

A Guide to the Charities Act Discussion and Presentation

**Ian Reid,
Vice President**



Introduction

- The Commission is to provide:
 - A registration and monitoring system for charitable organisations; and
 - Support and education to the charitable sector on good governance and management

Why Register?

- Getting or keeping tax-exempt status
- Being listed on the Charities Register
 - The general public will be able to search the Register. The Register will be at www.charities.govt.nz once it is open

Why Register?

- Getting a registration number
 - The Commission will give registered charitable organisations a registration number. Charitable organisations can display this number on promotional material. This will tell the public that the charity has met the requirements for registration. Display of this number will also tell providers of funding that the charity has registered

Why Register?

- Grant Applications
 - In our discussions with the CEO of Charities Commission, he did indicate that a number of grants organisations (ie Creative Communities, Gaming Trust) may not look at applications in the future without them being registered with the Charities Commission. It would also save “paper war” time if the charitable organisation’s details were on line.

Incorporated Societies Need to Register

- Even if an organisation is already a Charitable Trust or an Incorporated Society, it will still need to register with the Commission if it wishes to receive or maintain tax-exempt status and be deemed a 'registered charity'

Registration Requirements

- To register, charitable organisations will have to
 - Submit a copy of their rules or constitution
 - Provide information about their current and proposed charitable activities
 - Register the officers of the organisation

Once Registered Societies will have to:

- File an annual return within six months of their nominated balance date
- Notify the Commission if certain information about their organisation changes

Timeline of Registration

- Charities Commission registration will be open from mid July 2006.
- All charities need to be registered by 1 July 2008
- Registration is not mandatory. However, charitable organisations wanting to retain or gain tax exempt status will need to register by 1 July 2008

Costs of Registration

- Initial registration will be free of charge
- Following registration, registered entities will need to file an annual return.
- Annual return fees will be set at \$50 (GST incl) for online filing and \$75 (GST incl) for paper based annual returns but charities with an annual income of \$10,000 or less (GST excl) will be exempt from the fee

IRD Tax Exemption/ Incorporated Societies Registrar

- Registering with the Commission is all that an organisation needs to do to ensure that it is eligible for tax exemption on the basis of charitable purpose
- You will still need to register with the Incorporated Societies Registrar at this stage

IRD Tax Exemption

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Constitution and Rules

- Most importantly, you must dust off your rules or constitution and make sure your society is deemed a charitable organisation and the purpose of the society is in there
- The “wind up clause” is also important. Make sure that any monies left do not go to the members – this is not deemed charitable status
- Get your rules or constitution checked by a lawyer

IRD Tax Exemption

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Application Forms

- Please refer to forms that are being handed out for discussion