



Inland Revenue
Te Tari Taake

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New Zealand tax residence

Who is a New Zealand resident for tax purposes?

Introduction

The tax residence rules determine whether a person is a New Zealand tax resident. The worldwide income of a New Zealand tax resident is subject to the tax laws of New Zealand. People who are not New Zealand tax residents (non-residents) are liable for New Zealand tax on their New Zealand-sourced income only.

This booklet deals with the rules of residence for taxation purposes only and for those who hold New Zealand student loans. These rules do not affect an individual's citizenship.

- There are special tax residence rules for companies, estates, trusts and other non-individuals. These are explained on page 15.
- The New Zealand tax year begins on 1 April and ends on 31 March.

This booklet explains:

- who is resident and who is non-resident for tax purposes only
- on what income you are taxed
- paying tax as a resident or a non-resident
- your obligations if you are a student loan borrower leaving New Zealand
- rules of residence for taxpayers other than individuals.

Please read the booklet as a complete publication. It is a guide to help you establish whether you are a tax resident or non-resident.

Note

The information in this booklet is based on current tax laws at the time of printing.

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Tax residence rules for individuals

Who is a New Zealand tax resident?

You are a New Zealand tax resident if:

- you are in New Zealand for more than 183 days in any 12-month period, or
- you have an “enduring relationship” with New Zealand (see below), or
- you are away from New Zealand in the service of the New Zealand Government.

The 183-day rule

If you are in New Zealand for more than 183 days in any 12-month period, you are considered to be a New Zealand tax resident from the day you arrived. The 183 days need not be consecutive. If you are in New Zealand for only part of a day, this is counted as being a whole day. This means that the days on which you depart or arrive are treated as “days present” in New Zealand.

An enduring relationship with New Zealand

Section OE 1

The Income Tax Act 1994 says that a person, other than a company, who has a “permanent place of abode” in New Zealand is a New Zealand tax resident. “Permanent place of abode” means more than just the building in which you live; it covers all your ties and links with New Zealand. These may be social, physical, economic, financial and personal. Overall, the test could be described as whether you have an enduring relationship with New Zealand.

To decide whether you have an enduring relationship with New Zealand, Inland Revenue looks at your circumstances. Here are some of the things we consider.

Presence in New Zealand	whether you are here continuously or from time to time
Accommodation	whether you own, lease or have access to property in New Zealand
Social ties	where your immediate family lives; if you have children being educated here; if you belong to any New Zealand clubs, associations or organisations
Economic ties	if you have bank accounts, credit cards, investments, life insurance or superannuation funds here
Employment or business	if you run a business here; if you are employed here; if you have employment to return to; the terms of any employment contract
Personal property	if you have vehicles, clothing, furniture and other property or possessions kept here permanently
Intentions	whether you intend to live in New Zealand or to return overseas after a time
Benefits, pensions and other payments	whether you receive any welfare benefits, pensions or other payments from New Zealand agencies or organisations.

This list is a guide only. Please note that you can maintain similar ties, or even a physical home in other countries, but still be a New Zealand tax resident. If you have an enduring relationship with New Zealand (permanent place of abode) you will be a New Zealand tax resident.

Double tax agreements (DTAs)

You may be a tax resident in both New Zealand and another country. This means that you are resident in two countries under the tax laws of each of those countries. If both countries tax their residents on worldwide income you could be taxed twice on the same income. Double tax agreements have been negotiated between New Zealand and many other countries to decide which country has the first or sole right to tax specific types of income.

These countries have double tax agreements with New Zealand.

Australia	India	Sweden
Belgium	Indonesia	Switzerland
Canada	Ireland	Taiwan
China	Italy	Thailand
Denmark	Japan	Netherlands
Fiji	Korea	Philippines
Finland	Malaysia	United Kingdom
France	Norway	United States of America
Germany	Singapore	

Government service

If you are away from New Zealand in the service of the government in any capacity you are considered to be a tax resident of New Zealand while you are away. The length of your absence, and whether you have an enduring relationship with New Zealand do not matter. You are liable for New Zealand tax on your worldwide income if you are away on New Zealand Government service. Your spouse or partner and/or children who may be accompanying you are subject to the tax residence rules described in this booklet.

Becoming a non-resident

If you cease to have an enduring relationship with New Zealand and are away for more than 325 days you will be viewed as a non-resident for tax purposes.

The 325-day rule

If you are away from New Zealand for more than 325 days in any 12-month period, you become a non-resident if you do not have an enduring relationship with New Zealand. The 325 days need not be consecutive. Remember that if you are here for only part of a day it is counted as a whole day.

Paying tax as a resident

Your worldwide income is taxed

If you are a New Zealand tax resident you are taxed on your worldwide income. You must state your income from all sources, including that from overseas, in an *Individual tax return (IR 3)*. You are normally allowed a tax credit for any tax paid overseas so you will need to be able to produce records which show the overseas tax you have paid.

