**Consumption Tax Trends 2016 - New Zealand**

**VAT rates 2016**

The New Zealand's standard GST rate is 15.0%, which is below the OECD average. The average VAT/GST¹ standard rate in the OECD was 19.2% as of 1 January 2016, up from 17.7% on 1 January 2009. New Zealand applies a reduced rate of 0% to a number of goods and services. Since 2009, 22 of the 34 OECD countries that have a VAT have raised their standard VAT/GST rate at least once. In line with this trend, New Zealand raised their standard GST rate in 2010.

**VAT Revenue Ratio**

The VAT Revenue Ratio (VRR) for New Zealand was 0.97 in 2014, above the OECD average of 0.56. The VRR is a measure of the revenue raising performance of a VAT system. A ratio of 1 would reflect a VAT system that applies a single VAT rate to a comprehensive base of all expenditure on goods and services consumed in an economy - with perfect enforcement of the tax.

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1. VAT refers to value added tax and goods and services tax (GST)

Source: OECD Tax Database 1st January 2016

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