



## NUMBER 29 ADVICE ON PRIVATE MOTOR VEHICLE IMPORTS

*This Fact Sheet explains the Customs and regulatory requirements for private importers, including immigrants, bringing a vehicle to New Zealand.*

### What Customs charges apply to imported vehicles?

In general, motor vehicles and motorcycles are free from tariff duty and only subject to a goods and services tax of 12.5 percent. The exceptions are ambulances and motorhomes (vehicles for the transport of persons specially equipped for habitation, i.e., with sleeping, cooking, and toilet facilities), which are subject to duty at the rate of 17.5 percent in addition to GST.

The absence of tariff duty does not necessarily make a privately imported vehicle an economic proposition after shipping/insurance costs have been taken into consideration. Importers are also cautioned that the New Zealand used motor vehicle market is awash with late model imports.

### What legal requirements must motor vehicles meet?

#### Certification

All new or used motor vehicles, including motorcycles, imported into New Zealand must be certified by Land Transport New Zealand (LTNZ)-approved certifiers as complying with New Zealand legal requirements, before they can be registered for use on public roads in New Zealand.

The purpose of certification is to establish that a vehicle was manufactured to comply with relevant approved vehicle standards, and is still within safe tolerance of those standards. The applicable standards depend on the vehicle type and date of manufacture and/or first registration.

Certification requires the identification of the vehicle and the sighting of documentation to prove its original compliance with approved standards. LTNZ-approved certifiers must be satisfied with any documentation provided for certification and may request confirmation or additional information.

The certification process also consists of a physical inspection of a vehicle to ensure that:

- The vehicle has not been modified
- Replaceable components are original, or replacements comply with approved standards
- The vehicle and its components and systems are still within safe tolerance of their state when manufactured.

The importer is responsible for supplying evidence of a vehicle's compliance with New Zealand legal requirements, in particular compliance of the vehicle with relevant approved standards.

In some cases, it may not be possible to certify a vehicle for registration and use in New Zealand. For example:

- Often vehicles manufactured in Asia or Africa do not comply with approved vehicle standards
- Some vehicle manufacturers do not or cannot supply information on compliance with approved vehicles standards.

#### Frontal impact rules

From 1 April 2002, all Class MA passenger vehicles (passenger vehicle that has not more than nine seating positions including the drivers seating position) must comply with an approved frontal impact standard before they can be certified and registered for use in New Zealand for the first time, unless:

- (a) The vehicle was border checked before 1 February 2002, or
- (b) The vehicle was first registered outside New Zealand 20 years or more prior to being certified for entry into service in New Zealand.

The vehicles listed in (a) and (b) above may be certified at any time, provided they meet other applicable requirements.

In practice, this means that any Class MA passenger vehicle to be certified for registration for the first time on or after 1 April 2002, must have documentation or other evidence proving that the vehicle meets an approved frontal impact standard, except in the two cases outlined above.

Any Class MA passenger vehicle that does not meet an approved frontal impact standard will need to have been certified (i.e., issued with a MR2A) before 1 April 2002 in order to enter the New Zealand vehicle fleet for the first time (except in the two cases outlined above). It is not sufficient for the vehicle to only have a Vehicle Identification Number (VIN) issued, nor is it sufficient for the vehicle to be in the certification process but not yet certified (for instance, because it requires structural or other repairs).

For detailed information on how to prove that a vehicle meets an approved frontal impact standard, refer to the LTNZ website: [www.landtransport.govt.nz](http://www.landtransport.govt.nz)

### Vehicle odometer

The *Customs Import Prohibition Order 1999* prohibits the importation of any motor vehicle with an odometer reading that does not correctly record the distance that the vehicle has been driven. The importation of any motor vehicle that lacks an odometer at the time of importation is similarly prohibited.

### More information

Please contact the LTNZ for advice on matters relating to vehicle standards and safety requirements. LTNZ has the following documents available for potential importers:

- *Factsheet 44—Bringing a light vehicle into New Zealand*
- *Infosheet 1.67—Certification of imported motor vehicles.*

Both documents are available on the LTNZ's website ([www.landtransport.govt.nz](http://www.landtransport.govt.nz)) and can be requested from the LTNZ's help desk (Email: [info@landtransport.govt.nz](mailto:info@landtransport.govt.nz), or Freephone: 0800 699000).

