

**CIRCULAR 1818**

**TO: THE TREASURER, TOTALISATOR CLUBS AND KINDRED BODIES**

**FROM: JENNY FLEMING, FINANCE MANAGER**

**DATE: 20<sup>th</sup> DECEMBER 2018**

**SUBJECT: GST CHANGES FOR CLUBS IN RELATION TO TRAINERS AND DRIVERS PERCENTAGES**

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In the recent Canterbury Jockey Club versus Inland Revenue Department (CJC v IRD) judgment made in the High Court of NZ dated 1<sup>st</sup> October 2018, it was determined that Clubs are entitled to claim the GST input tax deductions for stakes payments paid to GST registered trainers and drivers for races conducted by that club. Previously the Inland Revenue had only allowed these GST input tax deductions to be claimed if the owner of the stakes was GST registered. **The decision has confirmed that trainers and drivers provide services to clubs on race days in consideration for a percentage of the stakes payment.** Therefore, clubs are now entitled to claim GST input deductions for all stake payments made to all GST registered trainers and drivers.

Following is a link to the CJC v IRD decision:

<https://forms.justice.govt.nz/search/Documents/pdf/jdo/c0/alfresco/service/api/node/content/workspace/SpacesStore/6988defb-28bd-481b-9c1d-69e6796e6f37/6988defb-28bd-481b-9c1d-69e6796e6f37.pdf>

Previously our non-GST registered owners were unable to claim these GST input deductions if their trainer or driver was GST registered, and the total payment due to non-GST registered owners will increase accordingly.

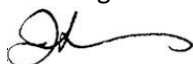
All Clubs who have raced since 11<sup>th</sup> November 2018 will have already noticed the changes to the presentation of their Stakes Invoices from HRNZ. There are now additional lines showing you the total amount for the GST expense for the trainers and drivers percentages.

Please check your GST input calculations when you enter your stakes invoice into your accounting software programme carefully to ensure that you only enter the GST total expense that is on your stakes invoice. Do **NOT** allow your accounting software to extract this automatically as it will most likely calculate the incorrect amount for the GST component.

Unlike NZ Thoroughbred Racing, there has not yet been a determination from the IRD for any retrospective application of the decision, for Harness Racing.

If you have any query please do not hesitate to contact us.

Kind Regards



Jenny Fleming  
Finance Manager

**Stakes Invoices Previously:**

	Excl Amount	GST	Incl Amount
Stakes paid to GST registered owners	5,690.00	853.50	6,543.50
Stakes paid to non GST registered owners	96,045.00	0.00	96,045.00
Stakes paid to part GST registered owners	12,025.00	842.45	12,867.45
<b>Total Stakes</b>	<b>113,760.00</b>	<b>1,695.95</b>	<b>115,455.95</b>
Less:			
Acceptance Fees	0.00	0.00	0.00
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Plus:			
Payments Collected by Club	0.00		0.00
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Due:</b>		<b>\$1,695.95</b>	<b>\$115,455.95</b>

**Stakes Invoices From 11 November 2018**

	Excl Amount	GST	Incl Amount
Stakes paid to GST registered owners	11,612.50	1,741.88	13,354.38
Stakes paid to non GST registered owners	69,127.50	0.00	69,127.50
Stakes paid to part GST registered owners	23,790.00	1,782.30	25,572.30
<b>Total Stakes</b>	<b>104,530.00</b>	<b>3,524.18</b>	<b>108,054.18</b>
Less:			
Acceptance Fees	0.00	0.00	0.00
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Plus:			
Late Scratchings	170.00	25.50	195.50
GST for Trainer Percentages of \$6,802.75		1,020.46	1,020.46
GST for Driver Percentages of \$2,792.50		418.91	418.91
Payments Collected by Club	0.00		0.00
	<b>170.00</b>	<b>1,464.87</b>	<b>1,634.87</b>
<b>Total Due:</b>		<b>\$4,989.05</b>	<b>\$109,689.05</b>