

# New Zealand tax treatment of crypto-assets - residency

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In this article we look at tax residency issues as they relate to crypto. For a detailed consideration of tax issues facing crypto investors who buy and sell crypto see our main [article](#) or for tax issues relating to crypto business transactions see this companion [article](#).

## Tax residency

Before you go ahead and file your next income tax return – ask yourself, do I have to pay tax in New Zealand at all?

Most of us haven't ever had to consider our tax residency in New Zealand and if you have lived in New Zealand most of your life, you can skip to the next section. However, with the influx of immigrants (numbers albeit dampened by the pandemic) and Kiwis coming home, it is important to understand where you sit on the tax residency spectrum. We emphasize the words tax residency. This is not to be confused with your immigration status which is not determinative of whether or not you have to pay tax.

## I am a New Zealand tax resident

You become a New Zealand tax resident when you have:

- been in New Zealand for more than 183 days total in any 12-month period; or
- a permanent place of abode in New Zealand.

If you are a tax resident, then you will be taxed on your worldwide income, which will include any income generated from your crypto transactions overseas. This includes your crypto income even if you acquired and disposed of the crypto overseas, such as when you use a crypto exchange based outside New Zealand.

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There are specific rules around double taxing of income, and you might be able to offset some of your tax liability in New Zealand with the tax you have paid overseas; but that's a whole different story, worthy of an article on its own.

### **I am new to New Zealand or have not been in New Zealand for the last ten years**

If you are new to New Zealand (or are a returning tax resident who has been away from New Zealand for ten or so years) you may be subject to transitional tax rules, which run for four years and apply to most types of foreign income (but not all). Assuming you fall under the transitional tax period, income generated from dealings via crypto-asset transactions outside of New Zealand, would not be subject to tax in New Zealand.

In saying that, some crypto income is still taxable in New Zealand during the exemption period. Specifically, you still have to pay tax on:

- income with a New Zealand source (for example, income from buying and selling crypto on a New Zealand crypto exchange);
- foreign-sourced employment income (for example, an employee gets paid in crypto for services performed overseas);
- foreign-sourced income relating to services (for example, a contractor gets paid in crypto Assets for services provided overseas).

### **I am not a tax resident (have been in New Zealand for less than 183 days total)**

If you are not a New Zealand tax resident and your income generated by crypto dealings is in relation to dealings offshore, then count your lucky stars – all 183 days' worth – the income will probably not be subject to New Zealand tax.

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