

GST – Supplies by New Zealand hunting outfitters or guides to overseas hunters



Introduction

1. Overseas hunters can participate in guided big game hunting experiences in New Zealand on a game estate, private land with the owner's permission or Crown land with appropriate permits.
2. A guided hunting experience usually results in the overseas hunter acquiring souvenir animal parts or hunting souvenirs.
3. For GST purposes this means outfitters supply a guided hunting experience and, depending on the circumstances and the agreements, may also supply souvenir animal parts or hunting souvenirs to the overseas hunter.

What are souvenir animal parts?

"Souvenir animal parts" refer to the parts of a trophy hunting animal killed by a hunter (for example, heads, shoulders, skins, antlers or bodies) that may later be expedited or mounted.

What are hunting souvenirs?

"Hunting souvenirs" refer to the souvenir animal parts once they have been expedited or mounted by a taxidermist.

GST on the guided hunting experience in New Zealand

4. An outfitter's supply of a guided hunting experience might include:
 - airport transfers to and from the hunting lodge
 - accommodation and meals
 - guiding services
 - the chance to kill particular breeds and quality of animals
 - transport around the hunting grounds
 - licences and permits
 - gun hire
 - Safari Club International point scoring.
5. If an outfitter is or should be registered for GST, GST must be added to the price of the guided hunting experience at the standard-rate of 15%. This is because the goods and services making up the guided hunting experience are "consumed" by the overseas hunter while they're in New Zealand.

What is a trophy fee?

"Trophy fee" refers to the amount paid by the hunter for the opportunity to hunt and kill an outfitter's animal and for its souvenir parts. It is a separate amount from any amounts paid by the hunter for food, accommodation and the like.

GST on souvenir animal parts and hunting souvenirs

6. After the hunt, the overseas hunter may want hunting souvenirs sent to their overseas home.

7. The amount of GST an outfitter must add to the price charged for any souvenir animal parts or hunting souvenirs supplied to the overseas hunter depends on the circumstances and the agreement between the outfitter and the overseas hunter.

Zero-rated hunting souvenirs

8. An outfitter may agree with the overseas hunter to supply a hunting souvenir from the hunt. If the outfitter also agrees to export that hunting souvenir "in the course of, or as a condition of, the supply", then the GST on the hunting souvenir is zero-rated. However, to be zero-rated the hunting souvenir must be exported by the outfitter to the overseas hunter within the time applied for and allowed by Inland Revenue.
9. Any related supplies of taxidermy and packing services made by an outfitter to an overseas hunter can be zero-rated.

Standard-rated hunting souvenirs

10. The GST on any other supplies of hunting souvenirs by an outfitter to the overseas hunter are standard-rated at 15%.

Zero-rated souvenir animal parts and independent taxidermy services

11. Rather than agreeing to supply a hunting souvenir, sometimes an outfitter may agree with the overseas hunter to export souvenir animal parts "in the course of, or as a condition of, the supply". If so, the overseas hunter must, for biosecurity reasons, organise a New Zealand taxidermist to expedite or mount the souvenir animal parts before they are exported.
12. In that case, both the price of the souvenir animal parts supplied by the outfitter and the price of the New Zealand taxidermist's services can be zero-rated. However, zero-rating depends on the goods being exported by the outfitter to the overseas hunter within the time applied for and allowed by Inland Revenue.

Standard-rated souvenir animal parts

13. If an outfitter agrees to supply souvenir animal parts to an overseas hunter, but does not agree to export them "in the course of, or as a condition of, the supply", GST must be added to the price of the souvenir animal parts at the standard-rate of 15%. This means no amount charged by the outfitter is zero-rated.

Wild animals on Crown land

14. If an overseas hunter kills a wild animal on Crown land, then the ownership of the wild animal automatically transfers from the Crown to the overseas hunter. This means the outfitter can't supply souvenir animal parts to the overseas hunter for GST purposes. As a result, GST on a wild animal guided hunting experience on Crown land is always standard-rated.

Value of the GST supplies when outfitter exports

15. When an outfitter agrees to supply an overseas hunter with both a guided hunting experience and either souvenir animal parts or a hunting souvenir for export "in the course of, or as a condition of, the supply", a mix of GST supplies is being made. That is, a mix of a standard-rated supply of a guided hunting experience in

New Zealand and a zero-rated supply of either souvenir animal parts or a hunting souvenir for export overseas.

