a single payment does not mean that the outfitter is making only one single composite supply in that situation:
 57. It appears from the cases cited above that the "reasonable" test focuses on the essential purpose of the transaction and on the elements themselves (whether there is a sufficient distinction between the elements to make it reasonable to sever them and apportion accordingly) rather than on whether a separate amount is charged for the element in question or on how easily a global fee can be apportioned.
 58. Further, one of the principles from Card Protection Plan for determining whether a supply could be separated into multiple supplies (as summarised in Auckland Institute (at [32])) is:

Even if a single price is charged which may indicate a single supply, it must still be considered whether the arrangements indicated that the customer intended to purchase two distinct services.
54. In reality, even when a package is sold as "all inclusive", the initial price is only an estimate as there are usually additional payments that cannot be calculated until the conclusion of the hunt when it is known precisely what animals have been killed, what souvenir animal parts will be supplied and what additional elements relating to the hunt have been enjoyed in New Zealand.
55. Therefore, objectively, the Commissioner considers it would not be artificial where souvenir animal parts or a hunting souvenir are supplied together with the hunt to split the transaction into two separate supplies for GST purposes.
56. Taking all these matters into account, when the transaction between the outfitter and the hunter is looked at objectively, and from the hunter's point of view, the Commissioner concludes for GST purposes an outfitter makes either:

- one composite GST supply to the hunter of a hunting experience in New Zealand; or
- where souvenir animal parts or a hunting souvenir are supplied by the outfitter along with the hunt, two separate GST supplies being:
 - a single composite supply of a hunting experience in New Zealand; and
 - the supply of souvenir animal parts or a hunting souvenir.

Determining the GST supplies made by taxidermists

57. In addition to identifying whether a transaction comprises a single composite supply of multiple elements or separate supplies for GST purposes, it is also important to be clear whether a supply is a supply of goods or a supply of services. Usually this distinction is relatively clear, but sometimes it is not (for example, where work and materials are supplied together). This distinction is especially important when determining whether a supply is zero-rated because different zero-rating rules apply depending on whether the supply is a supply of goods (see s 11) or a supply of services (see s 11A).
58. Taxidermists usually process or work on souvenir animal parts like raw animal hides and antlers owned by their customer, such as a hunter or an outfitter. When souvenir animal parts are delivered to a taxidermist by a customer to be worked on, those parts will usually remain the property of the customer. The legal relationship between a taxidermist and their customer is one of bailment. This was confirmed in the Canadian decision *Moher v Wildlife Originals by Clarence Kriaski* [2019] AJ No. 16. While *Moher* does not address tax issues, it does address the issue of ownership of souvenir animal parts deposited with a taxidermist to be worked on:

Particular kind of bailment

178 In this case, Moher did not deliver his hides to Kriaski simply to be stored i.e. for eventual redelivery in their original form. He delivered them instead to be altered i.e. to be tanned and mounted and then returned for display in Moher's trophy barn. This is still a bailment, as the definition's reference to "or an altered form" makes clear.

179 If it were necessary to categorize this arrangement under the traditional categories of bailment, the bailment here would be a *locatio operis faciendi*. As defined in *Palmer on Bailment*, this variety of bailment arises:

... when goods or chattels are delivered [... and ...] something is to be done about them, for a reward to be paid by the person who delivers them to the bailee, who is to do the thing about them.

180 In this case, the "something to be done about them" was the tanning and mounting work to be performed by Kriaski.

181 Palmer expands on such bailments:

Locatio operis faciendi therefore contains two elements: a contract for services, coupled with a bailment of the article upon which those services are to be performed. The goods will remain in the bailee's possession until the work is completed and will then be returned to the bailor ... in accordance with his or her instructions. A wide range of everyday commercial activities, including dry-cleaning, laundering, repair, valuation, auctioneering, alteration and the treatment of sick animals, may therefore fall within this category of bailment.

182 To these examples, I would add taxidermy services, where animal hides or other "bases" are to be converted into trophies or other preserved forms.

59. This decision is consistent with New Zealand law on bailment. The fact some souvenir animal parts are less valuable to the customer and may be substituted with replacement parts if they are damaged, does not, in the Commissioner's view, alter this legal relationship. Similarly, the fact a taxidermist can withhold (or if necessary, sell) the completed hunting souvenir to recover unpaid moneys owed by the customer does not alter this legal relationship.
60. Therefore, when a taxidermist expedites or mounts a customer's souvenir animal parts, they are providing a taxidermy service and not supplying a good. In the Commissioner's view, the materials a taxidermist uses to expedite or mount souvenir animal parts are incidental to the taxidermy services they supply and are not a separate supply of goods. Only when taxidermists sell expedited souvenir animal parts or hunting souvenirs created from souvenir animal parts that they themselves own will they be making supplies of goods.
61. The decision in *Case 4/2013* (2013) 26 NZTC 16,027 supports the Commissioner's view. In that case, Judge Sinclair held that metal spheres that had been originally intended for export to an overseas customer, but that were subsequently delivered to a different manufacturer in New Zealand and used in constructing a sculpture that was eventually exported to the overseas customer, were consumed in New Zealand (and, therefore, the supply of spheres was not zero-rated). This was on the basis that the supply of the spheres had been made in New Zealand. The spheres had lost their separate existence before being exported and had become an integral part of the sculpture. Additionally, the sculpture was eventually exported from New Zealand by someone other than the supplier of the spheres. In the Commissioner's view, the mounting materials used by a taxidermist also lose their separate existence and, instead, form an integral part of the service being supplied by the taxidermist.
62. The view that taxidermists provide services when working on souvenir animal parts and mounting hunting souvenirs for overseas hunters is also consistent with the Canadian GST decision *Robertson v Canada* [2002] TCJ No 48 (TCC). In *Robertson*, the court held that a taxidermist was providing a supply of services when mounting an animal for an overseas hunter. *Robertson* was referred to in another Canadian decision *Hawkins Taxidermists of Canada Ltd v Canada* [2005] TCJ No 308 (TCC). As in *Robertson*, *Hawkins Taxidermists* concerned the zero-rating of taxidermy supplies made to non-resident hunters.
63. To determine the true nature of the supply for GST purposes (ie, whether it is a sale of goods or a supply of services) the courts begin by trying to identify which party supplies the "principal materials". The courts acknowledge that where both the worker's goods and the customer's goods are essential and important in the creation of a product, the decision might go either way. In those circumstances, the courts' decision will be influenced by the degree of work or skill involved in the making of the product. If the worker's skill is important in the creation of the product then the contract will most likely be viewed as being "substantially" for the worker's services, and not for the supply of goods.
64. In *Hawkins Taxidermists*, the judge focused on determining whether the materials the taxidermist used to mount the animal were the principal materials (so that the taxidermist was making a supply of goods overseas) or whether the nature of the taxidermist's supply was a supply of services. The judge considered which was the principal materials:

24 **When work is performed on the customer's goods, it is more likely a contract for work and materials even where relevant materials are**

added by the worker. This is confirmed in *Crown Tire* [[1984] 2 FC 219 (FCA)]. While that case drew from factors such as the absence of a material source of revenue from sales not connected with services, it does not offer a principle in respect of which different factors might be considered when determining the possibility that accession actually goes in the opposite direction which is, essentially, the Appellant's alternative argument. That is, where both the worker's goods and the customer's goods are essential and important in the creation of a product, accession might go in either direction. **The worker's materials might merge into the customer's goods or the customer's goods might merge into the worker's tangible property supplies.**

- 25 In *Benjamin's Sale of Goods*, 6th ed. at page 37, paragraph 44, it is noted that:

Where an article is to be manufactured, and all the materials are supplied by the person for whom the work is to be done, it is obvious that there can be no sale unless there is a specific transfer of the materials followed by a repurchase of the product. **Where each party provides some of the materials or components, the task of the court is to determine which of them has supplied the "principal materials"; it then follows that the materials supplied by the other vest by accession in the owner of the principal materials. It has been held that the question which are the principal materials depends on all the circumstances, and that their relative value is not conclusive.**
[Footnotes omitted]

The authors go on to suggest an analogy that is noteworthy. Where an author brings a manuscript to a printer and the printer creates a book out of materials that are its property, is there a sale of property or a supply of work and materials when the finished product is delivered back to the author? The authors of *Benjamin's Sale of Goods* suggest that it is an extraordinary view to think that the printer has been engaged in a contract for the sale of goods. **If the employer supplies the principal materials, the contract must be for one of work and materials. At paragraph 46 the authors go on to suggest that where work or skill is involved in the making of the goods delivered, it is possible, and often correct, to view the contract as "substantially" one for the worker's services. In my view, this general principle is helpful where both contractors supply materials that might be regarded as the [principal] materials in the performance of the contract. In such cases where a finding of [principal] materials is difficult to make, the importance of the skill and expertise of the worker might be determinative in finding that the supply is of a service.** [Emphasis added]

65. The judge found that, in the case of hunting souvenirs, the principal material was the hunter's souvenir animal parts. This decision was not based on the relative value of the hunter's souvenir animal parts in comparison to the value of the taxidermy materials supplied, or on the relative size or volume of the goods. Rather, it was focussed on the significance of the souvenir animal parts to the finished product. The judge considered that the souvenir animal parts were the significant material used in the creation of a hunting souvenir, regardless of whether the taxidermist used a pre-moulded form or made their own mannequin. The judge was reassured that his finding was correct because of the importance of the taxidermist's skill in creating the hunting souvenir. This finding of skill supported his decision that a taxidermist is supplying services when creating a hunting souvenir from a hunter's souvenir animal parts:

- 28 I note that my finding, that the [principal] material in this case is the specimen, is not dependent on the relative value of inputs, the source of profit, who manufactured the components used by the Appellant to give "life" to the hunters' specimens or the extent of the Appellant's taxidermy supplies sales business. The test applied is simply to take into account the significance of the materials themselves. A fish mount is a sale of goods because the fish

skin is not a [principal] material. Other wildlife mounts are a supply of work and materials because the specimens are the [principal] materials. If there is any doubt as to this conclusion, the importance of the skill of the worker in the case at bar would also lead to a determination that the supply of wildlife mounts is of work and materials. The materials employed by the Appellant are merely the means by which the taxidermist best gives expression to that skill and as such are incidental in nature. Accordingly, there is no sale of goods which is zero-rated under section 12 [of the Excise Tax Act (GST Portions)]. The supply of wildlife mounts is a service excluded from being zero-rated pursuant to paragraph 7(e).

