



DOING BUSINESS IN NEW ZEALAND

A STRUCTURE GUIDE FOR
AUSTRALIAN BUSINESSES
// 2025







STRATEGIC GUIDANCE & PRACTICAL FINANCIAL ADVICE FOR YOUR BUSINESS

If you're an Australian business then New Zealand is often the obvious choice when you're ready to expand offshore.

DOING BUSINESS IN NEW ZEALAND

The easy business environment, proximity to Australia, language and exchange rates make it a cost effective and logical place to start. Plus NZ's extensive free trade agreements provide additional incentive, especially if you're targeting markets in the wider Asia Pacific region.

Although New Zealand has similar tax structures and taxes to Australia (eg GST), when setting up a business here it is essential that you seek expert local advice to ensure the correct structures are put in place for your business from the start.

Our guide outlines the various structures available to you, together with the tax implications and compliance requirements.

It also factors in other things you might want to consider, such as import and export processes and using overseas contractors in NZ.

The information contained in this booklet is in summary form and is intended as a guide only.



ABOUT NEW ZEALAND FREE TRADE AGREEMENTS

New Zealand has Free Trade Agreements with the following countries:

- Australia (CER - Closer Economic Relations)
- China
- South East Asian Nations (ASEAN) including Indonesia, the Philippines and Vietnam
- Thailand
- Singapore
- Brunei
- Hong Kong
- Korea
- Malaysia
- Chile
- United Kingdom
- European Union
- UAE (in progress)
- India (in progress).

Under the Australia New Zealand CER Trade Agreement, Australian products receive preferential tariff treatment.

New Zealand was the first country in the world to complete a free trade agreement with China, which has seen zero duty rates or significantly reduced rates on imports.

It has also seen the elimination of tariffs on most of New Zealand's exports to China, which can be a major advantage for Australian businesses operating in New Zealand.

Alliott NZ provides Australian businesses looking to operate in the New Zealand market with strategic guidance and practical advice on how to structure your business here.

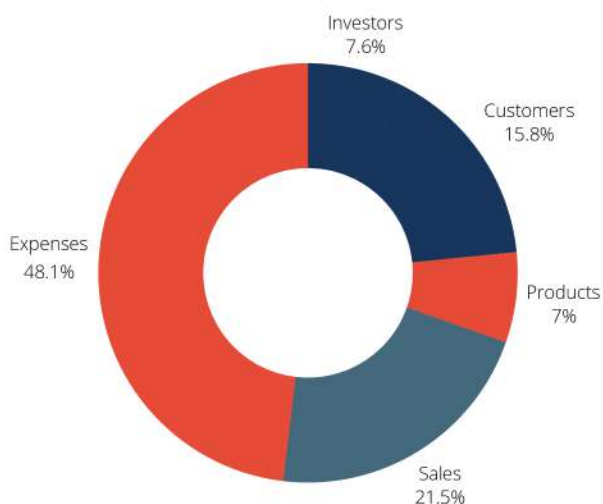
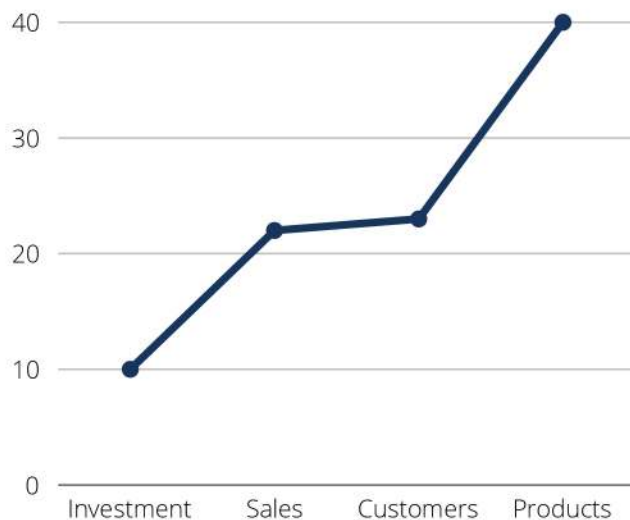
Our experience in this area has helped many of our clients achieve success and growth in NZ.

FULL SERVICE OPTIONS

We offer 'full service' accounting options to clients that want to focus on generating business instead of the daily grind of accounts administration and New Zealand regulatory compliance.

We look after all your bookkeeping and accounting requirements from financial reporting, GST and invoicing to payroll, tax and paying creditors.

