

FACT SHEET | PUKA MEKA

GST – Directors’ fees and board members’ fees

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BR Pub 26/01-26/03 FS

This fact sheet accompanies Public Rulings BR Pub 26/01 to 26/03, which explain the GST treatment of directors’ fees and board members’ fees. This fact sheet summarises the conclusions in those Public Rulings and the associated Commentary.

RELATED DOCUMENTS | TUHINGA WHAI PĀNGA

For more information, see:

- [BR Pub 26/01](#): GST – Directors’ fees;¹
- [BR Pub 26/02](#): GST – Board members’ fees;² and
- [BR Pub 26/03](#): GST – Board members’ fees – where the member is appointed by the Governor-General or Governor-General in Council.³
- [Commentary on the Public Rulings](#).⁴

¹ BR Pub 26/01: GST – Directors’ fees *Tax Information Bulletin* (September 2026).

² BR Pub 26/02: GST – Board members’ fees *Tax Information Bulletin* (September 2026).

³ BR Pub 26/03: GST – Board members’ fees – where the member is appointed by the Governor-General or Governor-General in Council *Tax Information Bulletin* (September 2026).

⁴ Commentary on the Public Rulings BR Pub 26/01–26/06 *Tax Information Bulletin* (September 2026).

Key provisions | Whakaratonga tāpua

Section 6 of the Goods and Services Tax Act 1985 (the Act) defines “taxable activity” for the purposes of that Act.

Key terms | Kīanga tau tāpua

Board member	A chairperson or member of any local authority or any board, council, committee, or other body.
Director	A director of a company.

Summary | Whakarāpopoto

- Public Rulings BR Pub 26/01 to 26/03 and the Commentary explain the GST treatment of directors’ fees and board members’ fees where a director or board member:
 - contracts directly with a company or organisation; or
 - is engaged by a company or organisation under an agreement between the company or organisation and a third party;
 - contracts directly with a company or organisation and is an employee; or
 - contracts directly with a company or organisation and is a partner in a partnership.
- The Rulings and Commentary also explain:
 - when a company or organisation can claim input tax deductions for fees paid for director and board member services; and
 - the GST treatment of board members’ fees paid to board members appointed by the Governor-General or the Governor-General in Council (referred to collectively in this factsheet as the Governor-General).

Person contracts directly with a company or organisation

- If a director or board member accepts the office, but not as part of carrying on their taxable activity, the office is excluded from the definition of “taxable activity” in s 6 of

the Act. The company or organisation cannot claim input tax deductions for the fees paid on the supplies of services because the director or board member does not charge GST on the supplies.

4. If a director or board member accepts the office as part of carrying on their taxable activity, the office is not excluded from the definition of taxable activity, and they must charge GST on the supplies and return output tax on the fees received. If the company or organisation is GST registered, it can claim input tax deductions for the fees paid on the supplies of services.
5. This is discussed in more detail from [43] of the [Commentary on the Public Rulings](#).

Person is contracted to a company or organisation through a third party

6. A third party may agree to provide the services of a director or board member to a company or an organisation. If a director or board member accepts the office, but not as part of carrying on a taxable activity, the office is excluded from the definition of taxable activity.
7. However, if a director or board member accepts the office in carrying on their taxable activity, two supplies are relevant supplies.
 - The first supply is the director or board member supplying their services to the third party. The services are treated as supplied in the course or furtherance of their taxable activity. The director or board member must charge GST on the supply of their services to the third party and return output tax on the fees received. If the third party is GST registered, it can claim input tax deductions for the fees paid to the director or board member.
 - The second supply is the third party supplying the director's or board member's services to the company or organisation. If the third party is GST registered, they must charge GST on the supply and return output tax on the fees received. If the company or organisation is GST registered, it can claim input tax deductions for the fees paid to the third party.
8. This is discussed in more detail from [48] of the [Commentary on the Public Rulings](#).