66. The judge makes a distinction between a fish replica created by a taxidermist where the fish parts are not a principal material, and a hunting souvenir which includes the customer's souvenir animal parts. The supply of the fish replica is a supply of goods, whereas the supply of a hunting trophy, which includes the customer's souvenir animal parts, is a supply of services.
67. The judge in *Robertson* noted that treating taxidermists as supplying services (and not goods) when working on a customer's souvenir animal parts was consistent with the treatment of taxidermists in most other jurisdictions:
- 133 The treatment of taxidermists in other jurisdictions is not determinative of the issues in this case but the majority of the other jurisdictions would appear to have treated the taxidermist as a person engaged in rendering a service.
68. The Canadian decisions of *Robertson* and *Hawkins Taxidermists* were largely based on the principles set out in the English decision in *Robinson v Graves* [1935] 1 KB 579 which involved determining whether a contract to paint a portrait was a sale of a good, or for work and materials. The courts have acknowledged that the *Robinson v Graves* decision is not an easy one, and it has not always been followed. Nonetheless, the decision and the principles flowing from it, continue to be referred to by the courts, including in New Zealand, when deciding if a contract is a sale of goods.
69. For example, the High Court decision *Whyte v Owl Electrical (1988) Limited* [1995] 6 TCLR 299, considered whether a contract to supply and install electrical equipment was a sale of goods, or a contract for the supply of work and materials. In reaching his decision that the contract was one for the supply of work and materials, Barker J reviewed the established principles starting with *Robinson v Graves*, the commentary in *Benjamin's Sale of Goods*, (1992, 4th ed) para 1-041, and relevant New Zealand, Australian and English authorities. Barker J took essentially the same approach as was taken by the courts in the Canadian taxidermy decisions when deciding if a transaction was a sale of goods or a contract for the supply of work and materials (ie, a focus on the nature of the work undertaken and the importance of the worker's skill and expertise). Accordingly, in the Commissioner's view, the legal analysis undertaken by the Canadian courts is consistent with the legal analysis that would likely be undertaken by a New Zealand court in determining the nature of a contract for the preparation of a hunting souvenir where the souvenir animal parts are owned by the customer.
70. Based on this case law, the Commissioner considers that treating taxidermists as supplying services and not goods to the hunters or outfitters when they expedite or mount souvenir animal parts owned by the customer is the correct interpretation. The position is different where a taxidermist creates a fish replica. In that case the taxidermist makes a supply of goods.

Application of the law

71. In the Commissioner's view, for GST purposes, an outfitter makes:
- one composite GST supply to the hunter of a hunting experience in New Zealand; or
 - where souvenir animal parts or a hunting souvenir are supplied, two separate GST supplies, being:
 - a single composite supply of a hunting experience in New Zealand; and
 - the supply of souvenir animal parts or a hunting souvenir.
72. Different GST treatments apply to the supply of souvenir animal parts, depending on the circumstances and contractual arrangements between the parties. For example, souvenir animal parts may be entered for export and exported by an outfitter, by a taxidermist contracted to expedite or mount the parts, or by a shipping agent.

Supply by an outfitter of a hunting experience in New Zealand

73. In the Commissioner's view, the outfitter's single composite supply of a New Zealand hunting experience to an overseas hunter is a standard-rated supply of goods and services. All the elements of the single composite supply will be treated the same for GST purposes. The goods and services are all consumed in New Zealand. No goods are exported to the hunter before being consumed and the services are not zero-rated under s 11A(1)(k) or s 11A(1)(m).

Supply by an outfitter of souvenir animal parts or hunting souvenirs

74. If the outfitter agrees to supply souvenir animal parts to an overseas hunter, but those parts are not to be exported overseas to the hunter by the outfitter, then that is a separate standard-rated supply of a good consumed in New Zealand. The amount charged by the outfitter as consideration for the supply of the souvenir animal parts will attract GST at the standard rate.
75. Where souvenir animal parts or a hunting souvenir are supplied by an outfitter to the overseas hunter, and the outfitter, in the course of, or as a condition of, the supply, enters those parts or a hunting souvenir for export and exports them (within the requisite time), the supply of the souvenir animal parts or hunting souvenir is zero-rated under s 11(1)(d) or s 11(1)(e). Accordingly, any amount charged as consideration for that supply will attract GST at zero percent. (Where the consideration for that supply forms part of another amount paid by the hunter, only the portion of that amount that is attributable to the exported souvenir animal parts or a hunting souvenir can be zero-rated. See further at [113].)
76. Where an outfitter has contracted with an overseas hunter to export souvenir animal parts or a hunting souvenir, the outfitter must be the person who enters the goods for export for the supply of goods by the outfitter to be zero-rated. This means the outfitter's name must appear on the New Zealand customs export documentation. The outfitter may appoint an agent to enter the goods for export and ship them to the overseas hunter on the outfitter's behalf. However, whether that person is acting as the agent of the outfitter will depend on the legal arrangements entered into and carried out by the parties.

77. The Taxation Review Authority in *Case P55* (1992) 14 NZTC 4,382 confirmed that the zero-rated status of the supply depends on the supplier entering the goods for export. The customs documentation must support this. In *Case P55*, a New Zealand resident sold goods to a non-resident. The non-resident accepted responsibility for all freight, customs and shipping and was recorded as the party entering the goods for export in the New Zealand customs documentation. The supply was not zero-rated for GST purposes.

No supply by an outfitter of souvenir animal parts when a wild animal is killed on Crown land

78. Souvenir animal parts of a wild animal killed on Crown land can never be supplied and exported by an outfitter to an overseas hunter for GST purposes. Wild animals are the property of the Crown and when killed on Crown land through the operation of statute they become the property of the hunter (s 9(1) of the Wild Animal Control Act 1977).
79. In that circumstance all amounts charged by the outfitter to the overseas hunter are consideration for the supply of the hunting experience. The souvenir animal parts are acquired by the hunter from the Crown, and not from the outfitter. Accordingly, any amount charged by an outfitter for assisting a hunter to kill a wild animal on Crown land should be standard-rated, as being consideration for services supplied by the outfitter in New Zealand.
80. Sometimes wild animals might cross into land where private landowners or game estates have been granted permits to take or hold them. Section 9(1) and (2) of the Wild Animal Control Act 1977 provides that in those circumstances the wild animals cease to be the property of the Crown and become the property of the owner or operator.
81. In those circumstances, souvenir animal parts or a hunting souvenir from the wild animals can be supplied and exported by an outfitter to an overseas hunter.

Taxidermy services on souvenir animal parts supplied in New Zealand by an outfitter

82. Sometimes the expediting or mounting of souvenir animal parts occurs under a separate contractual arrangement between the overseas hunter and a taxidermist, after the hunt has ended. In that situation, while the outfitter may recommend a taxidermist to the hunter or provide a list of taxidermists in the area, the outfitter's transaction with the hunter has ended with the field preparation and recovery of the souvenir animal parts and, possibly, their delivery to the hunter's taxidermist.
83. In those circumstances, the supply of services by a taxidermist to an overseas hunter is standard-rated. This is because neither s 11A(1)(k) nor s 11A(1)(m) will apply to zero-rate the services.
84. Even though the taxidermist is providing taxidermy services to someone who is overseas at the time the services are being performed, s 11A(1)(k) will not apply to zero-rate those services for GST purposes because the services are performed in connection with moveable personal property situated in New Zealand at the time the services are performed (see s 11A(1)(k)(ii)).

85. Section 11A(1)(m) also will not apply to zero-rate the taxidermist's services in those circumstances because the services are not supplied directly in connection with a supply of goods that will be entered for export as a condition of, or in the course of, making that supply (s 11(1)(d) to (e)). This is because the outfitter has not agreed to supply goods *for export* to the overseas hunter.
86. When the taxidermist completes their work and the hunting souvenir is exported overseas to the hunter, the exporting of the hunting souvenir is not a supply of goods in GST terms. It is simply the exporting of the hunter's hunting souvenir overseas. The exporter in that case is not the outfitter. While the taxidermist may export the hunting souvenir to the overseas hunter (by completing the New Zealand customs process), the taxidermist does not perform the services in connection with an underlying supply of zero-rated goods, so the taxidermy services cannot be zero-rated.

Taxidermy services on souvenir animal parts supplied for export by an outfitter

87. A taxidermist's services can be zero-rated under s 11A(1)(m) where:
- the souvenir animal parts will be entered for export and exported by the outfitter in the course of, or as a condition of, their supply to the overseas hunter; and
 - the taxidermy services are supplied directly in connection with the souvenir animal parts that will be exported by the outfitter; and
 - the taxidermy services are supplied to the overseas hunter who is outside New Zealand when the services are performed.
88. Taxidermy services performed to expedite or mount souvenir animal parts are supplied directly in connection with the parts. The remaining requirements for zero-rating are all dependent on the contractual arrangements and the outfitter agreeing that it will enter the parts for export and export them as a condition, or in the course of, supplying them to the hunter.
89. If the taxidermy services are supplied to the outfitter, or the outfitter cannot zero-rate its supply of the souvenir animal parts under s 11(1)(d) or s 11(1)(e), then the taxidermist cannot zero-rate the supply of their taxidermy services. The latter could occur where someone other than the outfitter enters the goods for export and exports them. Section 11A(1)(m) is not a stand-alone permission for zero-rating of services on any goods that will be exported by someone from New Zealand. There must always be an underlying zero-rated supply of goods for export that the services are performed in connection with for the services to be zero-rated.
90. If the taxidermist undertakes the exporting process as the outfitter's agent, so that the outfitter's supply of souvenir animal parts is zero-rated, then, in that situation, if the taxidermist supplies their taxidermy services to the overseas hunter (and not to the outfitter), the taxidermist can zero-rate their taxidermy services under s 11A(1)(m). This is because the services are performed in connection with an underlying supply of zero-rated goods. However, whether the taxidermist is acting as the agent of the outfitter will depend on the legal arrangements entered into and carried out by the parties.