Plus, we use cloud accounting applications and add-ons, like Xero, so we can both track how your business is going at any time.



Why partner with
ALLIOTT NZ?

"Our decision to use Alliott NZ to set up our New Zealand company is one we've never regretted."
DeployPartners (Australia)



We are proud to be a Xero Platinum Partner in New Zealand and we recommend Xero software as a simple, easy and smart way to manage your accounts offshore.

If you already use other accounting software at Head Office, our Xero Certified Advisors have the knowledge and expertise to help you effectively integrate Xero as part of your accounting strategy.

XERO IS BEAUTIFUL ACCOUNTING SOFTWARE

- Access online from anywhere in the world
- Designed to help you grow your business. Fixed assets, expense claims, budgets and complete financial reporting.
- Bank feeds automatically import and categorise your latest banking, credit card, PayPal and WISE transactions. One-click reconciliations.
- Streamline invoices and manage cash flow by scheduling bill payments and sending invoices automatically.
- Connect to add-ons and apps to help you manage all aspects of your business. Select from CRM, inventory, timesheets, payroll, job management and other specialised tools to suit your individual needs.
- Log in anytime, anywhere from your Mac, PC, smartphone or tablet.
- A solution for your compliance requirements in New Zealand.



Alliott NZ recommends

XERO

Build a better business, connected to your data and Alliott NZ Chartered Accountants in real time, via the cloud.



BUSINESS STRUCTURE OPTIONS

For Australian entities doing business in New Zealand

STRUCTURE	STRUCTURE OVERVIEW	LIMITED LIABILITY	REQUIREMENTS TO FILE ACCOUNTS WITH NZ COMPANIES OFFICE OR ANNUAL RETURN	NEEDS TO BE AUDITED
Non-Permanent Establishment (NPE)	The Australian entity conducts business in New Zealand but does not have a permanent establishment. The critical issue is that the power to negotiate and conclude sales and contracts must reside in Australia. While you may visit New Zealand to see clients or customers, you cannot have the power to substantially negotiate or conclude sales. While for most Australian organisations this may not be a viable option, it can appeal if Australian businesses want to test the viability of the market in New Zealand with minimal setup costs. Note: There are certain business operations (i.e. installation projects relating to land, licencing and IT software projects), which can be considered as a permanent establishment if they exceed a certain time period. Speak with your advisor for more information.	Yes if a corporate entity	No	No
NZ Branch of Overseas Company	The overseas company opens a branch in NZ. The NZ operations form part of the Australian business so there is no separation of risk.	Yes	No requirement to file accounts, unless the Australian company as a whole is classed as a Large Company or an issuer. Annual Return only.	No, unless classed as Large Company or an issuer.
NZ Incorporated Company 100% Owned by an Overseas Company (subsidiary)	A company is set up in NZ wholly owned by the overseas company. This structure does allow for separation of risk as the business assets for the NZ company are separate from their Australian operations.	Yes	No requirement to file accounts, unless classed as a Large Company or an issuer. Annual Return only.	No, unless classed as Large Company, or an issuer.
NZ Incorporated Company Owned by Non-Residents	A company is set up in NZ wholly owned by the non-resident individuals.	Yes	No, unless classed as Large Company, or an issuer.	No, unless classed as Large Company, or an issuer.