Potential importers are strongly advised to contact the LTNZ and obtain all necessary documentation prior to making arrangements for shipping a vehicle.

## How are Customs charges calculated?

### Customs value

Duty and GST are calculated on the Customs value of privately imported new or used motor vehicles, which is determined in accordance with the provisions of the Second Schedule of the Customs and Excise Act 1996. In normal circumstances, the Customs value is determined as the price paid or payable overseas for the vehicle (which includes overseas vehicle registration fees and insurance costs paid to the retailer) by the importer, less:

- Any overseas duties or taxes included in the price paid which have been rebated or refunded before the vehicle arrives in New Zealand
- An allowance for depreciation if the vehicle has been personally owned and used by the importer overseas for not less than 90 days prior to the arrival of the vehicle in New Zealand.

## Depreciation

The following depreciation deductions can be made from the purchase cost of a vehicle or motorcycle owned and used overseas by the importer prior to shipping to New Zealand (provided a minimum period of 90 days has elapsed from the time of purchase to the arrival of the vehicle in New Zealand).

Period of ownership and use overseas	Depreciation deduction (%)
Less than 90 days	0
3 months or more, but less than 4 months	13
4 months or more, but less than 6 months	20
6 months or more, but less than 9 months	27.5
9 months or more, but less than 1 year	35
1 year or more, but less than 2 years	50
2 years or more, but less than 3 years	60
3 years or more, but less than 4 years	70
4 years or more	75

In normal circumstances, the maximum depreciation is 75 percent, but a special deduction (tropical depreciation) may be allowed in some instances where it can be demonstrated that high heat and humidity have accelerated the deterioration of a vehicle.

For the purposes of applying depreciation only, length of ownership and use overseas by an importer is measured from the time of delivery (the date possession is taken following purchase) until the date on which the ship or aircraft carrying the vehicle arrives in New Zealand territorial waters.

If a vehicle is ordered from New Zealand, e.g., via the Internet, and the owner does not take delivery in person overseas and use the vehicle prior to handing it over for shipping to this country, depreciation is not given. Value is determined in accordance with the Second Schedule of the Customs and Excise Act 1996. In general terms this will be the full cost of purchasing the vehicle or motorcycle.

### Exchange rates

In order to calculate the GST (and duty, if a campervan is involved) payable on the depreciated value, it is necessary to convert the currency of purchase into the New Zealand dollar equivalent. Exchange rates used by the New Zealand Customs Service (NZCS) are published fortnightly in the *Customs Release* and remain in force for a two-week period. A listing of the current exchange rates used for Customs purposes can be obtained from any office of the NZCS or via the Customs website [www.customs.govt.nz](http://www.customs.govt.nz) (These rates may differ slightly from the currency rates published by overseas trading banks.)

## Shipping and marine insurance charges

Enquiries concerning these charges should be made to a shipping company trading with New Zealand.

## Goods and Services Tax (GST)

GST is chargeable on all goods (including motor vehicles) imported into New Zealand, even though the transaction has been conducted offshore and the purchase price may already incorporate a local value-added or sales tax component. The current rate of GST is 12.5 percent. GST is calculated on the Customs value of the vehicle, plus duty (if any), plus the cost of shipping the vehicle to New Zealand (including insurance charges).

### Examples of calculations

Vehicle owned and used overseas by the importer for six months, but less than nine:

(a) Value for duty of vehicle— pounds sterling	£8,500.00
(b) Value for duty of vehicle— exchange rate = 0.31	NZ\$27,419.00
(c) Value for duty after 27.5% depreciation allowed	\$19,879.00
(d) Shipping and insurance costs	\$4,500.00
(e) GST value = (c) + (d)	\$24,379.00
Goods and Services Tax payable at 12.5%	\$3,047.37

Motorhome (campervan) owned and used overseas by the importer for two years but less than three:

(a) Value for duty of vehicle— pounds sterling	£18,000.00
(b) Value for duty of vehicle— exchange rate = 0.31	NZ\$58,065.00
(c) Value for duty after 60% depreciation allowed	\$23,226.00
(d) Rate of duty—17.5%	\$4,064.55
(e) Shipping and insurance costs	\$4,500.00
(f) GST value = (c) + (d) + (e)	\$31,790.55
(g) Goods and Services Tax payable at 12.5%	\$3,973.82
Total Customs charges payable = (d) + (g)	\$8,033.37

*Note:*

Duty in addition to GST charged at the normal rate.

