

Valuation of Privately Imported Vehicles

The Customs value of privately imported new or used motor vehicles 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 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.

Where an importer supplies insufficient or unsatisfactory information, the New Zealand Customs Services 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 major restoration, modification or improvement

- 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.

[top ▲](#)

Examples of Calculations

Motor car owned and used overseas by the importer for six months but less than nine months:

(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) Rate of duty – free	0
(e) Shipping and insurance costs	\$4,500.00
(f) GST value – (c) + (d) + (e)	\$24,379.00
(g) Goods and Services Tax payable at 12.5%	\$3,047.37

Total Customs charges payable – (d) + (g)	\$3,047.37
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Motor home owned and used overseas by the importer for two years but less than three years:

(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

[top ▲](#)

Depreciation Rates

The following depreciation deductions can be made from the purchase cost of vehicles 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 the vehicle arrives in New Zealand. Note that this is not the same

measure used to determine if the vehicle qualifies for concessionary entry.

[top ▲](#)

Exchange Rates

In order to calculate the Customs charges payable, it is necessary to convert the currency of purchase into the New Zealand dollar equivalent. [Exchange rates](#) used by the New Zealand Customs Service are published fortnightly and remain in force for a two-week period. (These rates may differ slightly from the currency rates published by overseas trading banks.)

[top ▲](#)

Duty Rates

Type of vehicle	Duty rate
Motor cycle	Free
Motor car	Free
Ambulance	17.5%
Motor home/camper van	17.5%
Motor vehicle for the transport of 10 or more persons	7%

If applicable, the duty rate is calculated on the Customs value of the vehicle.

[top ▲](#)

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 international freight and insurance.

[top ▲](#)

Import Transaction Fee

In addition to the payment of duty and GST, an import transaction fee of \$18 (GST inclusive) may apply. The fee is payable at the same time that duty and GST is collected.

[top ▲](#)