GST POSITION - CURRENT RATE 15%	INCOME TAX POSITION	INCOME TAX RATES	DIVIDEND POSITION	STRUCTURE
Register Australian entity for GST. Supply must take place in NZ. To achieve this you must have a) an agreement in writing that supply takes place in NZ and b) goods must be through NZ borders before payments are received from customers or the customers invoiced. This then allows you to claim the GST paid on importation and other NZ expenses, and you must account for GST on the sale of the goods. It is possible where the entity does not have a fixed or permanent place through which it conducts its activities in NZ, and is not making taxable supplies in NZ, to recover any GST incurred in NZ including GST paid on importation of goods into NZ.	Generally, a first nil tax return is submitted to the IRD. Then a request that no future returns are required due to being a NPE.	N/A - all tax is paid in Australia.	Not applicable	Non-Permanent Establishment (NPE)
Register Australian company for GST. This then allows you to claim the GST paid on importation and other NZ expenses, and you must account for the GST on the sale of the goods in NZ.	Pays tax in NZ on NZ branch income. Receives full credit in Australia for tax paid in NZ.	28% company tax rate in NZ.	Not a separate NZ entity so no NZ dividend implications. Can only allocate actual costs to branch operation i.e. can't pay a management fee from branch to Head Office. Tax paid for NZ branch is not available as franking credits in Australia for distribution to shareholders.	NZ Branch of Overseas Company
Register NZ company for GST in NZ. This then allows you to claim the GST paid on importation and other NZ expenses, and you must account for the GST on the sale of the goods in NZ.	Pays tax in NZ in same way as any NZ company.	28% company tax rate in NZ.	Dividends can be paid after allowing for imputation franking credits. Franking imputation credits are not available to Australian holding company for distribution to shareholders. Dividends received in the holding company from NZ subsidiary are exempt income until income is distributed to the ultimate business owners. For o/seas ownership of greater than 10%, there is no NRWT if dividend is fully imputed (fully franked). If not fully imputed, NRWT is 5% or 15%.	NZ Incorporated Company 100% Owned by an Overseas Company (subsidiary)
Register NZ company for GST in NZ. This then allows you to claim GST paid on importation and other NZ expenses, and you must account for the GST on the sale of the goods in NZ.	Pays tax in NZ in same way as any NZ company.	28% company tax rate in NZ.	Dividends paid after allowing for imputation credits. Overseas individuals cannot claim NZ imputation credits as franking credits. For overseas ownership of greater than 10%, there is no NRWT if dividend fully imputed (fully franked). In other cases NRWT 15%.	NZ Incorporated Company Owned by Non-Residents

BUSINESS STRUCTURE OPTIONS

Continued

STRUCTURE	STRUCTURE OVERVIEW	LIMITED LIABILITY	REQUIREMENTS TO FILE ACCOUNTS WITH NZ COMPANIES OFFICE OR ANNUAL RETURN	NEEDS TO BE AUDITED
Trading Trust	A trust is formed with non-residents as trustees and beneficiaries. You may choose to have a corporate trustee to use for trading purposes. This will be a complying foreign trust if its NZ tax obligations are satisfied. Ideal for related persons. This will be an Australian trust for Australian tax purposes.	Yes if using a corporate trustee.	Only an annual return needs to be filed for the corporate trustee company.	No
Australian Unit Trust	A unit trust is treated as a company where the unit holders are considered as shareholders, and income and other payments to the unit holders are treated as income. The remuneration paid to the manager and to the trustee of the unit trust is deductible from the income of the trust. Unit holders need to be individuals, or a Trust, to be tax effective.	Yes	No	No
Limited Partnership	A limited partnership is a legal entity separate from its partners. It has two types of partners - general and limited partners. General partners manage the partnership and are liable for the partnership's debts and liabilities if the partnership is unable to honour them. Limited partners must be individuals to be tax effective. Individual partners have limited liability to the amount of their investment in the partnership as long as they do not take part in the management of the partnership. Otherwise the limited liability can be lost. This is ideal if you have different ownership proportions and unrelated partners as each partner can obtain a full tax credit.	Yes for limited partners to the extent of their investment. No for general partners.	Annual return only, unless an issuer.	No

GST POSITION - CURRENT RATE 15%	INCOME TAX POSITION	INCOME TAX RATES	DIVIDEND POSITION	STRUCTURE
Register the trading trust for GST.	Income is returned in the trust and distributed to individual non-resident beneficiaries who need to obtain NZ IRD numbers and file a NZ tax return. Tax is paid at their marginal tax rate in NZ. A credit for this tax is generally allowed when the income is returned in their own jurisdiction. Note - the income should not be retained as trustee income.	Individual marginal tax rates in Australia with a credit for tax paid in NZ.	Not applicable	Trading Trust
Register the unit trust for GST.	Taxed in NZ as a company. As long as Unit holders in Australia are individuals or a Trust they receive a tax credit for tax paid in NZ. In setting up the Trust in Australia, need to elect a "flow through" so tax can flow through to unit holders.	28% company tax rate in NZ.	Distributions from unit trust are taxed as dividends. The dividend position is the same as a NZ branch of an overseas company.	Australian Unit Trust
Register the limited partnership for GST.	The individual Limited partners pay tax in NZ on NZ sourced income and then partners receive a full tax credit in Australia for tax paid in NZ.	At individual marginal rates. Returned in Australia with a credit for tax paid in NZ.	Not applicable	Limited Partnership

NOTES

1 Definition of a Large Overseas Company

A company is defined as large if it exceeds any one of the following in its preceding 2 years:

- \$11,000,000 in annual turnover
- \$22,000,000 in company total assets

An overseas company is either:

- a branch of a foreign company
- a subsidiary of a foreign company.