## Other valuation methods

Where an importer supplies insufficient or unsatisfactory information, Customs may determine a value employing one of the alternative methods provided in the Second Schedule to the Customs and Excise Act 1996. For example, an alternative method of valuation may be used when:

- The importer has purchased the vehicle overseas at an unrealistically low or token price.
- The vehicle was acquired by the importer as a gift or prize.
- The vehicle was constructed overseas by the importer.
- The value of the vehicle has been altered significantly after the date of purchase, for example, by major restoration, modification or improvement, replacement of parts and running repairs; or because of significant structural damage which occurred after the vehicle was acquired overseas by the importer.
- Use of the depreciation allowance results in an unrealistically high Customs value.

To determine an alternative valuation:

- The New Zealand market value of the vehicle, as imported, is established.
- A series of deductions is made for such things as overseas freight and insurance, duty (where applicable), GST and normal mark-ups, until a nominal value for duty can be determined.
- Duty (if applicable) and GST are calculated on the nominal value.

## Do Customs charges apply to motor vehicles or boats imported by immigrants or returning New Zealand residents?

A person arriving in New Zealand with the legal authority to take up or resume permanent residence has the ability to import a motor vehicle, motorcycle, and/or trailer-borne boat without having to pay the standard GST normally levied on all imported goods. (This is called concessionary entry). In the case of a motorhome or campervan, the concession also grants relief from tariff duty. It is possible to claim the concession for more than one vehicle, motorcycle, or boat, provided all the conditions set out below can be met in respect of each item for which duty (GST) free entry is sought.

A vehicle/trailer-borne boat/motorcycle will be admitted free of Customs charges if the importer is able to establish that they:

- Have arrived in New Zealand with the legal authority to take up or resume permanent residence, and
- Have for the whole of the period of 21 months preceding their arrival, resided outside New Zealand or been domiciled outside New Zealand, and
- Have personally owned and used the vehicle or boat overseas for at least one year before the date of their departure for New Zealand, or for at least one year before the date that the vehicle or boat is surrendered for shipping (or, where the boat is imported other than as cargo, the date of its departure for New Zealand), whichever is the earlier, and
- Have given a written undertaking, in such form as a Customs officer may require, that if any such vehicle or boat is sold or otherwise disposed of within two years from the date of its importation, they will forthwith pay to Customs the Customs charges that would have applied at the time of their importation, or pay to Customs such lesser sum as may be required.

The conditions set out above are strictly applied and Customs has no discretionary licence to adapt them to suit particular circumstances, no matter how unusual or deserving these may be. There are heavy penalties under the law for those who are found guilty of making false or misleading declarations or producing false documentation to enter goods under concessions. The penalties include monetary fines and, in addition, forfeiture of the goods concerned.

## **Ships**

For ships of a size larger than trailer-borne (defined for this purpose as leisure craft of a size larger than that which can be transported by a trailer), concessionary entry is restricted to first time immigrants, provided that the importer can prove ownership/use of not less than 12 months. These craft are also subject to a two-year moratorium on sale or disposal and a written undertaking will also be required to ensure that any such boat will not be used in a commercial capacity for hire, or for the transport of cargo or the carriage of passengers for reward, within two years of the date of importation.

## **Rules on ownership and use**

The actual age of a vehicle/boat is of no relevance in terms of eligibility for duty-free entry. Assuming that an importer meets the relevant residency requirements, the factor which determines whether a vehicle/boat can be imported without payment of Customs charges, is the ability to prove not less than 12 months personal ownership and personal use overseas.

Lifestyle and work requirements may dictate that an owner is not in a position to use a vehicle on a daily basis. This will not necessarily disqualify a vehicle from concessionary entry, provided the owner is able to satisfy Customs that the vehicle in question was at all times available for use if required. The key element is that the periods of actual use, if not continuous, should span a full twelve months.