Sale and export of a hunting souvenir by a taxidermist

91. Where a taxidermist sells a hunting souvenir to an overseas hunter from their own trading stock of hunting souvenirs, that supply of goods may be zero-rated if the requirements of s 11(1)(d) or s 11(1)(e) are met. Similarly, where a taxidermist sells a fish replica the taxidermist makes a supply of goods.

Crating and packing services supplied by a taxidermist

92. Once a taxidermist has completed working on the hunting souvenir, they will usually crate and pack it ready for shipping overseas. The GST treatment of the crating and packing services is the same as the GST treatment of the taxidermy services. This is because crating and packing are an ancillary part of the supply of the taxidermy services.

Insurance and transport

93. Costs of arranging insurance and transport and transporting goods overseas are zero-rated (see s 11A(1)(a), (c) and (d)) regardless of whether the underlying supply of the good is zero-rated.

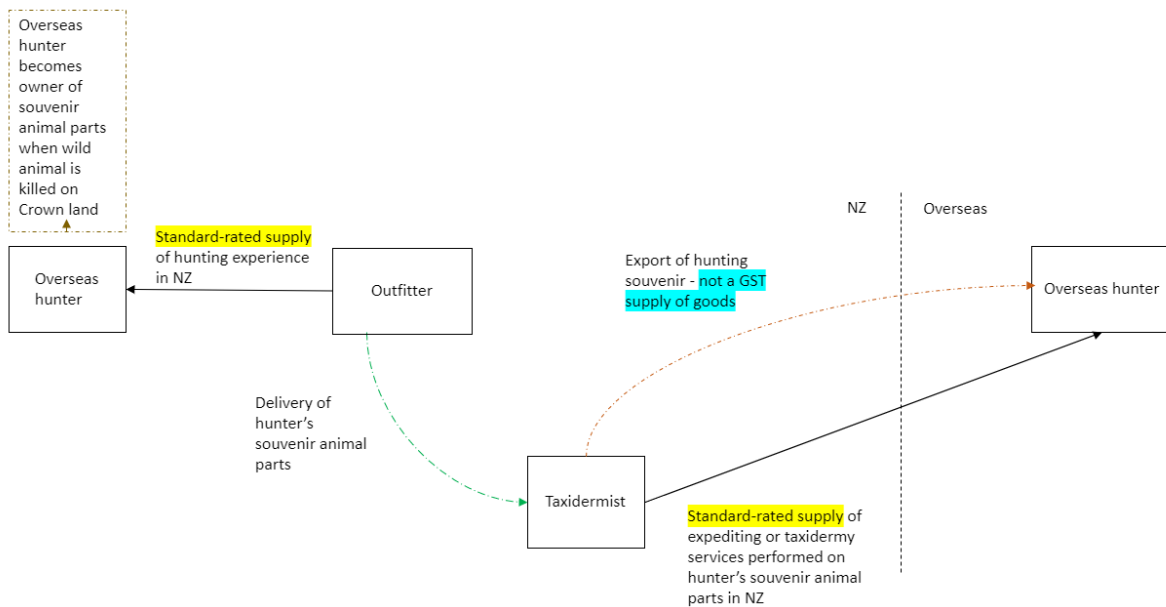
Scenarios showing supplies of souvenir animal parts or hunting souvenirs for export

94. The following six scenarios diagrammatically show various GST supplies that can be made when an outfitter is able to recover souvenir animal parts and the overseas hunter decides to have the parts exported to them. Some of these scenarios necessarily include the taxidermist's supply of taxidermy services, which are required for the parts to be exported. Scenario 1 explains the GST position when the souvenir animal parts exported come from a wild animal killed on Crown land. The other five scenarios all relate to animals on land controlled by outfitters.
95. Then, later in this Interpretation Statement (from [141]), four examples illustrate the application of the GST rules to outfitters, taxidermists and overseas hunters in a practical context.

Scenario 1 – No supply of exported wild souvenir animal parts by an outfitter

96. In this scenario (illustrated in Figure 1), the souvenir animal parts are from a wild animal killed by the overseas hunter on Crown land. There is no supply of a good (the souvenir animal parts) by the outfitter to the overseas hunter. Even if the outfitter assists the overseas hunter by delivering the souvenir animal parts to a taxidermist for the overseas hunter, that delivery is not a GST supply of the trophy by the outfitter. This is because the overseas hunter acquires the parts from the Crown when the animal is killed.
97. The taxidermist provides taxidermy services to the overseas hunter. Those services are not zero-rated as they are performed on moveable personal property (that is, the souvenir animal parts) in New Zealand. When the taxidermist has completed their work on the souvenir animal parts, the taxidermist will typically arrange for the hunting souvenir to be shipped overseas to the hunter. The taxidermist will enter the hunting souvenir for export either in their own right or as an agent for the overseas hunter. There is no taxable supply of goods for GST purposes under s 8 for s 11 to zero-rate. Therefore, s 11A(1)(m) cannot apply to zero-rate the taxidermy services.

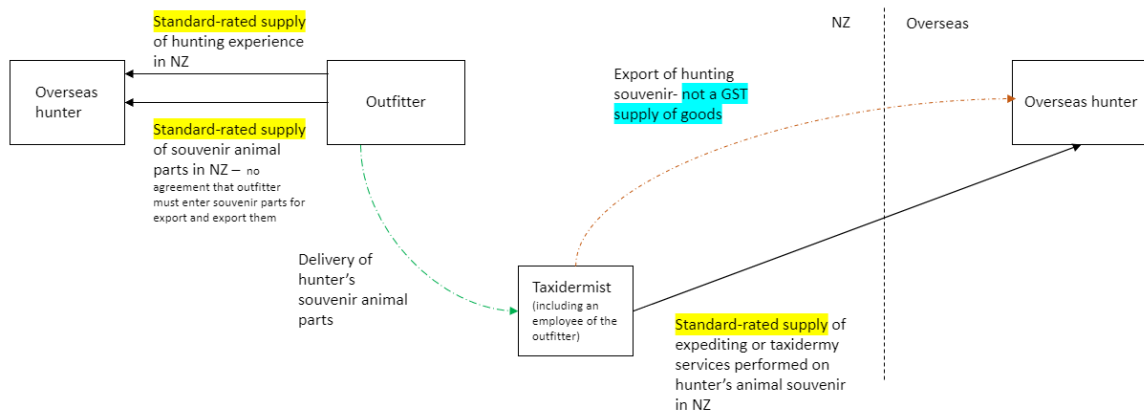
Figure 1: No supply of exported wild souvenir animal parts by an outfitter



Scenario 2 – Standard-rated supply of souvenir animal parts by an outfitter

98. In this scenario (illustrated in Figure 2), an outfitter’s relationship with the overseas hunter ends on completion of the hunt. The outfitter does not agree to export the souvenir animal parts they have supplied to the overseas hunter. The outfitter might introduce the overseas hunter to a taxidermist and might deliver the parts to the hunter’s taxidermist but that is the end of the outfitter’s relationship with the hunter.
99. The souvenir animal parts are supplied to the overseas hunter in New Zealand. Accordingly, any fee charged by an outfitter for the supply of the souvenir animal parts is standard-rated, even if the souvenir animal parts are later exported to the overseas hunter by another party.
100. The taxidermist provides taxidermy services to the overseas hunter. Those services are not zero-rated as they are performed on moveable personal property (that is, the souvenir animal parts) in New Zealand. When the taxidermist has completed their work on the overseas hunter’s souvenir animal parts, the taxidermist will typically arrange for the hunting souvenir to be shipped overseas to the hunter. The taxidermist will enter the hunting souvenir for export either in their own right or as an agent for the overseas hunter. There is no taxable supply of goods for GST purposes under s 8 for s 11 to zero-rate. Therefore, s 11A(1)(m) cannot apply to zero-rate the taxidermy services.