16. To calculate the GST correctly, the outfitter must determine the value of both of these supplies. For GST the value of each supply equals the money the overseas hunter pays for the supply.

Splitting trophy fees

17. "Trophy fees" charged by outfitters to overseas hunters relate to both the standard-rated supply of the guided hunting experience in New Zealand and to the zero-rated supply of either the souvenir animal parts or hunting souvenir for export overseas. Therefore, the trophy fee must be split between both supplies, using a reasonable method.
18. The souvenir animal parts are necessary for a hunting souvenir. This means the value of the souvenir animal parts is relevant whether there is a zero-rated supply of either souvenir animal parts or a hunting souvenir for export overseas. GST is only charged at 0% on the portion of the trophy fee relating to the souvenir animal parts.
19. To assist outfitters with compliance, the Commissioner has published CS 20/02. CS 20/02 sets out a reasonable method for splitting trophy fees that the Commissioner will accept. It provides some standard percentages for each type of trophy hunting animal in New Zealand. The percentages recognise the increasing value of souvenir animal parts to the overseas hunter as the quality and "uniqueness" of the trophy animal increases. They also recognise a relatively standard amount of every trophy fee as being attributable to the supply of the hunting experience in New Zealand.
20. Outfitters may choose to use these percentages to calculate the zero-rated portion of trophy fees. Where, the percentages are used and the Commissioner is satisfied that a reasonable value is attributed to the standard-rated hunting experience, the Commissioner will accept the GST treatment of those trophy fees.
21. An outfitter may choose to attribute a greater proportion of a trophy fee to the zero-rated supply than the percentages in CS 20/02, but in those circumstances the outfitter needs to be able to satisfy the Commissioner that their proportion is reasonable.

Single lump sum payments

22. Where an overseas hunter pays a single lump sum amount for the guided hunting experience and souvenir animal parts, then the outfitter must first determine the portion of that lump sum amount that is reasonably attributable to the trophy fees. Then the zero-rated portion of the trophy fees must be determined. CS 20/02 may be used to establish the value of the zero-rated portion of the trophy fees.

NZ Customs value

23. The GST value attributed to the souvenir animal parts for zero-rating, together with any related taxidermy and packing charges, should be the basis of the value of the exported goods for New Zealand Customs purposes.

Deposits paid by overseas hunters

24. Overseas hunters usually pay a deposit when they book their guided hunting experience. This typically triggers the time of supply for at least the standard-rated supply of the guided hunting experience. The rules for when GST output tax needs to be paid depend on whether the outfitter accounts for GST on an invoice, a payments or a hybrid basis.
25. An outfitter on the invoice basis should pay GST output tax in the taxable period in which the deposit is received. If an outfitter uses the payments basis, GST output tax is paid in the taxable period in which the deposit is received but only on that portion of the deposit relating to the standard-rated supply. If the hybrid basis is used, output tax is paid as if on an invoice basis.
26. Further GST output tax may need to be paid if more deposits are received and at the completion of the hunt when final payments are received.
27. Time of supply is also important for extensions of time for exporting souvenir animal parts or a hunting souvenir, and time of supply determines when foreign currency amounts should be converted into New Zealand dollars.

Extension of time for exporting

28. Inland Revenue recognises that it can be impracticable for an outfitter to export souvenir animal parts or hunting souvenirs "in the course of, or as a condition of" their supply within 28 days of the time of their supply. Therefore, outfitters can apply for an extension of time for exporting before the 28-day period expires.
29. Outfitters can apply for an extension for a single supply of goods or for multiple supplies of a class of goods. Applications, along with relevant supporting documents, should be emailed to GSTexportextensions@ird.govt.nz.

Where to get more information

For more information on GST and the hunting industry, see:

- the other two factsheets in this series (prepared for taxidermists and overseas hunters in New Zealand) - *IS 20/02 FS 2* and *IS 20/02 FS 3*
- *Interpretation Statement IS 20/02 Goods and Services Tax – Supplies by New Zealand hunting outfitters and taxidermists to overseas hunters*
- *Commissioner's Statement CS 20/02 Trophy hunting and the GST treatment of the "Trophy Fee"*

These documents are available from our website taxtechnical.ird.govt.nz.