2 NZ Company Directors

The minimum number of directors currently required for an NZ company is one. At least one director must live in New Zealand or live in Australia and is also a director of a company registered in Australia.*

** If you only have Australian Directors, check with your Australian tax advisor to ensure there are no centre of management issues.*

3 Transfer Pricing Enforcement programme

Over 2/3 of world trade involves multinational enterprises. Well over 50% of world trade comprises associated party transactions which must be transfer priced for taxation purposes. Multinational enterprises are a significant force in New Zealand's economic environment.

The overall goal of NZ's transfer pricing enforcement programme is to maintain NZ's share of multinational tax in accordance with our tax law, acceptable income recognition principles and best international practices.

From their inception, New Zealand's transfer pricing rules have always been about striking a balance between protecting the tax base and containing compliance costs. Our regime is effective in terms of its coverage of transactions, including a specific anti-avoidance provision to capture collateral arrangements. The regime is also moderate in placing the burden of proof on the Commissioner to demonstrate a more reliable arm's length amount, provided there has been cooperation in the provision of requested relevant information. This reverse burden of proof and the lack of specific rules about maintaining any specific transfer pricing documentation has meant that the costs of compliance with New Zealand transfer pricing rules are less than those in other countries.

NZ is not alone in maintaining our fair share of the multinational tax pie — revenue authorities around the world implement and update their rules and regulations on international transactions and increase audit activities. One of the key messages is that if taxpayers make a conscientious effort to establish transfer prices that comply with the arm's length principle and prepare documentation as evidence of that, and prepare documentation as evidence of that compliance, the IRD is likely to determine prima facie that those taxpayers represent a low risk.

4 Thin Capitalisation Rules

In brief, the thin capitalisation rules apply to non-resident controlled groups and deny an interest deduction where a taxpayer's debt/asset ratio exceeds 60% (the safe-harbour threshold) or 90% of its worldwide ratio.

For the purposes of the safe-harbour calculation, debts are measured by reference to the tax rules for financial arrangements and assets are measured by reference to generally accepted accounting practice.

The interest apportionment rules apply to the following shareholders:

- A non-resident who is not a company.
- A non-resident company (unless a NZ resident) has direct ownership of 50% or more and no non-resident has a direct ownership of 50% or more.
- A company that is resident in NZ if a non-resident has ownership of 50% or more or has control by other means.
- The trustee of a non-complying trust settled by a non-resident if the settlement made by them is 50% or more of the value of the settlements made on the trust.

An excess debt entity must apportion the interest expenditure for an income year if the debt percentage of its NZ group is more than 60% and, for a company or trust, is also more than 90% of the debt percentage of the worldwide group.

The interest apportionment is calculated as follows:

$$\text{total deduction} \times \frac{(\text{total debt} - \text{concession})}{\text{total debt}}$$

$$\times \frac{(\text{group debt percentage} - \text{threshold amount})}{\text{group debt percentage}}$$

5 Non Resident Withholding Tax (NRWT)

NRWT is deducted from non-resident passive income including dividends, interest and royalties.

There are various rates of NRWT applicable to different countries under DTA with those countries.

For Australia, the interest NRWT rate is 10% (or 0% if AIL is deducted), the dividend rate is between 0 and 15% depending on % ownership of shareholding and the royalty rate is 5%.

6 Other Payments to Non-Residents by a NZ Company

For personal services of a non-resident company director - tax is not payable in NZ on the payment of a salary to a non-resident director except for the portion of the time the director was in NZ. For example, if they were in NZ for 1 month of the year, 1/12 of the salary is taxable in NZ. The non-resident can claim a credit for the tax paid in their own jurisdiction.

Administration costs - non-residents are able to charge a NZ company actual administration costs.

Management fees - management fees paid to non-residents are subject to the transfer pricing rules.

OTHER BUSINESS CONSIDERATIONS

Setting up the correct structure in New Zealand is only part of the equation. There's also what's required to get your product into NZ from overseas, staffing and other regulatory matters to comply with when starting a business here.

NEW ZEALAND CUSTOMS

Any overseas business importing goods into New Zealand requires a customs code from NZ Customs prior to shipping and proof of a NZ resident entity or non-permanent establishment that will receive the goods on arrival in NZ. We are able to help you obtain the appropriate documentation.