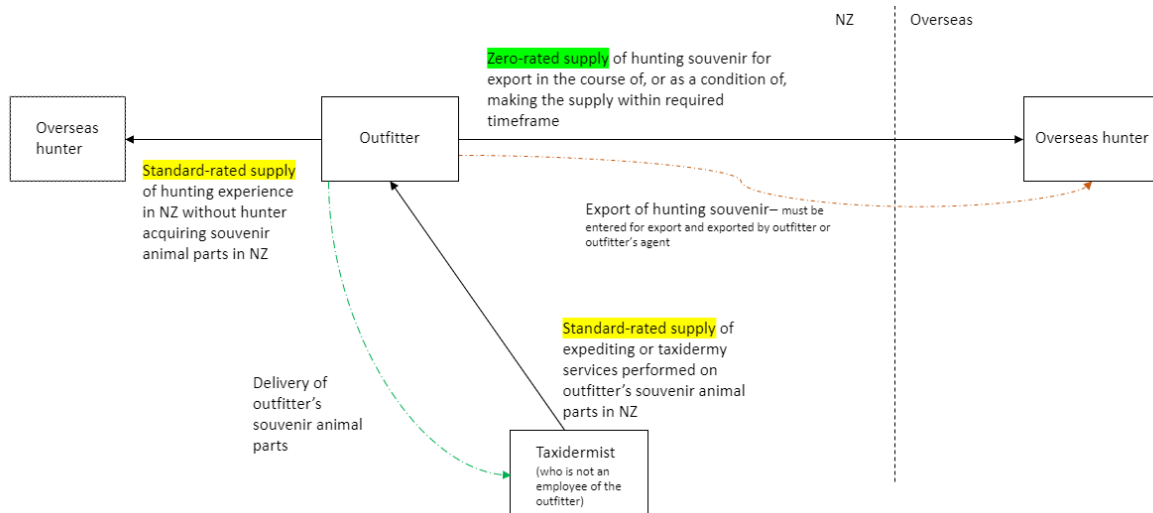
Figure 2: Standard-rated supply of souvenir animal parts by an outfitter



Scenario 3 – Zero-rated supply of hunting souvenir by an outfitter using an independent taxidermist

101. In this scenario (illustrated in Figure 3), the outfitter and the overseas hunter agree for the outfitter to supply and export a hunting souvenir to the hunter overseas. The taxidermy is arranged by the outfitter, and the taxidermist supplies its services to the outfitter (and invoices the outfitter for the services they perform). The outfitter can zero-rate the amount paid by the overseas hunter in consideration for the supply and export of the hunting souvenir under s 11(1)(d) or s 11(1)(e), providing the outfitter exports the hunting souvenir within the export period allowed under s 11(4). (Where the consideration for that supply forms part of another amount paid by the hunter, only the portion of that amount that is attributable to the exported hunting souvenir can be zero-rated. See further at [113].)
102. The taxidermist contracts with the outfitter and supplies the taxidermy services to the outfitter. Those services are performed in New Zealand and the customer is the outfitter, a New Zealand resident. Accordingly, the services are standard-rated, and s 11A(1)(m) cannot apply to enable the taxidermist to zero-rate the supply of services. Even though the taxidermist services are directly in connection with a zero-rated supply of goods being exported by the outfitter, the customer is not a non-resident.
103. The taxidermist could enter the hunting souvenir for export and export it as the outfitter’s agent, but to ensure zero-rating of the outfitter’s supply of the hunting souvenir this agency relationship must be supported by the facts and by the legal relationships between the taxidermist and the outfitter . If an agency relationship cannot be established, then the outfitter’s supply of the hunting souvenir cannot be zero-rated as it will not have been entered for export or exported by the outfitter, and so the s 11 zero-rating requirements are not met (see *Case P55*).
104. The existence of an agency relationship in this situation will not enable the taxidermist to zero-rate the supply of its services to the outfitter. Section 11A(1)(m) will not apply in this case, even though the outfitter’s supply of the hunting souvenir is zero-rated. This is because, contractually, the services are provided by the taxidermist to the outfitter, a New Zealand resident.

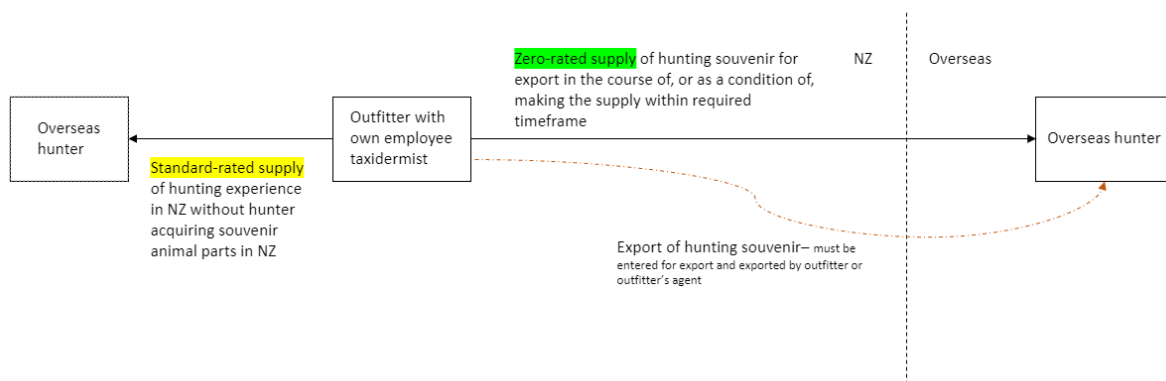
Figure 3: Zero-rated supply of hunting souvenir by an outfitter using an independent taxidermist



Scenario 4 – Zero-rated supply of hunting souvenir by an outfitter using an in-house taxidermist

- 105. In this scenario (illustrated in Figure 4) the outfitter employs their own taxidermist, so the outfitter can expedite or mount hunting souvenirs for overseas hunters itself. This enables the outfitter to export a hunting souvenir to the overseas hunter, without the outfitter or the hunter needing to engage an independent taxidermist.
- 106. The outfitter can zero-rate the amount paid by the hunter in consideration for the supply and export of the hunting souvenir under s 11(1)(d) or s 11(1)(e), providing the outfitter exports the hunting souvenir within the export period allowed under s 11(4). (Where the consideration for that supply forms part of another amount paid by the hunter, only the portion of that amount that is attributable to the exported hunting souvenir can be zero-rated. See further at [113].)

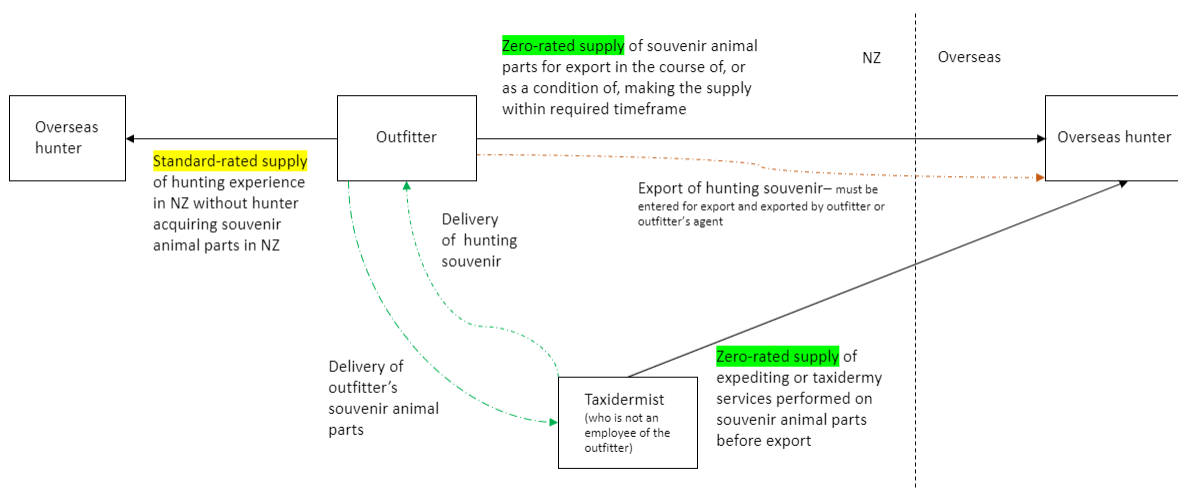
Figure 4: Zero-rated supply of hunting souvenir by an outfitter using an in-house taxidermist



Scenario 5 – Zero-rated supply of souvenir animal parts by an outfitter and zero-rated supply of taxidermy services by a taxidermist

107. In this scenario (illustrated in Figure 5), the outfitter agrees with the overseas hunter to supply and export souvenir animal parts. The overseas hunter also agrees with a taxidermist for the taxidermist to provide taxidermy services on those parts before they are exported by the outfitter to the hunter.
108. The outfitter delivers the souvenir animal parts to the taxidermist, and when the expediting or mounting is completed the taxidermist returns the hunting souvenir to the outfitter. The outfitter then enters the hunting souvenir for export and exports it. The outfitter can zero-rate the amount paid by the hunter in consideration for the supply and export of the souvenir animal parts under s 11(1)(d) or s 11(1)(e). (Where the consideration for that supply forms part of another amount paid by the hunter, only the portion of that amount that is attributable to the exported souvenir animal parts can be zero-rated. See further at [113].)
109. The taxidermist can also zero-rate their supply of taxidermy services to the overseas hunter under s 11A(1)(m). This is because the taxidermy services are supplied to the non-resident, are performed when the non-resident is outside New Zealand, and are in connection with the outfitter’s zero-rated supply of the souvenir animal parts for export.
110. The taxidermist could enter the hunting souvenir for export and export it as the outfitter’s agent, but to ensure zero-rating this agency relationship must be supported by the facts, and by the legal relationships between them. If an agency relationship cannot be established between the taxidermist and the outfitter, then neither the supply of the souvenir animal parts nor the supply of the taxidermy services can be zero-rated as the hunting souvenir will not have been entered for export and exported by the outfitter, and so the s 11 zero-rating requirements are not met (see *Case P55*).

