

# Tax changes for charities and donee organisations

Inland Revenue has released a statement about tax rules applicable to charitable and donee organisations.

## Purpose and effect

Inland Revenue have stated the purpose is to assist organisations in the charities and not-for-profit sectors to understand their tax obligations and the tax exemptions available to them.

In some cases, the document will result in a change in availability or in the process of obtaining exemptions.

Changes are to apply from 1 April 2020 (subject to final statement release).

## Key matters in IRD's statement

- Charitable organisations must be registered with Charities Services to qualify as a "tax charity"
- Māori organisations that are registered charities subject to clarifications on 'gifts of money' and application of charities tax rules
- New process for exemption from income tax for international/non-resident charities that are unable to be registered with Charities Services

- Updated process for exemptions from resident withholding tax for charities
- Changes to Inland Revenue's requirements for charities relating to their trust deeds
- Clarifications on disclosure and reporting obligations which may apply to charities that are financial institutions
- Clarifications of when FBT concessions will be available to a charity
- Guidance on what qualifies as a 'gift' for donation tax credit purposes

## Affected organisations

The following organisations may be affected by the statement:

- Charities
- Donee organisations
- Schools
- Maraes and Māori organisations/trusts
- Churches/religious organisations

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