



20 January 2026

CIRCULAR 2601

To: **All Harness Racing Clubs & Kindred Bodies**

HISTORIC GST INPUT CLAIMS - FURTHER ADJUSTMENTS REQUIRED

We are issuing this circular to alert clubs to an error in the calculation of GST input credit amounts that were processed by clubs in 2024 which resulted in overclaimed amounts. This circular also provides guidance to clubs on how to make corrections for these amounts.

Background

As you will be aware, a 2018 High Court decision clarified that trainers and drivers provide services to clubs, not owners. Following the High Court decision in Canterbury Jockey Club, HRNZ undertook a process to calculate the historic GST input credits available to clubs.

Refunds were available in respect of stakes paid to trainers and drivers where the horse owners were not registered for GST. Following a review of the GST technical position and of the refund calculations, HRNZ reached an agreement with Inland Revenue regarding the refund process. Following this agreement, each club claimed a GST refund amount as advised by HRNZ in its next GST return and then provided this refund amount to us for distribution to entitled owners. Further information on this can be found in the [March 2024 club circular](#) and these HRNZ news updates from [June 2024](#) and [July 2024](#).

During the distribution process, HRNZ identified an error in the input credit calculations which resulted in additional GST input credits being claimed above the correct entitlement. This overclaim occurred in group ownership scenarios where there was a mix of registered and non-registered owners. In these cases, the original calculation included a GST refund in relation to the GST-registered owner(s) within that group. These GST-registered owners were not entitled to a refund amount. While some discrepancies are minor at a club level, there are more material adjustments for larger clubs.

We acknowledge that overclaimed amounts are due to an error in our calculation methodology that unfortunately slipped through both the internal HRNZ review process and the review by Inland Revenue prior to the return adjustments being made. Inland Revenue has been informed of this error and has been advised by HRNZ that the overclaimed amounts will be repaid.

Next steps

We have retained the overpaid refund amounts (in relation to GST-registered owners) which should now be returned to Inland Revenue. As a result, all clubs will need to make an adjustment in their next GST return period to return any overclaimed GST input credits to Inland Revenue.

Inland Revenue has requested that the overclaimed amounts are paid by each club when the relevant return is filed rather than HRNZ making a combined payment to account for the total amount of GST. The reason for this approach is to ensure that the payable amounts are processed correctly, and amounts are not auto refunded by the Inland Revenue system before an assessment is made in respect of the relevant return.

As a result, we will make a payment of the GST adjustment to you before your GST return is due, which will be equal to the GST adjustment amount required to be returned to Inland Revenue. The inclusion of the adjustment amount in the GST return is the responsibility of each club.

HRNZ has agreed to provide Inland Revenue with a copy of this circular and a copy of the error calculations on a per club basis for their reconciliation purposes. This error schedule will show the amount of the error and the GST period in which the club will make the correction adjustment. Inland Revenue has advised that if the GST adjustment amounts are paid promptly and, in the period as directed by HRNZ, they should process the additional payment and are unlikely to consider the issue further or issue a reassessment of the GST return which contains the error.

Process for correcting refund amounts paid out

To correct the GST input credit error, the following steps should be followed:

- 1. HRNZ will advise the club of their adjustment amount and the GST period in which the club is required to make the adjustment***
As clubs have different GST period end dates and GST filing frequencies, we will contact each club separately and provide each club with the adjustment number and the GST period that the adjustment should be processed in. We intend to issue this guidance to clubs in January 2026.
- 2. HRNZ will make payment to the club for their adjustment amount***
A payment will be made to each club before the GST return is due, which is equal to the amount of the adjustment required to be made. Refer to your club's adjustment letter for the date payment will be made.
- 3. The club should include the adjustment in the GST return as advised by HRNZ***
The adjustment amount advised by HRNZ should be included in Box 9 of the GST return form (the debit adjustment box). Including this adjustment will increase the GST payable amount or decrease the GST refund available depending on whether the club is in a GST payable or refund position prior to this adjustment.
If the club is already in a GST payable position, the payment received from HRNZ will equal the increase in GST payable as a result of the correction. If the club is in a GST refund position, the payment from HRNZ will equal the reduction in the refund from the adjustment amount.
- 4. The club should provide a copy of the filed GST return to HRNZ***
Once the GST return has been filed, each club should provide a copy of their filed return to HRNZ showing the adjustment has been made.
- 5. Refer any Inland Revenue queries to HRNZ's Finance Team***
If Inland Revenue contacts a club or issues an automated letter before releasing a GST refund, the club should refer the matter to HRNZ's Accounting & Reporting Manager (Lydia Botha) or Club Support Accountant (Sagar Arora). HRNZ will assist with responding to Inland Revenue and providing additional context.

Summary

This adjustment process is a one-time correction to resolve discrepancies in previously distributed GST input credit refunds. It is important that all clubs follow the process outlined above to ensure consistency across the code and allow HRNZ to work with Inland Revenue as needed. HRNZ will continue to support clubs throughout this process and provide additional guidance as needed. Your prompt action in relation to this GST matter is appreciated and will reduce the chance of penalties and interest being applied. While it is unlikely there will be interest or penalties payable, HRNZ will make an additional payment to you to ensure this cost is covered if the penalties and interest cannot be removed following discussions with Inland Revenue.

We appreciate your co-operation with this and apologise for the error in the historic calculations that has necessitated this additional step. If you have any questions, please don't hesitate to contact HRNZ Finance at clubs@hrnz.co.nz.