Note

We calculate tax on any overseas income in accordance with New Zealand tax laws. Our tax laws may be different from the other countries' laws.

The New Zealand tax year is 1 April to 31 March in the following year unless you obtain consent from Inland Revenue to use a non-standard balance date you may need to apportion your overseas income to fit the New Zealand tax year.

The year you become a tax resident

If you have recently arrived in New Zealand and have not received income from New Zealand before, we will allocate you an Inland Revenue Department (IRD) number. If you have not had an IRD number you can apply for one by filling in an *IRD number application (IR 595)*. Please phone Inland Revenue on 0800 227 774 for an application form. Fill in the application and return it to Inland Revenue with identification, such as your passport or a copy of your birth certificate. If you have had a New Zealand IRD number before, phone 0800 227 774 to check that it is still valid.

In your first New Zealand individual tax return as a tax resident you must include your worldwide income from all sources from the date you arrived in New Zealand.

The year you cease to be a tax resident

If you will no longer be a tax resident and will not be receiving income from New Zealand from the date you leave, you may need to complete an individual tax return up to the date of your departure. You can file your return before the end of the tax year. Include in your return, any income you received from all sources to the date you leave New Zealand. We will process your return faster if we know that you are departing permanently. You can state that you are leaving New Zealand permanently by filling in an IR 50 form and sending it in with your return.

Send your return, the IR 50 and proof of your departure, to the nearest Inland Revenue address below before you leave. Allow at least six weeks for processing.

The addresses are:

Inland Revenue
PO Box 39010
Wellington Mail Centre

Inland Revenue
PO Box 3753
Christchurch

Inland Revenue
PO Box 1454
Hamilton

We will issue a refund or a statement of account as soon as possible. Please make sure we have your overseas address.

If you will be receiving income from New Zealand after you are no longer a tax resident, you will have to pay tax as a non-resident (see opposite page).

Please provide us with full details of:

- your overseas address
- the date you left or intend to leave New Zealand
- the length of time you intend to be away.

If you will be receiving income after you are no longer a tax resident, you must file an individual tax return to the end of the tax year (31 March) following your departure. Include your worldwide income received until the date you left, and your New Zealand income received after that date. Please clearly show the breakdown of income received before and after your departure.

Paying tax as a non-resident

If you are a non-resident you are taxed only on income you receive from a New Zealand source. If your only income from New Zealand is interest, dividends or royalties, and the correct amount of non-resident withholding tax (NRWT) is deducted, you will not need to file a non-resident return. The law is different however for industrial royalties and interest paid to associated persons. You will be required to file a non-resident return if you receive such income.

Please let your bank or other financial institution know your overseas address and that you are non-resident. This will make sure that the correct amount of NRWT is deducted.

There is a limited exception to paying NRWT on interest. If the payer of your interest pays approved issuer levy, NRWT is not deducted from your interest. For further information please see our booklets

- *Non-resident withholding tax payer's guide (IR 291).*
- *Approved issuer levy (IR 395).*

You can view this on our website at www.ird.govt.nz or order a copy through INFOexpress, see page 18.

Any other income you receive such as rental, business or farming income is subject to New Zealand tax at the normal rates. You must include it in your non-resident tax return.

Complete a *Non-resident individual taxpayers (IR 3NR)* if you are non-resident for the **full year** and you have continuing income from New Zealand. We will send you a taxpack each year, which contains an IR 3NR return and a guide. You need to let us know your current address while you are away so that we send your taxpack to the right place. Please file only one tax return for any income year. Please also note that we cannot accept non-resident tax returns in any sort of electronic format such as email.

For more information contact:

The Non-resident Centre

Postal address	PO Box 1932 Dunedin New Zealand
Telephone	+64 3 467 7020
Fax	+64 3 467 7083
email	nonres@ird.govt.nz

Non-resident contractors and entertainers

There are special rules for non-resident contractors and non-resident entertainers who earn income from New Zealand.

Here are the contact details if you need more information.

Non-resident Contractors Unit

Postal address	Inland Revenue Overseas Contractors Unit PO Box 2198 Wellington
Telephone	+64 4 802 6056
Fax	+64 4 384 5883
email	nr.contractors@ird.govt.nz

Tax Information Bulletin Vol 6, No 14 (June 1995) gives a general explanation of the non-resident contractors withholding tax rules. To get a copy, visit our website, or write to the address above.

Non-resident Entertainers Unit

Postal address	Inland Revenue Non-resident Entertainers Unit PO Box 5542 Auckland
Telephone	+64 9 367 1329
Fax	+64 9 377 1159
email	nr.entertainers@ird.govt.nz

The year you become a tax resident

If you have been a non-resident then return to New Zealand and become a tax resident again, you may need to file an individual return covering the period from 1 April before your arrival to the end of the tax year, the following 31 March. To find out if you need to do this, call us on 0800 227 774.