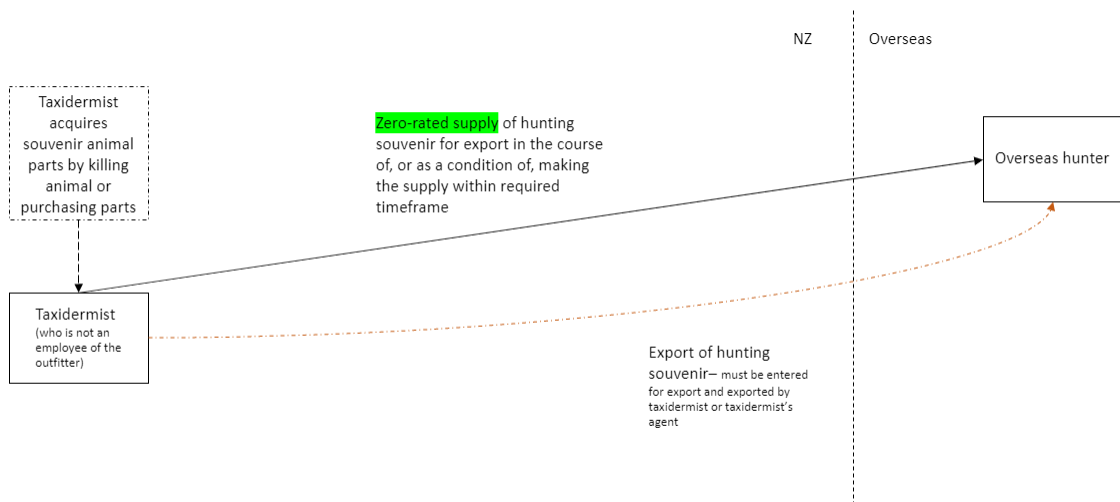
Figure 5: Zero-rated supply of souvenir animal parts by an outfitter and zero-rated supply of taxidermy services by a taxidermist



Scenario 6 – Zero-rated supply of hunting souvenir by a taxidermist

- 111. In this scenario (illustrated in Figure 6), a taxidermist makes a zero-rated supply of a good to an overseas hunter, rather than a supply of services. The situation envisaged is where a taxidermist performs taxidermy for their own account and sells hunting souvenirs to overseas customers. The taxidermist may purchase unwanted souvenir animal parts from an outfitter.
- 112. The supply of souvenir animal parts by the outfitter to the taxidermist would be a standard-rated supply of a good in New Zealand. The supply and export of the hunting souvenir by the taxidermist to an overseas hunter would be a zero-rated supply of a good entered for export under s 11(1)(d) or s 11(1)(e).

Figure 6: Zero-rated supply of hunting souvenir by a taxidermist



Valuation of supplies

113. Valuation of GST supplies is particularly important where a supplier is making a mixture of standard-rated and zero-rated supplies to an overseas person. The value attached to those separate supplies for GST purposes should properly represent the consideration paid for those separate supplies of goods and services.
114. In the hunting industry, an outfitter may agree to supply a hunting experience in New Zealand to an overseas hunter and to export souvenir animal parts or a hunting souvenir in the course of or as a condition of that supply. That is, the outfitter makes both standard-rated and zero-rated supplies to the overseas hunter.
115. The value of a GST supply is determined by reference to the consideration agreed between the parties. Section 10 sets out how to determine the value of a supply in various situations but typically, where that consideration is in money, the consideration is the amount of money the customer agrees to pay the supplier for the supply. Section 10(2)(a) provides:

10 Value of supply of goods and services

- (1) For the purposes of this Act the following provisions of this section shall apply for determining the value of any supply of goods and services.
- (2) Subject to this section, the value of a supply of goods and services shall be such amount as, with the addition of the tax charged, is equal to the aggregate of,—
- (a) to the extent that the consideration for the supply is consideration in money, the amount of the money:

116. "Consideration" and "consideration in money" are defined in s 2:

consideration, in relation to the supply of goods and services to any person, includes any payment made or any act or forbearance, whether or not voluntary, in respect of, in response to, or for the inducement of, the supply of any goods and services, whether by that person or by any other person; but does not include any payment made by any person as an unconditional gift to any non-profit body

consideration in money includes consideration expressed as an amount of money

117. The Commissioner cannot interfere in commercial arrangements simply because the consideration for a supply appears to be too high or a transaction appears to be a poor deal. However, the onus is on the taxpayer to be able to show the Commissioner that a payment has been made in respect of, in response to, or for the inducement of, a supply. If the Commissioner is concerned that artificial or contrived pricing is occurring that alters the incidence of tax, then there may be grounds for the transaction to be reviewed.
118. The amount of money received by an outfitter is usually calculated by reference to the number of days hunting, the number of nights of meals and accommodation and the number, breed and quality of animals hunted and killed by the overseas hunter (that is, the "trophy fees"). It will also include additional amounts for items such as transport and, use of firearms.
119. On occasions, overseas hunters may have been charged GST at the standard rate on the hunting experience in New Zealand, and then the amount referred to as "trophy fees" by the industry has been zero-rated when some souvenir animal parts or a hunting souvenir has been exported. This is based on the assumption that a "trophy fee" is consideration only for the supply of goods being exported.

120. The Commissioner considers the better view is that a trophy fee is what a hunter pays for the opportunity to hunt and kill a particular breed and quality of animal, and, if the hunt is successful and some souvenir animal parts are recoverable, in the absence of any other arrangement, the hunter would also expect to pay for the souvenir animal parts. Accordingly, a trophy fee is in respect of, in response to, or for the inducement of both the outfitter's separate GST supplies (that is, the hunting experience in New Zealand and souvenir animal parts), and not only for the outfitter's supply of souvenir animal parts for export.
121. This conclusion is supported by the facts:
- trophy fees are payable by the hunter even if the outfitter does not agree to export any souvenir animal parts from a recovered animal or a hunting souvenir (for example, where souvenir animal parts are supplied to the hunter in New Zealand, where the souvenir animal parts are retained by the outfitter, or where killed animals are unrecoverable); and
 - where an outfitter agrees to supply and export a hunting souvenir using souvenir animal parts, usually some further consideration (in addition to the amounts already agreed) is negotiated to take account of the outfitter's expediting and taxidermy services in connection with that supply.
122. In the Commissioner's view, a hunter does not pay a trophy fee only to obtain the souvenir animal parts. If that were the case, an overseas hunter could simply arrange to purchase souvenir animal parts or a hunting souvenir without attending the hunt. Rather, in the Commissioner's opinion the hunter wants both the experience and opportunity to hunt and kill a particular breed and quality of animal in New Zealand and to obtain souvenir animal parts to take home from their hunt. Some overseas hunters may value the souvenir animal parts more than the New Zealand hunting experience, while other hunters may be more interested in the hunting experience.
123. Therefore, it is appropriate for some of a trophy fee, as that term is used in the industry, to be recognised as being paid in respect of, in response to, or for the inducement of, or the consideration for, an element of the supply of the hunting experience in New Zealand (that is, the opportunity to hunt and kill a particular breed and quality of animal). The balance of the trophy fee is to be treated as consideration for the supply (and sometimes, export) of souvenir animal parts.
124. The Commissioner has issued a Commissioners Statement CS20/02: *Trophy hunting and the GST treatment of the "Trophy Fee"* to assist outfitters determine a reasonable proportion of a trophy fee to be allocated to the supply of souvenir animal parts for export. The Commissioner has established some standard apportionment percentages for each type of trophy hunting animal in New Zealand. The percentages are intended to recognise the increasing value to the hunter of souvenir animal parts and hunting souvenirs as the quality and "uniqueness" of the trophy hunting animals increases. Outfitters may use these percentages to apportion their trophy fees when they export souvenir animal parts or hunting souvenirs, and those valuations will be accepted by the Commissioner. The use of these percentages is optional. Where an outfitter wishes to attribute a greater proportion of a trophy fee to the zero-rated supply than the standard percentages provide for, they will need to satisfy the Commissioner that their valuation is reasonable. The onus is on the outfitter to do so.

Deposits and the time of supply

125. In the hunting industry, establishing the GST “time of supply” is important because it:
- determines the taxable period in which the supplier (that is, the outfitter or the taxidermist) must account for output tax (see s 20(4));
 - triggers the beginning of the period within which the trophy must be exported if the supply is to be zero-rated under s 11(1)(d) or s 11(1)(e)(see s 11(4)); and
 - sets the date on which transactions denominated in foreign currency amounts are to be converted to New Zealand dollars (see s 77).
126. Generally, the time of supply is determined by s 9(1). Section 9(1) provides that a supply is deemed to take place at *the earlier of the time*:
- an invoice is issued by the supplier or the customer for that supply; or
 - any payment is received by the supplier for that supply.
127. A deposit constitutes “any payment”. Where a supplier receives a deposit under a contract, the time of supply will be triggered under s 9(1). This will be so even if the goods or services have not been physically supplied or performed at that time.
128. At the time of booking, an outfitter will usually offer an overseas hunter a hunting package or a hunt based on a pre-set price list. In reality, that price is usually only an estimate, with the final price of any hunt not being calculated until the end of the hunt based on the number of days the hunter spends hunting, the quantity, breed and quality of the animals hunted and killed by the hunter and any additional goods or services supplied by the outfitter over the hunt’s duration. The overseas hunter pays the outfitter a deposit at the time of booking (and sometimes a further deposit closer to the hunt date) that is calculated either as a fixed amount or is based on a percentage of the estimated price of the hunt. A final payment is made at the completion of the hunt when all the prices are known.
129. Because the hunting package price is only an estimate at the time the deposit is paid, the outfitter does not know exactly how much output tax they are required to pay. In that situation, the special rule in s 9(6) will apply to determine the time of supply. Section 9(6) provides a method for suppliers to account for GST on supplies of goods and services where the total consideration payable (and therefore the amount of GST that must be accounted for) is not known at the time of supply. A supply is deemed to take place, to the extent of the estimated price, *at the earlier of* when:
- a payment of the estimated price becomes due or is received; or
 - the supplier or customer issues an invoice for the estimated price.
130. This means when a deposit for the estimated price becomes due or is received by the outfitter, the supply to the extent of the estimated price is deemed to take place for GST purposes. The amount of GST output tax that the outfitter is required to account for at that time depends on whether they are registered for GST on the invoice basis, payments basis or hybrid basis, and whether the supply is standard-rated or zero-rated. The outfitter should calculate the GST output tax on the basis that any souvenir animal parts or hunting souvenirs included in a

package will be exported, if that is what has been agreed with the hunter. If the invoice basis is used, output tax is brought to account based on the estimated price in the taxable period in which the deposit is received. If the payments basis is used, output tax is brought to account only to the extent of the deposit relating to the standard-rated supply in the taxable period in which it is received. If the hybrid basis is used, output tax is brought to account on an invoice basis.

131. The output tax payable on the final payment will be brought to account *at the earlier of* when it becomes due or is received by the outfitter or the outfitter issues an invoice for final payment. This will generally be after the completion of the hunt.

