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IRD POSITION OF GST ON FIRE SERVICE LEVY REMITTANCES

We have now received confirmation from the IRD as to the treatment of GST on Fire Service Levy payments. We can confirm that this position is as follows :

- The rate of GST will continue to be established by the tax invoice issued by the insurer / broker to the insured or the date of the Form 3 or 4 completed by the insured in respect of their insurance.

We are aware that there will be a period of transition where there may be payments made that cross over the GST periods, and remittances may contain a mix of levy on policies starting prior to 1 October 2010 and those commencing on or after this date. By way of example, the Levy for any policies that would commence on 30 September 2010, would be due to the Commission on 15 November 2010 regardless of the date of invoice.

- If these were invoiced on 15 September 2010, they would be paid to the Commission at 12.5% (the rate at which the client would have been charged)
- If these were invoiced on 15 October 2010, they would be paid to the Commission at 15% (the rate at which the client would have been charged)

In order to make the transition as smooth as possible, we will be requiring the following:

- Where there is a mix of GST rates in the remittances, 2 payments to be made and 2 copies of any returns provided with the payment – one at each of the rates
- Any returns or payments made or provided (whether online or by cheque) to clearly note the rate of GST applicable to the payment. This can be a simple “15” or “12.5” added to the remittance details for online returns or written in the top right corner of the returns.

For any payments received after 1 October 2010, we will be making the assumption that the rate of 15% is applicable unless they are clearly shown as being at the 12.5% rate. This may result in a shortfall in levy being remitted, which you will remain liable for.

If you have any questions regarding the process, please contact Darren Stafford of my team on (04) 496 3649.

Yours sincerely,


Brett Warwick
Chief Financial Officer

Working with communities to protect what they value
Te mahi tahi ki ngā hapori, ki te tiaki i a rātou taonga