

QUESTIONS WE'VE BEEN ASKED | PĀTAI KUA UIA MAI

GST – Directors or board members who provide services through a personal services company

Issued | Tukuna: 6 August 2026

QB 26/05

This Question We've Been Asked considers whether a personal services company can register for GST where it provides the services of a director or board member.

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

Key provisions | Whakaratonga tāpua

Goods and Services Tax Act 1985 – s 6

REPLACES | WHAKAKAPIA

- [QB 23/07](#): GST – Directors and board members providing their services through a personal services company *Tax Information Bulletin* Vol 35, No 8 (September 2023): 43

Question | Pātai

If a director or board member provides their services through a personal services company (PSC), can the PSC register for GST, even if the director or board member could not register for GST if they were providing their services directly, in their capacity as a natural person?

Answer | Whakautu

Yes. If the PSC contracts directly with the company or organisation and supplies the services of the director or board member under that contract, those supplies are not excluded from the definition of “taxable activity” by s 6(3)(b) or s 6(3)(c)(iii). This is because the PSC’s supply of a person to act as a director or board member is a separate supply from the supply of the director’s or board member’s services.

However, if the director or board member contracts directly with the company or organisation but is required to pay their fees to the PSC because they are an employee of the PSC, s 6(4) applies. Under s 6(4) the provision of the directors’ fees or board members’ fees to the PSC is treated as consideration for a supply of services by the PSC to the company or organisation.

If the PSC’s activity is sufficient to be a taxable activity (as defined in s 6(1)), the PSC can register for GST, and it must register if it exceeds the \$60,000 registration threshold.

Key terms | Kīanga tau tāpua

Board member includes a chairperson.

Director, for ease of reference in this QWBA, includes a board member.

Personal services company (PSC) means a company set up by a person, to provide their services to clients. The person is often the company’s only employee, shareholder and director.

Professional director or professional board member means a person who holds multiple directorships or board memberships.

Explanation | Whakamāramatanga

Background

1. The Commissioner has issued three Public Rulings on the GST treatment of directors' fees and board members' fees:¹
 - [BR Pub 26/01](#): GST – Directors' fees;²
 - [BR Pub 26/02](#): GST – Board members' fees;³ and
 - [BR Pub 26/03](#): GST – Board members' fees – where the member is appointed by the Governor-General or Governor-General in Council.⁴
2. In the [Commentary on the Public Rulings](#),⁵ the Commissioner concludes that a professional director or professional board member without any other associated taxable activity (such as a legal, accounting or consulting practice) does not carry on a taxable activity. This is because each directorship or board membership is excluded from the definition of taxable activity by s 6(3)(b) (for directors) or s 6(3)(c)(iii) (for board members).
3. However, if the director or board member has an associated taxable activity, they can register for GST because of s 6(5). (For a detailed explanation of s 6(5), see the [Commentary on the Public Rulings](#) at [30] to [34] and Example | Taura 1 and Example | Taura 2.)
4. We have been asked what happens where a director or board member provides their services through a PSC. While the outcome will depend on the underlying legal and contractual arrangements, the following paragraphs explain what happens where:
 - A director or board member is contracted by the PSC to the company or organisation.

¹These Rulings update and replace three Public Rulings that were issued in 2023. The Rulings were updated to reflect an amendment to s 6(4). The amendment was made to ensure that where a board member is appointed by the Governor-General or the Governor-General in Council, and the board member's employer (such as a professional services company) charges GST on the supply of the board member's services to the organisation, the organisation can claim an input tax deduction.

² BR Pub 26/01: GST – Directors' fees *Tax Information Bulletin* (September 2026).

³ BR Pub 26/02: GST – Board members' fees *Tax Information Bulletin* (September 2026).

⁴ 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).

⁵ [Commentary on the Public Rulings BR Pub 26/01–26/03](#) *Tax Information Bulletin* (September 2026).

- A director or board member contracts directly with the company or organisation but must pay their fees to the PSC.
5. For ease of reference in this QWBA, “director” also includes a board member.

Director is contracted by the PSC to the company

6. Where a PSC contracts with a company to provide a director, the services the PSC supplies to the company are not excluded from the definition of taxable activity by s 6(3)(b),⁶ because the PSC is not engaged as a director and is not supplying directorship services.⁷ Instead, the PSC is supplying the services of a person to the company to fulfil the role of director.
7. If the PSC’s supply of services is part of an activity that is carried on continuously and regularly and involves or is intended to involve the supply of goods and services, then the PSC is carrying on a taxable activity (as defined in s 6(1)) and can register for GST (and it must register if it exceeds the \$60,000 registration threshold). This outcome is consistent with the analysis in the Commentary on the Public Rulings at [48] to [54] and Example | Tauira 6. It is also consistent with analysis in [IS 25/21: GST – taxable activity](#).⁸
8. Example | Tauira 1 illustrates the scenario where a director is contracted by the PSC to the company.

