

For transport operators compliance with Inland Revenue Department (IRD) is mostly about getting the fundamentals right and staying consistent. The key messages aren't complicated—but missing them can get expensive quickly.

1. Keep accurate, real-time records

Transport businesses have complex income streams—freight charges, fuel levies, subcontracting, etc. IRD expects clear, up-to-date records of:

- Income and expenses
- Mileage and fuel use
- Asset purchases (vehicles, trailers)
Poor or incomplete records are one of the biggest red flags.

2. Get GST right (and on time)

Most operators are GST-registered. Common issues include:

- Claiming GST on ineligible expenses
- Not accounting for GST on all income
- Filing late returns
Cashflow pressure is no excuse—IRD penalties stack up quickly.

3. Understand employee vs contractor rules

This is a major risk area in transport.

- Owner-drivers and subcontractors must be genuinely independent
- If they look like employees (set hours, control, branded trucks), IRD may reclassify them
That can trigger backdated PAYE, penalties, and interest.

4. PAYE and payroll compliance

If you employ drivers or admin staff:

- Deduct the correct PAYE, KiwiSaver, and student loan repayments
- File payday reports accurately
Errors here are easy to detect and often audited.

5. Claiming expenses correctly

You can claim legitimate business costs—but they must be:

- Directly related to income
- Properly documented
Watch out for mixed-use assets (e.g., vehicles used personally).

6. Asset depreciation and capital purchases

Trucks and equipment are high-value assets:

- Must be depreciated correctly over time
- Immediate write-offs only apply in specific cases
Getting this wrong can distort taxable income.

7. Cash jobs and undeclared income

IRD has a strong focus on hidden economy activity:

- All income must be declared—even cash
- Industry data matching makes it easier for IRD to spot gaps

8. Road user charges (RUC) vs tax obligations

RUC (through New Zealand Transport Agency) is separate from tax—but:

- Fuel, RUC, and vehicle costs must align in your financial records
Inconsistencies can trigger scrutiny.

9. Debt management—talk early

If you fall behind:

- IRD is generally more flexible if you engage early
- Payment plans are common, but ignoring debt leads to enforcement

10. Digital systems are becoming the norm

IRD expects businesses to:

- Use accounting software
- File electronically
Manual or paper-based systems increase risk of errors.

Bottom line:

For transport operators, IRD compliance is less about complex tax strategy and more about discipline—clean records, correct classifications, and timely filing. Most issues arise from shortcuts or misunderstandings rather than deliberate non-compliance.