Vehicles/boats will not, however, qualify if the owner surrenders them for shipping to New Zealand before the anniversary of the day on which original delivery was taken. For example, if a vehicle was purchased on 10 June and delivery taken on that day, it must not be handed over to be shipped before 10 June of the following year, and the owner must not leave for New Zealand before this date.

Documentary evidence of personal ownership and use of the vehicle/boat must be produced, for example:

- Dated receipt covering purchase and showing date on which actual delivery was taken
- Registration papers or copies certified by the appropriate authority
- Evidence of the date on which the vehicle/boat was surrendered for shipment to New Zealand
- Odometer reading at the time the vehicle was surrendered for shipping to New Zealand.

In cases where a vehicle/boat is registered in the name of a private company, the majority shareholding of which is owned by the importer and/or spouse, concessionary entry may be allowed provided documentary evidence is produced to confirm the disposition of the company shares.

### *Note:*

For the purposes of the concessions, the expression “personally owned” shall extend to ships (boats), aircraft and motor vehicles including motorcycles (in this Note referred to as “the goods”), which are:

- Leased by the importer for a period of at least one year prior to the date on which the importer departed from the country of exportation to New Zealand, or the date on which the goods were surrendered for shipping to New Zealand, whichever is the earlier, or
- Purchased by way of a hire purchase agreement and the importer has had possession for at least one year prior to the date on which the importer departed from the country of exportation to New Zealand, or the date on which the goods were surrendered for shipping to New Zealand, whichever is the earlier, provided that in both instances the terms of the lease or of the hire purchase agreement, as the case may be, have been complied with in full by the importer prior to property in the goods passing to the importer, and prior to their importation into New Zealand.

In some cases an immigrant or returning New Zealand resident may have enjoyed full personal use of a vehicle which forms part of a company fleet. Provided it can be demonstrated that this arrangement formed part of a salary package, consideration will be given to allowing concessionary entry of such a vehicle, subject to the importer meeting all the other requirements set out above, plus transfer of ownership prior to:

- The date on which the importer departed from the country of exportation to New Zealand, or
- The date on which the vehicle was handed over for shipping to New Zealand, whichever is the earlier.

In these circumstances, access to the concession is not automatic and will be evaluated on a case-by-case basis. Persons wishing to import a vehicle falling within this category should contact Customs at the intended port of arrival before making shipping arrangements.

## What happens when vehicles arrive in New Zealand?

### Quarantine inspection and cleaning

All used vehicles are subject to a quarantine inspection on arrival by an inspector of the Ministry of Agriculture and Forestry (MAF). If the vehicle is found to be contaminated with soil, plant material or animal material, it will require cleaning sufficient to remove the contaminant. The importer is responsible for any charges for inspection and cleaning (if required).

### Import clearance

After the vehicle has been inspected by MAF, importers should obtain an import clearance from Customs. The following documents will be of assistance in clearing a motor vehicle:

- Passport, if the importer travelled overseas to purchase the vehicle
- Invoice receipt showing total price paid and date of purchase
- Registration papers or Certificate of Permanent Export (UK), Certificate of Title (USA), or De-registration Certificate (Japan)
- Invoice showing exporting costs (Japan)
- Invoice showing freight costs and insurance to New Zealand
- Bill of Lading
- Odometer reading at time of sale for export to New Zealand
- Odometer reading at time of importation into New Zealand.

After Customs clearance has been effected, the vehicle should be presented to a Transport Services Delivery (TSD) agent for inspection and a compliance audit. When this has been done, vehicles including motorcycles should be registered with the TSD agent.

## Production of false documents

Importers should be aware that it is an offence to produce or deliver to a Customs officer any document that is not genuine or erroneous in any particular. It is also an offence to make a declaration or a written statement under Section 204 of the Customs and Excise Act 1996 that is erroneous in a material particular. Penalties can be as severe as a fine not exceeding \$10,000 or a term of imprisonment not exceeding six months for an individual. A fine of an amount not exceeding three times the value of the goods to which the offence relates can also be incurred.

## Insurance

Insurance cover can be arranged after the owner's arrival. New Zealand insurance companies provide the usual type of cover for damage by accident, fire, loss, theft, and so on. No-claims bonus schemes are also operated, so owners should bring documentary evidence of past motor vehicle ownership.