Overseas intermediaries

132. Often New Zealand outfitters travel overseas to trade fairs and hunting conventions to seek new customers and sell their hunting experiences. Sometimes New Zealand outfitters will engage the services of an overseas intermediary to sell hunting packages for them. The intermediary might collect deposits from overseas hunters who make hunt bookings and remit these to the New Zealand outfitters. Depending on the contractual arrangements between the parties, sometimes these intermediaries sell the hunting packages on a commission basis, deducting their commission from the hunter's deposit before remitting it to the New Zealand outfitter.
133. For GST purposes, where the intermediary is acting as the commission agent of the New Zealand outfitter, the New Zealand outfitter must return GST output tax on the full estimated price of the hunting package for GST purposes, before deduction of any agent's commission.
134. Where a deposit is paid for a hunt, and the deposit is received by the intermediary from the overseas hunter, then the date on which the intermediary receives the deposit (and not the outfitter) will determine the GST time of supply. The situation is different where the intermediary receives the deposit as a stakeholder – then the time of supply is not triggered until the intermediary releases the payment to the outfitter.
135. Further explanation on deposits and the time of supply is in *Interpretation Statement IS 10/03 GST: Time of supply – payments of deposits, including to a stakeholder* (2010, Inland Revenue), which is available on the Inland Revenue website.

Extensions of time for export of souvenir animal parts or hunting souvenirs

136. Generally, goods must be exported within 28 days of the "time of supply" for their supply to be zero-rated (see s 11(4)). However, on application by the supplier of the goods, the Commissioner may extend that qualifying period if circumstances beyond the control of the supplier and the customer prevent the goods or a class of the goods being exported within the 28 days or, due to the nature of the supply, it is not practicable for the goods to be exported within 28 days of the "time of supply" (see s 11(5)).
137. The Commissioner accepts that, generally, it is not practicable for souvenir animal parts or hunting souvenirs to be exported within 28 days of the time of supply.

Therefore, on application, the Commissioner may grant a supplier an extension of time for the export of a specific supply of goods, or if the Commissioner determines it is appropriate in the circumstances may, on application, grant a supplier an extension of time for multiple future supplies of souvenir animal parts or hunting souvenirs for export by the supplier.

138. All applications for extensions of the 28-day period for exports of souvenir animal parts or hunting souvenirs by New Zealand outfitters under Scenarios 3 to 5, or exports of hunting souvenirs by New Zealand taxidermists under Scenario 6, should be emailed to GSTexportextensions@ird.govt.nz. Outfitters and taxidermists relying on time extension arrangements applied for and granted before the publication of this Interpretation Statement should re-apply to Inland Revenue, to check that the extension continues to be appropriate for their circumstances. Applications should include relevant documentation (such as the supply contract and the anticipated period of time required for the taxidermy services to be completed and for the goods to be exported). The application must be made before the end of the 28-day period for the relevant supply of goods.
139. The Commissioner will not approve applications for extensions of the 28-day period from taxidermists who are performing taxidermy services in New Zealand on souvenir animal parts being supplied by the outfitter (unless they are acting as the outfitter's agent). This is because the exporter of the goods is the outfitter. However, if an extension is granted to the outfitter for the supply, the Commissioner accepts that the taxidermist may use the outfitter's extension to zero-rate their services but only if the requirements of s 11A(1)(m) are met.
140. A taxidermist who is acting as the outfitter's agent may make an application on behalf of the outfitter for an extension of time for goods being exported by the outfitter. However, whether the taxidermist is acting as the agent of the outfitter will depend on the legal arrangements entered into and carried out by the parties. Therefore, a copy of the agreement appointing the taxidermist as the outfitter's agent in that matter should be included with the other relevant documentation when making an application.

Examples

141. The following examples explain the practical application of the GST zero-rating rules to supplies made by outfitters and taxidermists to overseas hunters.

Example 1 – Free-range tahr and chamois hunting trip

142. While attending a hunting convention in Las Vegas, Dwayne Redding, a Canadian hunter, meets Tom Bloke a New Zealand outfitter and the owner of Chamois Downs Ltd. Dwayne is so impressed with Tom's operation he asks about booking a four-day wilderness hunt with Tom at Chamois Downs the following season, targeting free-range tahr and chamois.
143. Tom offers Dwayne the Chamois Downs' Wilderness Hunt package and notes that the package includes:
- guiding;
 - the opportunity to kill one tahr and one chamois;
 - fully catered accommodation;
 - transfers to and from Queenstown;
 - use of firearms;
 - field preparation of any recoverable killed game animals; and
 - transport.
144. The package does not include any agreement for Tom to export souvenir animal parts or hunting souvenirs overseas to Dwayne in the course of, or as a condition of, the supply. The package is priced at NZ\$8,000 excluding GST.
145. On 1 February 2018, Dwayne pays a 30% deposit (NZ\$2,400) to secure his booking on the understanding that the final amount payable will be calculated at the conclusion of his hunt, based on the quantity, size and breeds of animals he actually kills and any additional services he enjoys during his stay.
146. The following year Dwayne enjoys four days hunting at Chamois Downs. Tom recovers the head and cape from a tahr and a chamois killed by Dwayne as part of the package. Tom also recovers a red deer stag killed by Dwayne. In addition, Chamois Downs organises a 30-minute scenic helicopter flight for Dwayne.
147. Chamois Downs calculates, based on its price list, that Dwayne owes a final amount of NZ\$14,850 including GST, on top of the 30% deposit he paid the previous year. On 25 April 2019, Chamois Downs prepares a GST invoice for Dwayne.



Chamois Downs High Country Station Road Central Otago GST No: 12-345-000		TAX INVOICE	
TO: Dwayne Redding 1 Maple Ave Vancouver 91210 Canada		INVOICE # 85 DATE: 25 APRIL 2019	
DESCRIPTION	TOTAL		
4-day Wilderness Hunt Package	8,000		
1 free-range red deer stag 320 SCI	6,000		
30-minute scenic helicopter ride	1,000		
SUBTOTAL		15,000	
GST AT 15%		2,250	
LESS DEPOSIT PAID ON 1 FEBRUARY 2018		-2,400	
TOTAL DUE		\$14,850	
(Note: all amounts in this invoice are NZ dollars)			

148. All the goods and services supplied by Chamois Downs to Dwayne are consumed by Dwayne in New Zealand. Chamois Downs does not export any goods to Dwayne overseas. Accordingly, all the elements of the supply are standard-rated for GST purposes.
149. Chamois Downs accounts for GST on a payments basis. This means Tom must account for the GST output tax of \$2,250 at two different times:
- First, Tom must account for output tax of \$313.04 on the \$2,400 deposit in the GST period in which Chamois Downs receives the deposit from Dwayne.
 - Then, the remaining GST output tax of \$1,936.96 must be returned in the GST period when Dwayne’s final payment is received.

Example 2 – Supply of taxidermy services to overseas hunter

- 150. Dwayne engages Gold Town Taxidermy Ltd near Queenstown to expedite and mount his three heads and capes as hunting souvenirs and export them to him. Chamois Downs agrees to deliver the heads and capes to Gold Town Taxidermy for Dwayne.
- 151. Gold Town Taxidermy offers its overseas clients, such as Dwayne, a full taxidermy mounting service, including crating and packing. On receiving Dwayne’s three heads from Chamois Downs, Gold Town Taxidermy processes and treats them before incorporating the treated skins and horns with other taxidermy components to create an artistic life-like rendering of the animals.
- 152. Once the hunting souvenirs are completed, Gold Town Taxidermy crates and packs them ready for collection by Dwayne’s shipping agent. The crated hunting souvenirs are collected from Gold Town Taxidermy by Mega Freight Ltd, which arranges for the hunting souvenirs to be exported to Dwayne.
- 153. There is no supply of goods by Gold Town Taxidermy to Dwayne, only a supply of services. The supply of the taxidermy components that are incorporated with the treated skins and horns are ancillary to the supply of the taxidermy services, so are not a separate supply from the supply of taxidermy services, which is the dominant supply.
- 154. The taxidermy services and the packing and crating service are a single supply by Gold Town Taxidermy. The services are provided in New Zealand on property situated in New Zealand, so must be standard-rated.

Gold Town Taxidermy Frankton Road Queenstown Central Otago GST No: 12-345-987 TO: Dwayne Redding 1 Maple Ave Vancouver 91210 Canada		TAX INVOICE INVOICE # 100 DATE: 17 AUGUST 2019
DESCRIPTION	TOTAL	
To expedite and mount heads and capes from one tahr, one chamois and one red deer stag and pack ready for export overseas		
Taxidermy services	2,500	
Consumables	120	
Crating and packing services	180	
SUBTOTAL	2,800	
GST AT 15%	420	
TOTAL DUE	3,220	

(Note: all amounts in this invoice are NZ dollars)

- 155. The services provided by Mega Freight to Dwayne in collecting the hunting souvenirs from Gold Town Taxidermy and exporting them to Dwayne are zero-rated under ss 11A(1)(a), (c) and (d).