CONTRACTING TO NEW ZEALAND BUSINESSES

In some cases Non-Resident Contractors Tax (NRCT) may be payable when overseas companies are doing contractual work with NZ clients. The NZ client may be required to deduct NRCT from the payment it makes to the overseas entity. It depends entirely on the nature and the length of the contract.

OVERSEAS EMPLOYEES OR CONTRACTORS WORKING IN NEW ZEALAND

If you bring employees from overseas to work in New Zealand you may be required to deduct schedular payments (i.e. PAYE, ACC and Kiwisaver), or Withholding Tax. It depends on the nature of the business, length of time they are in NZ and where they are from.

EMPLOYING PEOPLE IN NEW ZEALAND

When you employ or contract NZ residents to work, whether on a permanent, part-time or casual basis, an employment or contractor agreement is required under NZ law. Provision needs to be made for the deduction of scheduled payments such as PAYE, Withholding Tax or Kiwisaver.

BANK ACCOUNT

To get an IRD or GST number in NZ the entity is normally required to have a NZ bank account. We can assist with this. With Anti-Money Laundering rules you may be required to go to the NZ bank in person and set up an account.

INSURANCES

In New Zealand employees are covered by Accident Compensation (ACC). This is deducted from employees pay and covers them for personal accidents. Employers are required also to pay an Annual ACC Levy to cover workplace accidents. Consideration should also be given to any general business insurances such as Public Liability Business Insurance, if applicable. Always check with your Australian insurers as they are often able to extend existing policies to cover business interests in New Zealand.

PAYROLL

While payroll in NZ is similar to Australia we encourage businesses to use a NZ online payroll system, even for 1 or 2 employees. This is to ensure the correct deductions (i.e. Kiwisaver and ACC) are made for each employee and in NZ there is Payday Filing for PAYE returns. We recommend *Smartly* which integrates with Xero and is a cost-effective payroll system, even with one employee.

KIWISAVER

Kiwisaver is a voluntary superannuation scheme that NZ employees can elect to join. For those employees that do join Kiwisaver, they have the option to contribute a minimum of 3% of their pre-tax pay. Employers are required to contribute a minimum amount of 3% of an employees pre-tax pay to the Kiwisaver account of every employee enrolled in Kiwisaver. Kiwisaver is only available to permanent residents.

ABOUT AUSTRADE www.austrade.gov.au

The Australian Trade Commission – Austrade – helps Australian businesses grow their business in international markets by providing quality information and advice, and services such as the TradeStart program and Export Market Development Grants (EMDG). They generate market information and insight, promote Australian capabilities, make connections through their extensive global network of contacts and leverage the badge of government offshore.

GST — REMOTE SERVICES AND LOW VALUE GOODS

From 1 October 2016 “remote services” supplied by non-residents to NZ resident consumers are subject to GST. Remote services include e-books, music, videos and software purchased from offshore websites. Insurance services also fall within the remote services definition. The non-resident is required to register for GST in NZ and return GST on these supplies. Supplies to NZ GST registered businesses will be outside these rules unless agreed otherwise.

From 1 December 2019, the GST law in NZ was changed such that overseas businesses selling low value goods to consumers in NZ will need to register, collect and pay GST where they expect total sales to exceed NZ\$60,000 in a 12-month period. This includes businesses selling goods to NZ consumers via online shops. Low value goods for these purposes are physical goods with a value of NZ\$1,000 or less excluding GST. Overseas businesses registered for NZ GST must report and pay GST on a quarterly basis to the NZ revenue authorities.

Alliott NZ is a member of Chartered Accountants Australia and New Zealand.

We support our clients on a local, regional and international basis, offering a truly global business solution. We'll happily align with any international firm on an assignment.

At Alliott NZ we understand that your business is unique. Please call or email us to discuss your particular situation and receive advice that is relevant to you.

If you are an accounting firm, please call or email us to discuss the best business structure for your client.



A member of the Alliott Global Alliance, an international alliance of independent accounting, law and consulting firms, Alliott NZ has access to all the resources and contacts this global network provides.



About Us

KEY CONTACTS



GREG MILLAR
DIRECTOR
+64 9 520 9200
greg.m@allriott.co.nz



VANESSA WILLIAMS
DIRECTOR
+64 9 520 9200
vanessa.w@allriott.co.nz





Proud Member of
AlliottGlobalAlliance™

Level 2, 142 Broadway, Newmarket AUCKLAND NEW ZEALAND 1023

PO Box 99 841 Newmarket AUCKLAND NEW ZEALAND 1149

+64 9 520 9200

enquiries@allriott.co.nz

alliottnz.com

