

A Guide for Business Taxpayers

If you are carrying on a business you will need to register it for tax purposes.

How do I know if I am in business?

In general, you're in business when:

- you start charging others for goods and services
- you regularly sell these goods or services, and
- you intend to make a profit.

If you aren't sure whether your activity is a business then contact Inland Revenue for help.

What are my tax obligations?

If you are running a business you will need to register for tax purposes and obtain a Tax Identifier Number (TIN).

If you are running a business you will need to lodge income tax returns and pay provisional tax.

You may also have other tax obligations depending on the type of business that you operate. These other tax obligations may include:

- **PAYE :**
If you are employing staff you will need to register and account for PAYE. When you pay salary and allowances to your employees you will deduct PAYE.
- **Sales Tax**
If you sell certain goods and services you will need to register and account for sales tax. Sales tax is added to the price you charge your customers. See the Sales Tax Fact sheet for more information
- **Goods Tax**
If you are a wholesaler or manufacturer you may need to register for goods tax. Please talk to IRD staff if you think this applies to you.
- **Withholding taxes**
Certain transactions may require you to deduct WHT. Common ones include payments for rental, building contractors or non residents providing you with professional services.

How do I register my business for tax?

You should complete the IR1 form and forward it to IRD. We may contact you if any further information is necessary. Please ensure you also supply a copy of your Certificate of Incorporation or Business Registration.

The legal entity that operates the business will need a Tax Identification Number-TIN. The most common types of business entities are Sole Traders, Partnerships, Companies & Trusts:

- **Sole Traders**

A sole trader is an individual who runs a business on their own account. A Sole Trader will be registered under their own name and will have one TIN. If they have a business name or trading name, that name will also be attached to the TIN of the individual. They will use their TIN when they making any tax payments.

- **Partnerships**

A partnership is two or more people carrying on a business together. They share in the profits and losses of the business in accordance with their partnership agreement.

Each partnership will have a TIN. A partnership does not pay tax but a tax return is lodged for the partnership showing the business profits or losses and how they are distributed to each partner. The partnership's TIN will be written on the partnership income tax return and also used when paying PAYE, Sales Tax, and Goods Tax etc for partnership activities.

Each partner will have their own individual TIN. They will lodge their own income tax return and pay tax on their share of the partnership profits or losses. They may also pay provisional tax under this number.

- **Companies**

Every company will have one TIN. The company will pay provisional tax, income notice tax, PAYE and any other tax payable by the company under this number.

- **Trusts**

The trust will have a TIN and the trustee of the trust will need a TIN if they are running a business under the trust

When do I use my TIN?

The TIN should be written on all IRD payment forms and returns and on any correspondence or other dealings with IRD. Putting your TIN on your payment forms, returns and correspondence will make it quicker and easier to deal with IRD.