Person contracts directly with a company or organisation and is an employee

9. If a person contracts directly with the company or organisation to provide director or board member services and they are also an employee of an employer, they may be required to pay their fees to their employer.
10. If the person holds the office as part of their employment duties, the fees the director or board member pay to their employer are treated as consideration for a supply of services by the employer to the company or organisation. If the employer is GST registered, they must charge GST on the deemed supply and return output tax. If the company or organisation is GST registered, it can claim input tax deductions for the fees paid on the supplies of services.
11. However, if the person holds the office outside their employment, they hold the office in their personal capacity. The person is unlikely to have a taxable activity, so the company or organisation is unable to claim input tax deductions on the supplies of services.
12. This is discussed in more detail from [55] of the [Commentary on the Public Rulings](#).

Person contracted to company or organisation through a partnership

13. If a person is engaged as a director or board member in their capacity as a partner in a partnership, the partnership is deemed to make the supply of services, not the partner. If the partnership is GST registered, it must charge GST on the deemed supply and return output tax.
14. If the company or organisation is GST registered, it can claim input tax deductions for the fees paid on the supplies of services.
15. This is discussed in more detail from [62] of the [Commentary on the Public Rulings](#).

Person is appointed to an organisation by the Governor-General

16. If a person is appointed as a board member of an organisation by the Governor-General, any activities relating to the services supplied by that board member are excluded from the definition of taxable activity. The organisation cannot claim input

tax deductions for the fees paid on the supplies of services because the board member does not charge GST on the supplies.

17. If a person is appointed as a board member by the Governor-General and the person is an employee and must pay their board member fees to their employer and no contract exists between the organisation and the employer, then any activities relating to the services the board member supplies are excluded from the definition of taxable activity. Any board member fees the organisation pays to the board member (and the board member pays to their employer) are treated as consideration for a supply of services by the employer to the organisation. The employer must charge GST on the supply and return output tax. If the organisation is GST registered, it can claim input tax deductions for the fees paid on the supplies of services.
18. If a person is appointed as a board member by the Governor-General and the person is a partner in a partnership and supplies their services in carrying on the partnership's taxable activity, the services are deemed to be supplied by the partnership. The partnership must charge GST on the supply and return output tax. If the organisation is GST registered, it can claim input tax deductions for the fees paid on the supplies of services.
19. This is discussed in more detail from [69] of the [Commentary on the Public Rulings](#).

Visual aids

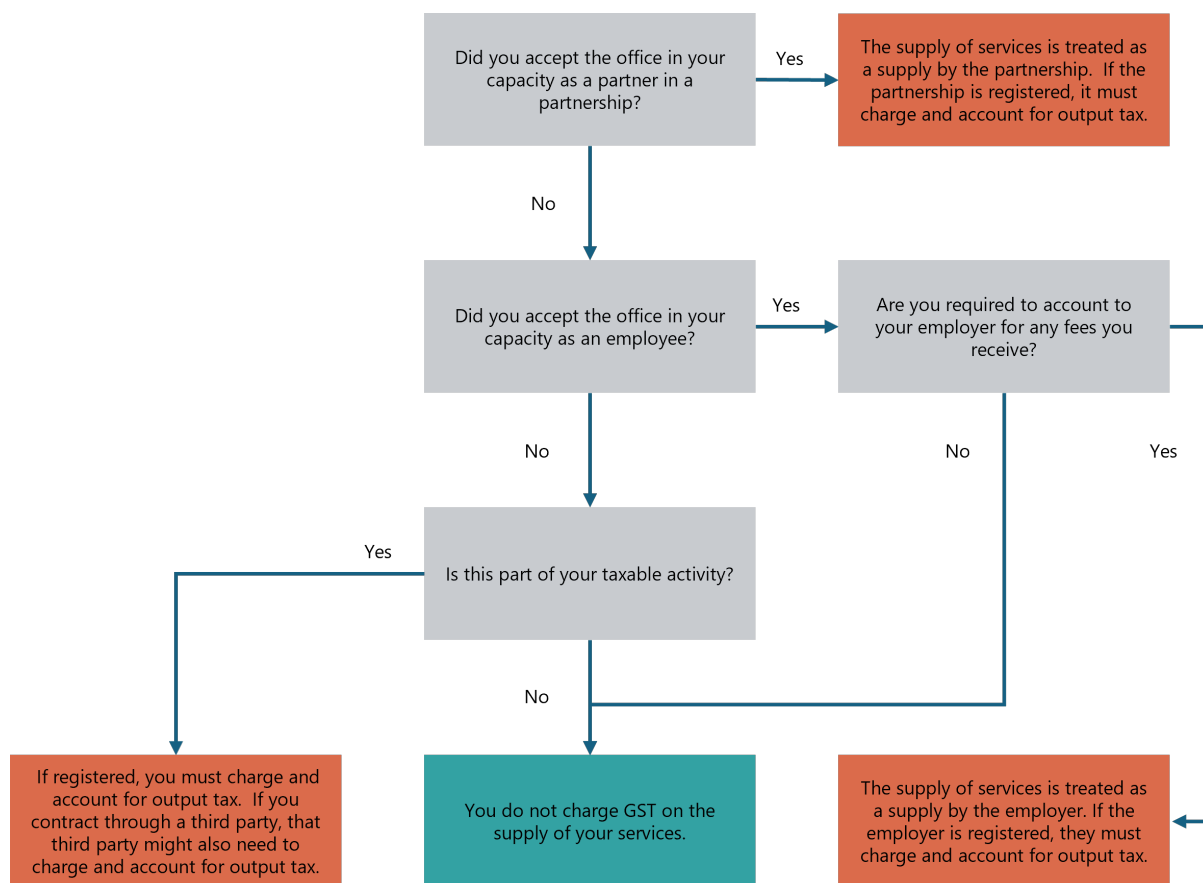
20. This information has been summarised into the following table and flowchart:
 - Table | Tūtohi 1 summarises the GST treatment of directors' fees and board members' fees. The outcomes depend on the underlying legal and contractual arrangements.
 - Figure | Hoahoa 1 is a flowchart for determining the GST treatment of directors' fees and board members' fees.

