



## ANALYSIS

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1988, No. 15

**An Act to amend the Goods and Services Tax Act 1985**

[24 March 1988]

BE IT ENACTED by the Parliament of New Zealand as follows:

**1. Short Title and commencement**—(1) This Act may be cited as the Goods and Services Tax Amendment Act (No. 2) 1988, and shall be read together with and deemed part of the Goods and Services Tax Act 1985 (hereinafter referred to as the principal Act).

(2) This Act shall come into force on the 17th day of March 1988.

**2. Taxable periods**—(1) The principal Act is hereby amended by repealing section 15 (as substituted by section 13 of the Goods and Services Tax Amendment Act 1986), and substituting the following sections:

“**15. Taxable periods**—(1) Each registered person shall be placed by the Commissioner in 1 of the following categories for the purpose of determining that person's taxable periods for the purposes of this Act:

“(a) Category A, with taxable periods of 2 months ending with the last day of January, March, May, July, September, and November in any year:

“(b) Category B, with taxable periods of 2 months ending with the last day of February, April, June, August, October, and December in any year:

“(c) Category C, with taxable periods of 6 months with effect from such date, being the last day of any month in

any year, as may be determined by the Commissioner:

“(d) Category D, with taxable periods of 1 month with effect from such date, being the last day of any month in any year, as may be determined by the Commissioner.

“(2) Every registered person who is not placed in category C or category D shall be placed by the Commissioner in either category A or category B so as to achieve an approximately equivalent number of persons in those 2 categories.

“(3) The Commissioner may, on written application by a registered person, place that person in category C if the total value of that person’s taxable supplies—

“(a) Has not, in the period of 12 months ending with the last day of any month, exceeded \$250,000 (or such greater amount as the Governor-General may from time to time declare by Order in Council); or

“(b) Is not likely to exceed that amount in the period of 12 months beginning on the first day of any month.

“(4) The Commissioner shall place in category D any registered person—

“(a) Who applies in writing to be so placed; or

“(b) Whose total value of taxable supplies—

“(i) Has, in the period of 12 months ending with the last day of any month, exceeded \$24,000,000 (or such greater amount as the Governor-General may from time to time declare by Order in Council); or

“(ii) Is likely to exceed that amount in the period of 12 months beginning on the first day of any month.

“(5) Any registered person whom the Commissioner has not placed in any category shall be deemed to be in category A.

“(6) For the purposes of this section and of section 15A of this Act, the total value of a registered person’s taxable supplies shall be deemed not to have exceeded any amount specified in or under subsection (3) or subsection (4) of this section where that total value exceeds any such amount solely as a consequence of—

“(a) Any cessation of, or any substantial and permanent reduction in the size or scale of, any taxable activity carried on by that registered person; or

“(b) The replacement of any plant or other capital asset used in any taxable activity carried on by that registered person.

“(7) Notwithstanding anything in this section, the Commissioner may, upon written application by a registered person, determine a day in substitution for the last day referred to in any of paragraphs (a) to (d) of subsection (1) of this section, not being a day more than 7 days earlier or 7 days later than that last day, but any such determination shall be disregarded for the purposes of section 16 (1) of this Act.

“15A. **Change in registered person’s taxable period—**  
(1) The Commissioner may from time to time direct that a registered person change from being in category A, category B, category C, or category D to any other appropriate category that determines the person’s taxable periods—

“(a) On written application by the registered person; or

“(b) Following notification by the registered person under paragraph (c) or paragraph (ca) of section 53 of this Act of a change of status; or

“(c) Where the Commissioner is otherwise satisfied that the person now satisfies or, as the case may be, has ceased to satisfy, the conditions of subsection (3) or subsection (4) of section 15 of this Act; or

“(d) In the case of a change from category A to category B, or from category B to category A, where the Commissioner so determines.

“(2) The Commissioner shall not direct that a registered person change—

“(a) To category C from another category; or

“(b) From category D to another category,—  
unless the person so requests the Commissioner in writing.

“(3) Except as provided in subsection (2) of this section, the Commissioner shall direct an appropriate change in category where—

“(a) A registered person applies to be changed to category D;  
or

“(b) The Commissioner is satisfied that a registered person satisfies or, as the case may be, ceases to satisfy the conditions of subsection (3) or subsection (4) of section 15 of this Act.

“(4) Where the Commissioner directs that a registered person change from 1 category to another, the person shall be deemed to have been placed in the new category with effect from—

“(a) The day following the end of the taxable period during which the direction is made by the Commissioner;  
or

“(b) Such earlier day as the Commissioner may, with the agreement of the registered person, determine.

“(5) Notwithstanding anything in this section or in section 15 of this Act, where, in relation to a registered person in category A or category B or category C,—

“(a) The total value of the registered person’s taxable supplies has, in the period of 12 months ending with the last day of any taxable period of the registered person, exceeded the amount specified in or under paragraph (b) of section 15 (4) of this Act; and

“(b) That person has not, before the last day of the person’s immediately subsequent taxable period, notified the Commissioner of a change of status pursuant to section 53 (ca) of this Act,—

that registered person shall be deemed to have been placed in category D with effect from the day following the end of the immediately subsequent period referred to in paragraph (b) of this subsection.

“(6) The first return of a registered person after any change in category shall not include any period in respect of which that person has previously furnished a return.”

(2) Section 2 of the principal Act is hereby amended by inserting in the definition of the term “taxable period”, after the expression “section 15”, the expression “or section 15A”.

(3) Section 32 (1) of the principal Act is hereby amended by repealing paragraphs (b) and (ba) (as substituted by section 14 of the Goods and Services Tax Amendment Act 1988), and substituting the following paragraphs:

“(b) Section 15 (3), (4), or (7):

“(ba) Section 15A (1) or (3):”.

(4) Section 53 of the principal Act is hereby amended by repealing paragraph (c), and substituting the following paragraphs:

“(c) Any change whereby that registered person, if in category C, ceases to satisfy the conditions of section 15 (3) of this Act:

“(ca) Any change whereby that registered person now satisfies the conditions of either subparagraph (i) or subparagraph (ii) of subsection (4) (b) of section 15 of this Act:

“(cb) Any change whereby that registered person ceases to satisfy the conditions of section 19 (2) of this Act, where the Commissioner has made a direction in respect of that registered person under that section:”.

(5) Section 53 of the principal Act is hereby further amended by omitting from the proviso the expression “(c)”, and substituting the expression “(cb)”.

(6) Section 55 (7) (b) of the principal Act is hereby amended by inserting, after the expression “section 15”, the expression “or section 15A”.

(7) Section 56 (6) of the principal Act is hereby amended—

(a) By inserting after the expression “15”, in both cases where it occurs, the expression “, 15A,”;

(b) By omitting the word “determination”, and substituting the word “placement”.

(8) Section 76 (3) of the principal Act is hereby amended by omitting the expression “15 (2)”, and substituting the expression “15 (3), 15 (4)”.

(9) Section 13 of the Goods and Services Tax Amendment Act 1986 and section 14 of the Goods and Services Tax Amendment Act 1988 are hereby repealed.

(10) For the purposes of sections 15 and 15A of the principal Act (as enacted by subsection (1) of this section),—

(a) Any registered person who has been determined to be in any taxable period category before the commencement of this Act shall continue in that category, unless and until that person’s category is changed pursuant to section 15A of the principal Act (as so enacted); and

(b) The reference in subsection (5) (a) of section 15A of the principal Act (as so enacted) to the last day of any taxable period is a reference to the last day of any taxable period whose last day occurs on or after the date of commencement of this Act.