

**EXPOSURE DRAFT - FOR COMMENT AND DISCUSSION ONLY | HUKIHUKI HURANGA
- MŌ TE TĀKUPU ME TE MATAPAKI ANAKE**

Deadline for comment | Aukatinga mō te tākupu: **10 September 2025**

Please quote reference | Whakahuatia te tohutoro: **PUB00514 FS 2**

Send feedback to | Tukuna mai ngā whakahokinga kōrero ki
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DRAFT FACT SHEET | PUKA MEKA

GST – Secondhand goods input tax deduction requirements – summary

Issued | Tukuna: **Issue Date**

PUB00514 FS 2

This fact sheet accompanies PUB00514: GST – Secondhand goods input tax deduction, which discusses the requirements that must be met for a registered person to claim a secondhand goods input tax deduction. This fact sheet is a summary of those requirements

Introduction | Whakataki

1. In calculating the amount of GST payable for a period, a registered person can, if certain requirements are met, claim a deduction for a notional amount of input tax on the purchase of secondhand goods (a secondhand goods input tax deduction). The following is a summary of the requirements.

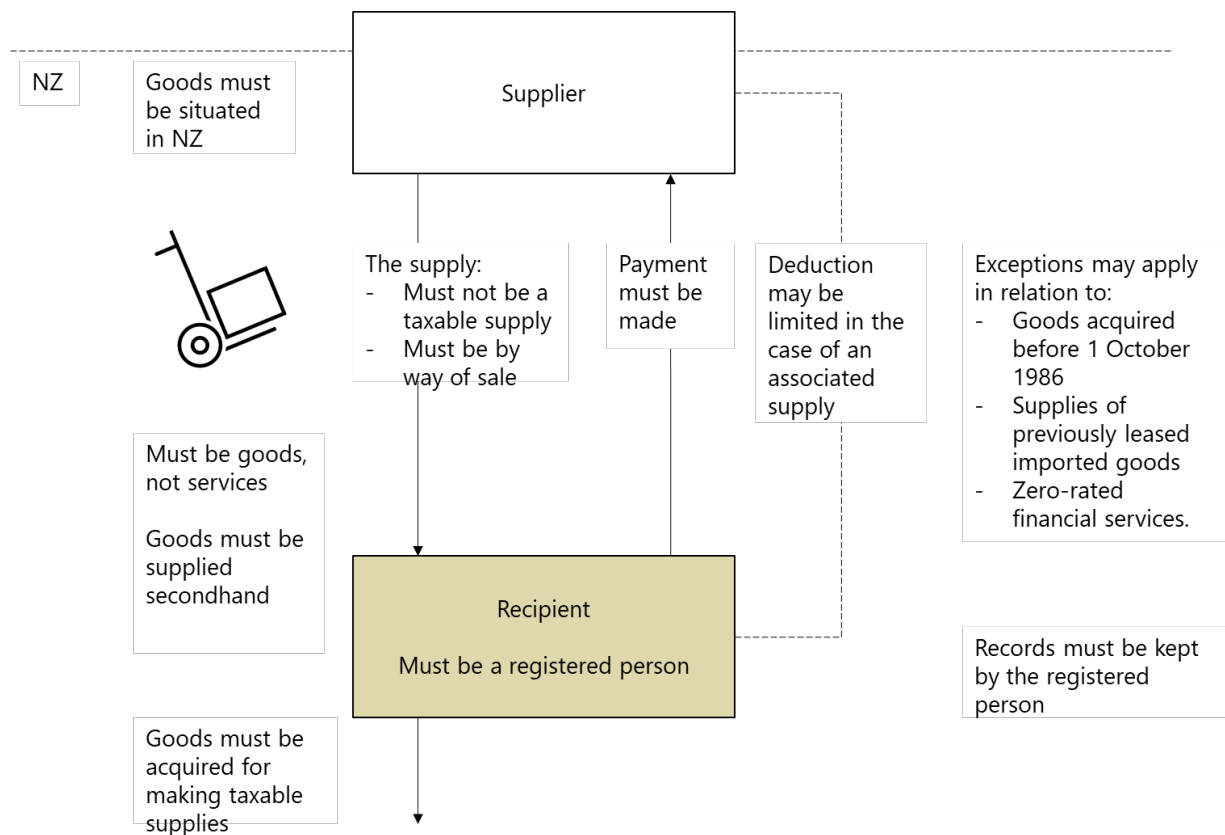
Requirements for secondhand goods input tax deduction

2. The person claiming the input tax deduction must be a registered person.
3. The goods must be acquired for making taxable supplies.
4. The goods acquired must be secondhand goods. Note:
 - "goods" includes land; and
 - "secondhand" means previously used or previously owned, but a good is not secondhand when purchased from the producer (whether directly or through a wholesaler, distributor or retailer).
5. The supply of the goods to the person must have been by way of sale. Note:
 - this excludes a supply by way of lease, distributions to or from the estate of a deceased person, and certain trust distributions and resettlements; and
 - a compulsory acquisition can be a supply by way of sale.
6. The goods must have been "situated in New Zealand" at the time of supply.
7. The supply must not have been a taxable supply. A supply is not a taxable supply if it is:¹
 - not made by a registered person;
 - an exempt supply;
 - not made in the course or furtherance of a taxable activity; or
 - not made in New Zealand.

¹ Definition of "taxable supply" in s 2, and s 8.

8. A payment must have been made for the supply in the taxable period. A secondhand goods input tax deduction in a taxable period is allowed only to the extent that a payment has been made during that taxable period for the supply.
9. Records must be kept of the supplies received.
10. Exceptions, which prevent a secondhand goods input tax deduction, apply in relation to:
 - goods acquired before 1 October 1986;
 - supplies of previously-leased imported goods; and
 - zero-rated financial services.
11. Further, the amount of input tax that can be claimed may be limited if the supplier and recipient are associated.
12. The requirements are illustrated in Diagram | Hoahoa 1.

Diagram | Hoahoa 1 - Requirements





About this document | Mō tēnei tuhinga

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