If you do need to complete an IR 3 tax return, include your New Zealand income earned while overseas and your worldwide income received after the date of your arrival for the income year. Please clearly show the breakdown of income you received before and after you arrived.

Residence rules for other taxpayers

There are different tax residence rules for non-individual taxpayers.

Companies

A company is a resident in New Zealand if it meets any one of the following criteria.

- It is incorporated in New Zealand. A company which is incorporated under New Zealand Companies Act legislation is resident in New Zealand.
- Its directors exercise control in New Zealand. Those acting in their capacity as directors control the company here, whether decision making by directors is confined to New Zealand or not.
- It has its centre of management in New Zealand. This is the place from where the company as a whole is managed on a day-to-day or regular basis. The focus is on the location of the company's centre of management.
- It has its head office in New Zealand. The head office of a company is the office from which the business of the company is directed and carried out. The focus of the test is the physical place of administration and management which is superior to all others.

A company often satisfies more than one or even all, of these tests. Such a company is clearly resident in New Zealand. However a company need satisfy only one of the four tests to be resident.

Trusts

The rules of residence for trusts are set out in the booklet *Trusts and estates – income tax rules* (IR 288). You can read this on our website at www.ird.govt.nz or order a copy by phoning INFOexpress—see page 18.

Student loans

If you are a student loan borrower and you intend going overseas for more than three months you must contact Inland Revenue before you leave if you will not be:

- having repayment deductions made from your income in New Zealand, or
- making any interim repayments that are due.

We will work out whether you are a resident or a non-resident for tax purposes.

You need to let us know your contact address (either overseas or in New Zealand) so we can send notices, statements and other correspondence to you.

If you need more information about student loans, you can view the following booklets on our website at www.ird.govt.nz or order copies through INFOexpress, see page 18.

- *How to get a loan and how to pay one back (SL 5)*
- *Student loans – interest and calculations (IR 222)*
- *Student loans – going overseas (IR 223)*
- *Student loans – making repayments to Inland Revenue (IR 224).*

For more help

For more information or help, contact Inland Revenue.

If you are in New Zealand, the number is 0800 227 774. For student loan enquiries call 0800 377 778.

Nominating a representative

You might want to think about giving someone authority (such as a parent or friend) to act on your behalf while you are overseas.

To organise this phone Inland Revenue on 0800 227 774. If you have a student loan phone 0800 377 778.

Please be ready to provide the following information:

- the name of the person you wish to nominate
- their IRD number
- the period of time you want that person to act for you.

Your representative can make tax enquiries on your behalf. If you have a student loan your representative can check your student loan balance, ask about interest charges and make other enquiries.

We can also send your statements, refunds, returns and other correspondence to your nominated person while you're away.

Remember—you'll still be responsible for your own tax affairs, so you'll need to make sure any returns are filed and tax is paid by the due date. Having a nominated person will help you keep in touch with what's happening.

Inland Revenue's website

Visit our website at:

www.ird.govt.nz

for detailed information about tax and social policy, and online access to our booklets, returns, forms, newsletters, public rulings and the many other services we offer.

INFOexpress

INFOexpress is our automated telephone service. These are some of the things you can do by phoning INFOexpress:

- order Inland Revenue forms and booklets
- get tax payment information
- get updates on your account balances (income tax, GST, employer accounts for PAYE, child support, SSCWT, FBT and student loans)
- request or change a personal identification number (PIN).

All you need to use INFOexpress is a touch tone phone and your IRD number. It's also helpful if you know the number of any forms or booklets you are ordering. For personal information, such as account balances, you'll also need an INFOexpress PIN. You can get a PIN by phoning 0800 257 777 and following the instructions given.

INFOexpress is available between 6 am and 12 midnight, seven days a week.

You can call these numbers for:

Forms and stationery	0800 257 773
Taxpacks	0800 257 772
All other services	0800 257 777

Customer service quality monitoring

We randomly record calls made to Inland Revenue to monitor and improve the quality of our customer service. Please note that we store these recordings securely for a limited time and destroy them after use.

Privacy Act 1993

Meeting your tax obligations involves giving accurate information to Inland Revenue. We ask you for information so we can assess your liabilities and entitlements under the Acts we administer.

You must, by law, give us this information. Penalties may apply if you do not.

We may exchange information about you with Work and Income NZ, the Department for Courts, the Ministry of Education, the Accident Compensation Corporation, or their contracted agencies. Information may be provided to overseas countries with which New Zealand has an information supply agreement. Inland Revenue also has an agreement to supply information to Statistics New Zealand for statistical purposes only.

You may ask to see the personal information we hold about you by phoning us on 0800 377 774. Unless we have a lawful reason for withholding the information, we will show it to you and correct any errors.