Example | Tauira 1 – PSC contracts directly with the company

Rupert is an independent director of Nutwood Ltd. He was appointed through his PSC, Rupe Ltd.

Rupert is an excellent director. As a result, other companies ask Rupe Ltd if Rupert could join their boards as well. Rupe Ltd contracts with several other companies to provide Rupert as a director.

Rupert is now a director of several companies, and those companies have board meetings at least every two months.

Rupe Ltd regularly enters into contracts with companies, issues invoices for Rupert’s services, handles enquiries from companies interested in appointing

⁶ Section 6(3)(c)(iii) for board members.

⁷ Directors and board members must be natural persons.

⁸ IS 25/21: GST – Taxable activity *Tax Information Bulletin* Vol 37, No 10 (November 2025): 10.

Rupert as a director, pays Rupert a monthly salary, and deals with all tax and regulatory matters.

Rupe Ltd's activity is sufficient to constitute a taxable activity. It can register for GST, and it must do so if its level of taxable supplies exceeds \$60,000 per year. Section 6(3)(b) does not exclude Rupe Ltd's activity from being a taxable activity; it excludes only the activity of Rupert (acting as a director) from the definition of taxable activity.

Director contracts directly with the company but must pay their fees to the PSC

9. Where a director contracts directly with a company to supply directorship services but must pay their fees to the PSC because the PSC is the director's employer, s 6(3)(b) applies. Section 6(3)(b) excludes each directorship from the definition of taxable activity, so the director does not have a taxable activity relating to the supply of their directorship services.
10. However, if the director must pay their fees to the PSC, s 6(4) also applies. Under s 6(4), the provision of the directors' fees (from the employee-director to the employer-PSC) is treated as consideration for a supply of services by the employer-PSC to the company. This is consistent with the analysis in the Commentary on the Public Rulings at [55] to [61] and Example | Tauira 8.
11. Therefore, where the director is employed by the PSC and must pay their fees to the PSC (due to the fiduciary obligations on them as an employee), the arrangement likely involves the PSC allowing the employee to act as a director. In effect, the PSC is supplying the services of the director but without the formal contractual relationship discussed at [6]. Provided the supply of services by the PSC is part of an activity that is carried on continuously and regularly and involves the supply of goods and services, the Commissioner is satisfied that the PSC will be carrying on a taxable activity and can register for GST.
12. Example | Tauira 2 illustrates the scenario where a director contracts directly with the company but must pay the directors' fees to the PSC.

Example | Tauira 2 – Director contracts directly with the company but must pay the directors' fees to the PSC

The facts are the same as in Example | Tauira 1, except Rupert enters into contracts directly with the companies to supply directorship services, rather than through Rupe Ltd. Under the terms of Rupert's employment agreement with Rupe Ltd, Rupert must pay his directors' fees to Rupe Ltd.

In this situation, s 6(4) applies. Section 6(4) treats the provision of directors' fees from Rupert to Rupe Ltd as consideration for a supply of services by Rupe Ltd to the companies.

Provided the deemed supply of services by the Rupe Ltd is part of an activity that is carried on continuously and regularly and involves the supply of goods and services, the Commissioner is satisfied that Rupe Ltd will be carrying on a taxable activity and can register for GST.

References | Tohutoro

Legislative references | Tohutoro whakatureture

Goods and Services Tax Act 1985, s 6

Other references | Tohutoro anō

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

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

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)

Commentary on public rulings BR Pub 26/01-26/03 *Tax Information Bulletin* (September 2026)

IS 25/21: GST – Taxable activity, *Tax Information Bulletin* Vol 37, No 10 (November 2025): 10
taxtechnical.ird.govt.nz/tib/volume-37---2025/tib-vol37-no10
taxtechnical.ird.govt.nz/interpretation-statements/2025/is-25-21

QB 23/07: GST – Directors and board members providing their services through a personal services company *Tax Information Bulletin* Vol 35, No 8 (September 2023): 43

taxtechnical.ird.govt.nz/tib/volume-35---2023/tib-vol35-no8

taxtechnical.ird.govt.nz/questions-we-ve-been-asked/2023/qb-23-07

About this document | Mō tēnei tuhinga

Questions we've been asked (QWBAs) are issued by the Tax Counsel Office. QWBAs answer specific tax questions we have been asked that may be of general interest to taxpayers. While they set out the Commissioner's considered views, QWBAs are not binding on the Commissioner. However, taxpayers can generally rely on them in determining their tax affairs. See further [Status of Commissioner's advice](#) (Commissioner's statement, Inland Revenue, December 2012). It is important to note that a general similarity between a taxpayer's circumstances and an example in a QWBA will not necessarily lead to the same tax result. Each case must be considered on its own facts.