Table | Tūtohi 1 – GST treatment of directors' fees and board members' fees

Contractual arrangements	GST treatment				
	Director or board member	Third party	Employer	Partnership	Company or organisation
Director or board member contracts directly with company or organisation					
No taxable activity	–	–	–	–	Input tax deductions cannot be claimed
Accepts the office, but not as part of a taxable activity	Office excluded from taxable activity	–	–	–	Input tax deductions cannot be claimed
Accepts the office as part of carrying on a taxable activity	If registered, must charge GST and return output tax	–	–	–	If registered, can claim input tax deductions
Director or board member contracted to company or organisation through a third party					
Office accepted by director or board member but not in carrying on taxable activity					
Supply from director or board member to third party	Office excluded from taxable activity	If registered, must charge GST and return output tax	–	–	If registered, can claim input tax deductions
Director or board member contracted to company or organisation through a third party					
Office accepted by director or board member in carrying on taxable activity					
Supply from director or board member to third party	If registered, must charge GST and return output tax	If registered, can claim input tax deductions	–	–	–
Supply from third party to company or organisation	–	If GST registered, must charge GST and return output tax	–	–	If registered, can claim input tax deductions

Contractual arrangements	GST treatment				
	Director or board member	Third party	Employer	Partnership	Company or organisation
Director or board member contracts directly with company or organisation and is employee					
Accepts office outside their employment	Unlikely to have a taxable activity	–	–	–	Input tax deductions cannot be claimed
Accepts office as part of their employment	Office excluded from taxable activity	–	If registered, must charge GST on deemed supply and return output tax	–	If registered, can claim input tax deductions
Director or board member contracted to company or organisation through a partnership					
Person accepts office in their capacity as partner in a partnership	Office excluded from taxable activity	–	–	If registered, must charge GST on deemed supply and return output tax	If registered, can claim input tax deductions
Board member appointed to organisation by Governor-General					
Person contracts directly with organisation	Office excluded from taxable activity	–	–	–	Input tax deductions cannot be claimed
Employee appointed as board member must pay fees to employer	Office excluded from taxable activity	–	If registered, must charge GST on deemed supply and return output tax	–	If registered, can claim input tax deductions

Figure | Hoahoa 1 – Flowchart for determining the GST treatment of directors' fees and board members' fees



About this document | Mō tēnei tuhinga

Some of the Tax Counsel Office's longer or more complex items are accompanied by a fact sheet that summarises and explains an item's main points. While it summarises the Commissioner's considered views, a fact sheet should be read alongside the full item to completely understand the guidance. Fact sheets are not binding on the Commissioner. See further [Status of Commissioner's advice](#) (Commissioner's statement, Inland Revenue, December 2012).