Inland Revenue
Te Tari Taake

FACT SHEET | PUKA MEKA

GST – Secondhand goods input tax deduction requirements – summary

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IS 25/22 FS 2

This fact sheet accompanies IS 25/22: 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) – see **IS 25/22 FS 1** [add link] GST – Meaning of secondhand for a summary of the meaning of secondhand.
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.

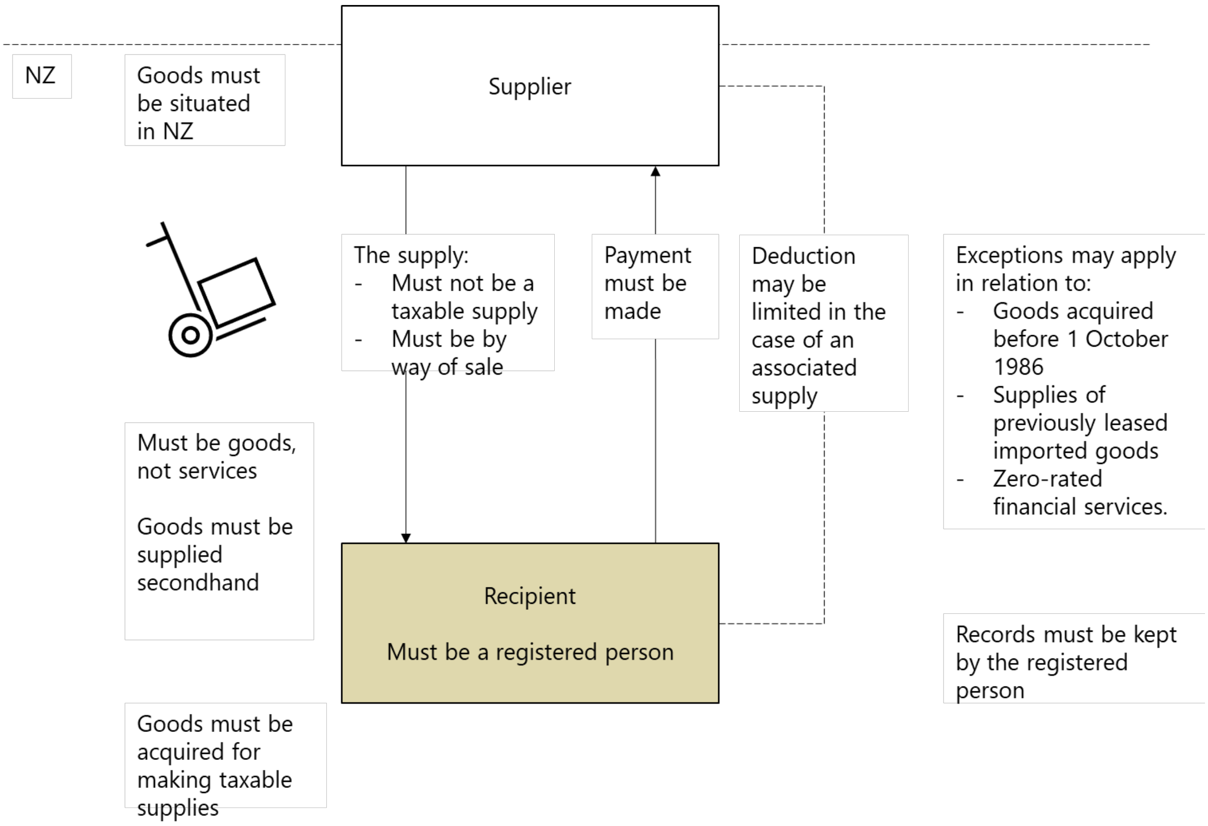
10. Exceptions, which prevent a secondhand goods input tax deduction, apply in relation to:

    - 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. See [IS 25/22 FS 3](#) **GST – secondhand goods input tax deduction – associated person limitation** for a summary of some of the main associated person limitations.

12. The requirements are illustrated in Diagram | Hoahoa 1.

Diagram | Hoahoa 1 - Requirements



About this document | Mō tēnei tuhinga

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