Example 3 – Game estate outfitter supplies complete hunting package to overseas hunter

156. At the Nevada Hunting and Safari Show in July 2018, Maria McCarthy, a United States hunter, purchases a Silver Medal Red Deer hunting package with Hunt Away Tourism Ltd, a New Zealand game estate operator. The agreed purchase price of the package is NZ\$20,000 inclusive of any GST, and Maria pays Hunt Away Tourism's agent in Nevada a deposit of NZ\$4,000 to secure her booking of the hunt. The Nevada agent is busy and remits Maria's deposit to Hunt Away Tourism, less his commission of NZ\$1,500, three months after the Hunting and Safari Show.
157. The Silver Medal Red Deer hunting package includes:
- one estate red deer stag (Safari Club International 340 - 379);
 - four nights fully-catered accommodation at Hunt Away Lodge;
 - professional guiding;
 - assessment of the red deer stag by a Safari Club International-qualified measurer;
 - return transfers between Hunt Away Lodge and Christchurch Airport;
 - use of firearms, and
 - a full in-house taxidermy service.
158. The agreement between Hunt Away Tourism and Maria specifies that after her hunt the souvenir animal parts from the animal she kills will be expedited, crated and then exported to her in the United States. Maria will pay separately for the international freight charges.
159. Even though Maria purchases the package in the United States through a United States agent, the GST rules still apply to the supplies being made by the outfitter. The place where the contract is entered into or where payment is made is not relevant to the GST treatment of the supply.
160. Hunt Away Tourism recognises that the sale of the Silver Medal Red Deer hunting package comprises the supply of several different elements for GST purposes. For GST the elements supplied are:
- the supply of the hunting experience in New Zealand, including:
 - the opportunity to hunt and kill a silver medal red deer stag;
 - professional guiding;
 - transport for the hunter and guide;
 - use of firearms;
 - SCI-measurer services;
 - meals, accommodation and airport transfers; and
 - the supply for export of expedited souvenir animal parts.
161. The supply of the hunting experience is a single composite supply for GST purposes. That supply (and all its elements) are standard-rated for GST

purposes because the goods and services are supplied in New Zealand to Maria while she is in New Zealand.

162. Hunt Away Tourism agrees to export the expedited souvenir animal parts to Maria overseas in the course of, or as a condition of, the supply. This supply is treated as a separate supply for GST purposes from the supply of the other elements of the transaction. The supply of the expedited souvenir animal parts can be zero-rated providing they are exported within the requisite time for zero-rating. Previously Hunt Away Tourism has applied for and been granted a time extension for exporting expedited souvenir animal parts from the time of supply to the date the expedited souvenir animal parts are exported.
163. Because Hunt Away Tourism accounts for GST on an invoice basis and because the time of supply for the hunt was triggered when their Nevada agent received Maria's deposit for the hunt package (and not when the agent remitted the deposit to them), Hunt Away Tourism must account for GST output tax on the standard-rated portion of the NZ\$20,000 purchase price in the GST period in which the Nevada agent received the deposit. No deduction is made to the purchase price for the commission paid to the Nevada agent.
164. Maria hunts and kills a silver medal red deer stag with an SCI score of 365. The guides recover the stag's antlers, head and cape. They are suitable for mounting and so are delivered to Hunt Away Tourism's in-house taxidermist for expediting. Hunt Away Tourism then invoices Maria for the hunt package:

Hunt Away Tourism Limited		TAX INVOICE	
Lake Road Twizel South Canterbury		INVOICE # 254 DATE: 31 MAY 2019	
GST No: 12-123-123			
TO: Maria McCarthy 11 Cactus Grove Nevada 91210 USA			
DESCRIPTION			TOTAL
Silver Medal Red Deer package:			
Supply of hunting experience in New Zealand	13,043.48		
GST at 15%	1,956.52		
			15,000.00
Supply of expedited souvenir animal parts for export			
Souvenir animal parts (50% of trophy fee of NZ\$9,000)	4,500.00		
Expediting and crating services	500.00		
GST at 0%	0.00		5,000.00
		SUBTOTAL	20,000.00
		LESS DEPOSIT PAID TO AGENT	-4,000.00
		TOTAL DUE	16,000.00

(Note: all amounts in this invoice are NZ dollars)

165. The portion of the package price attributable to the supply and export of the expedited souvenir animal parts is zero-rated, but the remainder of the package price is standard-rated. To determine the portion of the total package price that can be zero-rated Hunt Away Tourism uses the trophy fee quoted in its current price list for a red deer stag with a SCI score of 340 – 379 (NZ\$9,000) and apportions that trophy fee by applying the 50% apportionment percentage

recommended in the Commissioner's Statement for a red deer with an SCI score below 400 (see CS 20/02).

166. Several months later, but before the time extension expires the expedited souvenir animal parts are crated and ready for shipping. Hunt Away Tourism engages Mega Freight as its agent to export the parts to Maria in the United States. Mega Freight collects the crate, enters it for export with the New Zealand Customs Service as agent for Hunt Away Tourism, delivers it to the international airport and arranges for it to be shipped to Maria. The supply of these services by Mega Freight are zero-rated under s 11A(1)(d).

Example 4 – Outfitter supplies hunt and souvenir animal parts for export to overseas hunter; independent taxidermist supplies taxidermy services to overseas hunter

167. Bruce Murphy, an Australian hunter, books a hunt with Lonely World Hunting Ltd using their website. The booking is for four days hunting and three nights' accommodation and meals in Faraway Lodge. In addition to the hunting and accommodation charges, Bruce agrees to pay a trophy fee for each animal he kills while hunting. The trophy fees are based on Lonely World Hunting's price list. Bruce pays Lonely World Hunting a deposit of NZ\$1,200 to secure his booking.
168. Bruce hunts and kills a red deer stag and an Arapawa ram. Lonely World Hunting agrees to export the souvenir animal parts in the course of, or as a condition of, the supply on the understanding that Bruce has arranged for Furs n Spurs Taxidermists to mount them ready for export. Lonely World Hunting invoices Bruce for the hunting experience in New Zealand and for the animals killed:

Lonely World Hunting Limited

Main Road
Mangakino
Central North Island

GST No: 12-789-456

TO:
Bruce Murphy
7 Myrtle Place
Adelaide
South Australia

TAX INVOICE

INVOICE # 714
DATE: 12 MARCH 2019

DESCRIPTION			TOTAL
<i>Hunting experience in New Zealand</i>			
4 days hunting and guiding	2,600		
3 nights accommodation and meals in Faraway Lodge	900		
Transfers to and from Auckland International Airport	500		
1 Red Deer SCI 410 (25% of trophy fee of NZ\$13,000 standard rated)	3,250		
1 Arapawa Ram (75% of trophy fee of NZ\$1,500 standard rated)	1,125		
Scenic helicopter flight – 30 minutes	1,250		
		9,625.00	
Plus GST @ 15%		1,443.75	
			11,068.75
<i>Souvenir animal parts for export to Australia</i>			
1 Red Deer SCI 410 (75% of trophy fee of NZ\$13,000 zero-rated)	9,750		
1 Arapawa Ram (25% of trophy fee of NZ\$1,500 zero-rated)	375		
		10,125.00	
Plus GST @ 0%		0.00	
			10,125.00
		SUBTOTAL	21,193.75
		LESS DEPOSIT PAID	-1,200.00
		TOTAL DUE	19,993.75

(Note: all amounts in this invoice are NZ dollars)

169. A portion of each trophy fee attributable to the export of the souvenir animal parts in the course of, or as a condition of, the supply is zero-rated. The remaining portion of each trophy fee is standard-rated. To determine the portion of each trophy fee that can be zero-rated Hunt Away Tourism applies the recommended apportionment percentage for each animal as set out in the Commissioner's Statement for apportioning the value of a trophy fee (see CS 20/02).
170. Lonely World Hunting delivers the souvenir animal parts to Furs n Spurs Taxidermists. Four months later, Furs n Spurs Taxidermists lets Lonely World Hunting know that the hunting souvenirs are crated and ready for exporting. Furs n Spurs Taxidermists issues an invoice to Bruce for NZ\$1,700 inclusive of GST at 0% for its taxidermy and packing services.

Furs n Spurs Taxidermy		TAX INVOICE	
Lake Front Road Taupo		INVOICE # 1542 DATE: 17 JULY 2019	
GST No: 21-543-987			
TO:			
Bruce Murphy 7 Myrtle Place Adelaide South Australia			
DESCRIPTION	TOTAL		
To mount one red deer stag head and cape, one Arapawa ram and pack ready for shipping			
Taxidermy services	900.00		
Consumables	500.00		
Crating and packing services	300.00		
		SUBTOTAL	1,700.00
		GST AT 0%	0.00
		TOTAL DUE	1,700.00
<small>(Note: all amounts in this invoice are NZ dollars)</small>			

171. Lonely World Hunting then engages Tasman Freight as its agent to enter the hunting souvenirs for export to Bruce in Australia. Tasman Freight collects the crate from Furs n Spurs Taxidermists, enters it for export with New Zealand Customs as agent for Lonely World Hunting, and arranges for it to be shipped to Bruce.
172. As the agent of Lonely World Hunting, Tasman Freight invoices Bruce for transporting the hunting souvenirs to Auckland International Airport, arranging shipping and insurance, and completing the export procedures. The supply of these services by Tasman Freight is zero-rated under s 11A(1)(d).
173. Tasman Freight records the value of the hunting souvenirs for New Zealand customs purposes at its free-on-board value of \$12,125 – being the value of the souvenir animal parts (\$10,125) plus the taxidermy costs (\$1,700) plus \$300 for transporting the hunting souvenir to Auckland International Airport and arranging its shipping and insurance. The cost of shipping to Australia is not included in the free-on-board value.