## Personal belongings in vehicles

It is recommended that you do not pack personal belongings in your vehicle when it is being shipped to New Zealand for the following reasons:

- If your vehicle is not containerised, items are very susceptible to pilferage and theft while the vehicle is on the wharf awaiting shipment or collection, or on the vessel carrying the vehicle to New Zealand. The vehicle is similarly "at risk" after discharge onto a New Zealand wharf awaiting collection
- Many shippers or carriers will not accept your vehicle for shipment to New Zealand if it is packed with personal belongings
- The shipper or carrier is required to present a complete list of what is being transported, including the contents of your vehicle, to Customs
- The complete contents of your vehicle must be declared at the time they are presented to the NZCS for entry into New Zealand. If this is not done, you may be subject to a fine and the vehicle and its contents may be seized.

## What do I need to know about vehicle imports from Australia, Japan, UK, or Europe?

### Importing a vehicle from Australia

When purchasing a vehicle in Australia, it is standard practice to pay the dealer for accessories, registration, delivery and other associated costs in addition to the purchase price of the vehicle. If the importer arranges independently for the vehicle to be shipped to New Zealand, the value for duty will be confined to those costs paid directly to the dealer. However, if the dealer arranges for the vehicle to be shipped to New Zealand, the value for duty is the price of the vehicle on board the vessel at the port of export (less depreciation, if eligible).

## Importing a vehicle from Japan

When buying a vehicle in Japan it is common practice to employ an agent who has access to vehicle dealers and auctioneers. As well as assisting in the purchase of the vehicle, the agent is often used to prepare the appropriate documentation and arrange for the vehicle to be shipped to New Zealand. The charges for these services are considered to be associated with the purchase cost of the vehicle and are included in the value for duty and GST.

**A word of warning:** Some Japanese agents charge excessive amounts for freight and insurance, so it is wise to explore the most competitive rates for shipping a vehicle before leaving New Zealand for Japan. In most cases, agents' fees and commissions are dutiable. In cases where an importer arranges to buy a vehicle in Japan on a "CIF New Zealand port basis", Customs will only allow for the deduction of the actual cost of international freight and insurance, not the inflated figures shown on some invoices.

## Importing a vehicle from the United Kingdom

It is relatively easy to purchase a new vehicle tax free in the United Kingdom and the invoiced price forms the value for duty. However, if the sale includes the cost of shipping to New Zealand, value for duty is the cost of the vehicle on board the vessel at the port of export.

## Tax relief in the country of purchase

It may be possible to purchase a vehicle for export without payment of local car tax and/or value added tax. Contact the manufacturer or dealer.

## Vehicles sold on tourist delivery schemes

New Zealand residents travelling overseas to Europe or the United Kingdom are sometimes able to place an order with the New Zealand vehicle distributor for the marque concerned and take delivery of the new car "tax free" upon arrival at their destination. These vehicles are sold under what is known as the "tourist delivery vehicle" scheme.

Some New Zealand distributors will be prepared to import your vehicle for you when you wish to return to this country. You should take advantage of the offer as the franchise holder has access to an invoice, not available to the owner, which excludes dealer commission from the price paid for the vehicle. The invoice you received when buying the vehicle includes this commission. The net invoiced price can then be used as the basis for arriving at a value for duty. Depreciation will also be granted for the period of personal ownership/use, but this period will only commence at the time physical delivery of the vehicle is taken, not from the time at which the order or payment is made. In other words, depreciation is not given for a vehicle under construction.

Where the distributor does not offer to clear your vehicle through Customs, the invoice you received forms the basis of the calculation to determine the value for duty.

## Can I get a written estimate of the Customs charges payable on my vehicle?

Based on the information contained in this Fact Sheet, private importers should be able to calculate the likely Customs charges payable. Should you have any doubts about importing your vehicle or other questions on Customs matters, please contact the NZCS at the port in New Zealand through which your vehicle is likely to be imported.

For further information, contact your nearest office of the New Zealand Customs Service, visit the Customs website [www.customs.govt.nz](http://www.customs.govt.nz), or call Customs on 0800 428786.



