

GST – Supplies by NZ Hunting Outfitters and Taxidermists to Overseas Hunters PUB00307

7 October 2019



7 October 2019

Manager, Technical Standards
Office of the Chief Tax Counsel
National Office
Inland Revenue Department
PO Box 2198
Wellington

Dear Rob

PUB00307 GST – Supplies by New Zealand Hunting Outfitters and Taxidermists to Overseas Hunters

Chartered Accountants Australia and New Zealand (CA ANZ) appreciates the opportunity to provide feedback on the draft Interpretation Statement (Statement). The Statement considers the GST treatment of supplies made to overseas hunters.

CA ANZ supports the publication of this very comprehensive Statement and the separate fact sheets.

IR is to be commended on the inclusion of practical examples within the Statement and the publication of separate fact sheets. The examples and fact sheets will be particularly helpful for readers who have difficulty comprehending some of the concepts contained within the Statement which is a very legalistic technical document. The examples and fact sheets, however, are written in plain English and are relatively easy to understand.

Fact Sheets

The fact sheets refer to “zero-rated” and “standard-rated”. These are technical terms which a lay person may not understand. This could easily be rectified by amending the last two lines of the box “What is GST?” by inserting after “are taxed at 0%” “**(zero-rated)**” and after “standard” “**rate of**”

Valuation of supplies

In some situations, an overseas hunter may pay a “global fee” to an outfitter for a New Zealand hunting experience, trophy fees and to export souvenir animal parts or an animal souvenir as a condition of the supply. This means the global fee must be apportioned between the standard rated supplies and the zero-rated supply. However, this is not explicitly stated in the Statement. Further, there is no practical guidance on how a global fee should be apportioned. Paragraph 111 suggests that the amount received will be calculated by reference to the number of days hunting etc. In our view it would be helpful to clarify that when a global fee needs to be apportioned, the fee could be broken down, for example, based on the number of days hunting, meals, accommodation, number, breed and quality of animals hunted and killed etc.

The Statement acknowledges that it is appropriate for a portion of the trophy fee to be recognised as consideration for the supply of the hunting experience in New Zealand and the balance to be treated as consideration for the supply of souvenir animal parts or the supply and export of an animal souvenir¹. Nevertheless, the Statement is silent on how the outfitter should apportion the fee when a global fee is charged. It would be useful if additional commentary was included on how the fee could be apportioned.

Hunting travel agent acting as stakeholder for deposits

Paragraph 126 provides that the receipt of a deposit by the intermediary from the overseas hunter will trigger the time of supply. However, it is feasible that there will be situations where the intermediary holds the deposit as stakeholder until the contract becomes unconditional (e.g. the hunting outfitter confirms the booking). In this case the payment of the deposit does not at law comprise "payment." In our view, the Statement would benefit from the inclusion of a discussion of this point.

Fish mounts – Canada Revenue Agency

Paragraph 61 includes an excerpt from the Canadian GST decision Hawkins Taxidermists of Canada [2002] TCJ No 48. It states: "*A fish mount is a sale of goods because the finish skin is not a [principal] material*". We believe this statement could cause confusion. In its publication GST/HST Info Sheet GI-047 the Canadian Revenue Agency explains that where a taxidermist creates a fish replica it is the sale of property whereas when a taxidermist uses several parts of a fish, including skin, to create a fish mount, the taxidermist is usually providing a service. The addition of an explanation and examples in the Statement would help prevent any confusion.

We would be happy to discuss our submission with you.

Yours sincerely



John Cuthbertson CA
New Zealand Tax Leader



Teri Welham CA
Senior Tax Advocate

¹ Interpretation Statement paragraph 116