References

Subject references

Exported goods
Exported services
GST
Hunting
Taxidermy
Zero-rating

Legislative references

Goods and Services Tax Act 1985, ss 2 ("consideration" and "consideration in money"), 8, 9(1) and (6), 10, 11, 11A, 76, 77
Wild Animal Control Act 1977, s 9

Replaced public statements

"Trophies and animal products derived from the tourist, hunting and safari industry – zero-rating under GST" *Tax Information Bulletin* Vol 9, No 6 (June 1997): 1
"Trophies and animal products derived from the tourist, hunting and safari industry – zero-rating under GST" *Tax Information Bulletin* Vol 15, No 7 (July 2003): 23
"QWBA 07/04: Trophies and animal products derived from the tourist, hunting and safari industry that are to be mounted in New Zealand – zero-rating" *Tax Information Bulletin* Vol 19, No 7 (August 2007): 19

Case references

Auckland Institute of Studies Ltd v CIR (2002) 20 NZTC 17,685 (HC)
Case 4/2013 (2013) 26 NZTC 16,027
Case P55 (1992) 14 NZTC 4,382 (TRA)
CIR v Gulf Harbour Development Ltd (2004) 21 NZTC 18,915 (CA)
Hawkins Taxidermists of Canada Ltd v Canada [2005] TCJ No 308 (TCC)
Marac Life Assurance Ltd v CIR (1986) 8 NZTC 5,086 (CA)
Moher v Wildlife Originals by Clarence Kriaski [2019] AJ No. 16
Robertson v Canada [2002] TCJ No 48 (TCC)
Robinson v Graves [1935] 1 KB 579
Whyte v Owl Electrical (1988) Limited [1995] 6 TCLR 299

Other references

Commissioner's Statement CS 20/02: Trophy hunting and the GST treatment of the "Trophy Fee" (2020, Inland Revenue)
"IS 10/03 GST: Time of supply – payments of deposits, including to a stakeholder" *Tax Information Bulletin* Vol 22, No 6 (July 2010): 7
"IS 18/04: Goods and services tax – single supply or multiple supplies" *Tax Information Bulletin* Vol 30, No 10 (November 2018): 5

Appendix – Legislation

Goods and Services Tax Act 1985

1. “Consideration” and “consideration in money” are defined in s 2:

consideration, in relation to the supply of goods and services to any person, includes any payment made or any act or forbearance, whether or not voluntary, in respect of, in response to, or for the inducement of, the supply of any goods and services, whether by that person or by any other person; but does not include any payment made by any person as an unconditional gift to any non-profit body

consideration in money includes consideration expressed as an amount of money

2. Section 8(1) and (2) provides:

8 Imposition of goods and services tax on supply

- (1) Subject to this Act, a tax, to be known as goods and services tax, shall be charged in accordance with the provisions of this Act at the rate of 15% on the supply (but not including an exempt supply) in New Zealand of goods and services, on or after 1 October 1986, by a registered person in the course or furtherance of a taxable activity carried on by that person, by reference to the value of that supply.
- (2) For the purposes of this Act, goods and services shall be deemed to be supplied in New Zealand if the supplier is resident in New Zealand, and shall be deemed to be supplied outside New Zealand if the supplier is a non-resident.

3. Section 9(1) and (6) provides:

9 Time of supply

- (1) Subject to this Act, for the purposes of this Act a supply of goods and services shall be deemed to take place at the earlier of the time an invoice is issued by the supplier or the recipient or the time any payment is received by the supplier, in respect of that supply.
- (6) Subject to subsections (2)(a) and (3), where the whole of the consideration (the **price**) for a supply under an agreement is not determined at the time of the agreement, and a supply is made under the agreement before the price is determined, the supply is deemed to take place, to the extent of a part of the price, at the earlier of when—
- (a) a payment of the part of the price becomes due or is received:
- (b) the supplier or recipient issues an invoice for the part of the price.

4. Section 10(2) provides:

- (2) Subject to this section, the value of a supply of goods and services shall be such amount as, with the addition of the tax charged, is equal to the aggregate of,—
- (a) to the extent that the consideration for the supply is consideration in money, the amount of the money:
- (b) to the extent that the consideration for the supply is not consideration in money,—
- (i) the open market value of that consideration, if subparagraph (ii) does not apply; or
- (ii) the value of the consideration agreed by the supplier and the recipient, if subsection (2B) applies.

5. Section 11(1)(a) to (eb) provides:

11 Zero-rating of goods

- (1) A supply of goods that is chargeable with tax under section 8 must be charged at the rate of 0% in the following situations:
- (a) the supplier has entered the goods for export under the Customs and Excise Act 1996 and the goods have been exported by the supplier; or
 - (b) the goods have been deemed to be entered for export under the Customs and Excise Act 1996 and the goods have been exported by the supplier; or
 - (c) the supplier has satisfied the Commissioner that the goods have been exported by the supplier to a place outside New Zealand; or
 - (d) subject to subsection (4), the supplier will enter the goods for export under the Customs and Excise Act 1996 in the course of, or as a condition of, making the supply, and will export the goods; or
 - (e) subject to subsection (4), the goods will be deemed to be entered for export under the Customs and Excise Act 1996 and will be exported by the supplier in the course of, or as a condition of, making the supply; or
 - (eb) subject to subsection (4), the goods supplied—
 - (i) are supplied to a recipient who is a non-resident; and
 - (ii) have been entered for export under the Customs and Excise Act 1996 by the supplier or will be entered for export by the supplier in the course of or as a condition of making the supply; and
 - (iii) are exported by the recipient; and
 - (iv) are not intended by the recipient for later importation into New Zealand for use other than in making taxable supplies or exempt supplies, with the absence of such an intention being confirmed by the recipient in a document retained by the supplier; and
 - (v) are not used or altered by the recipient before being exported, except to the extent necessary to prepare the goods for export; and
 - (vi) leave New Zealand under an arrangement agreed by the supplier and the recipient at or before the time of the supply; and
 - (vii) do not leave New Zealand in the possession of a passenger or crew member of an aircraft or ship; or

6. Section 11(4) and (5) provide:

- (4) If subsection (1)(d), (e), or (eb) applies and the person required to export the goods does not do so within 28 days beginning on the day of the time of supply or a longer period that the Commissioner has allowed under subsection (5), the supply of the goods must be charged with tax at the rate specified in section 8 despite subsection (1)(d), (e), and (eb) but subject to subsection (1)(a), (1)(b) and subsection (5).
- (5) The Commissioner may extend the 28-day period before a supply of goods is charged with tax at the rate specified in section 8 if the Commissioner has determined, after the supplier has applied, that—
 - (a) circumstances beyond the control of the supplier and the recipient have prevented, or will prevent, the export of the goods within 28 days beginning on the day of the time of supply; or
 - (b) due to the nature of the supply, it is not practicable for the supplier to export the goods, or a class of the goods, within 28 days beginning on the day of the time of supply.

7. Section 11A(1)(a), (c), (d), (k) and (m) provides:

11A Zero-rating of services

- (1) A supply of services that is chargeable with tax under section 8 must be charged at the rate of 0% in the following situations:
- (a) the services, not being ancillary transport activities such as loading, unloading and handling, are the transport of passengers or goods—
 - (i) from a place outside New Zealand to another place outside New Zealand; or
 - (ii) from a place in New Zealand to a place outside New Zealand; or
 - (iii) from a place outside New Zealand to a place in New Zealand; or
 - ...
 - (c) the services, including ancillary transport activities such as loading, unloading and handling, are the transport of goods from a place in New Zealand to another place in New Zealand to the extent that the services are supplied by the same supplier as part of the supply of services to which paragraph (a)(ii) or (a)(iii) applies; or
 - ...
 - (d) the services are the insuring, or the arranging of the insurance, or the arranging of the transport of passengers or goods to which any one of paragraphs (a) to (cb) applies; or
 - ...
 - (k) subject to subsection (2), the services are supplied to a person who is a non-resident and who is outside New Zealand at the time the services are performed, not being services which are—
 - (i) supplied directly in connection with land situated in New Zealand, or with an improvement to such land, or are supplied in connection with such land or improvement and are intended to enable or assist a change in the physical condition, or ownership or other legal status, of the land or improvement; or
 - (ii) supplied directly in connection with moveable personal property, other than choses in action or goods to which paragraph (h) or (i) applies, situated in New Zealand at the time the services are performed; or
 - (iii) the acceptance of an obligation to refrain from carrying on a taxable activity, to the extent to which the activity would have occurred within New Zealand; or
 - ...
 - (m) the services are supplied—
 - (i) directly in connection with goods, the supply of which was subject to any one of section 11(1)(a) to (eb); and
 - (ii) to a recipient who, when the services are performed, is a non-resident and outside New Zealand; or

8. Section 77 provides:**77 New Zealand or foreign currency**

- (1) All amounts of money must, for the purposes of this Act, be expressed in terms of New Zealand currency, and in any case where and to the extent that any such amount is consideration in money for a supply, that amount must be expressed in terms of New Zealand currency as at the time of that supply.
- (2) Despite subsection (1), a non-resident supplier of remote services to which section 8(3)(c) applies may choose to express the amount of consideration in money for their supplies in a foreign currency as at the time of supply.
- (3) A non-resident supplier which makes an election under subsection (2) must, in a return, choose to convert foreign currency amounts into New Zealand currency amounts on—

- (a) the last day of the relevant taxable period; or
 - (b) the earlier of—
 - (i) the date the supplier files their return for the relevant period;
 - (ii) the due date for filing their return for the relevant period; or
 - (c) another date agreed between the supplier and the Commissioner.
- (4) A non-resident supplier may not revoke an election under subsection (2) or (3) until at least 24 months after making the election, unless the Commissioner agrees otherwise.

Wild Animal Control Act 1977

9. Section 9(1) and (2) provides:

9 Ownership of wild animals

- (1) All wild animals shall be the property of the Crown:
- provided that where any wild animal has been lawfully taken or killed or is lawfully held pursuant to this Act, it shall cease to be the property of the Crown, and the animal shall be deemed to be the property of the person by whom it was so taken or killed, or by whom it is held:
- provided also that nothing in this subsection shall have effect so as to impose any obligation or liability on the Crown in respect of damage done by any wild animal.
- (2) The presence of any wild animal on any land confers no right of ownership of the wild animal or its carcass on the owner or occupier of the land unless and until the animal is—
- (a) captured, held, or conveyed under a valid permit issued by the Director-General; or
 - (b) killed by a person who hunts or kills a wild animal on the land with the consent of the owner or occupier; or
 - (c) hunted or killed by the owner or occupier by lawful means; or
 - (d) identified in accordance with an identification system—
 - (i) approved under the National Animal Identification and Tracing Act 2012; or
 - (ii) approved under section 50 of the Biosecurity Act 1993 and approved by the Director-General for the purposes of this Act.