

## Submission on the Taxation and the Not-for-Profit Sector Consultation

Submitted to: Inland Revenue Department, New Zealand

Submitted by: [Your Organisation's Name]

Submission Date: [Insert Date]

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### 1. Introduction

Organisation Name: [Your Organisation's Name]

Legal Status: [Charitable Trust / Incorporated Society / NFP]

Primary Purpose: [Briefly describe what your organisation does and the communities you serve]

Contact Person: [Name, Position]

Contact Email: [Email Address]

[Your organisation's mission and impact in the community, highlighting how tax policies affect your ability to deliver services.]

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### 2. Key Submission Points

#### A. Charity Business Income Tax Exemption

- We **support/do not support** the proposal to tax charity business income unrelated to charitable purposes.
- The impact of this change on our organisation would be: [e.g. reduced funding for charitable activities, increased compliance costs, reduced financial sustainability].
- If a tax exemption is removed, we **recommend/do not recommend**:
  - A **de minimis exemption** for small-scale activities (e.g. Tier 3 and Tier 4 charities).
  - A **transition period** to allow charities time to adjust.
  - Clear guidelines to define "unrelated business activity" to avoid unintended consequences.

#### B. Donor-Controlled Charities

- We **believe/do not believe** that New Zealand should distinguish donor-controlled charities from other charities for tax purposes.
- If additional regulations are introduced, they **should/should not**:

- Ensure transparency without unnecessary compliance burdens.
- Avoid penalising genuine philanthropy.
- Consider a reasonable **minimum distribution requirement** for donor-controlled charities.

### C. Tax Simplification and Integrity Measures

- Simplification of tax rules for NFPs is **essential/not essential** to reduce compliance costs for small organisations.
- We **recommend/do not recommend**:
  - Raising the **\$1,000 tax exemption threshold** for NFPs.
  - Simplifying the **income tax return filing** requirements for small charities.
  - Reviewing the **resident withholding tax exemption** to ensure charities can retain funds for public benefit.

### D. Impact on Volunteers and Donation Tax Credits

- We **support/do not support** reforms to **simplify tax compliance for volunteers**, particularly the honoraria tax treatment.
- We **support/do not support** changes that make donation tax credits **more accessible and real-time** to encourage giving.

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## 3. Conclusion and Recommendations

We appreciate the opportunity to contribute to this consultation. While we acknowledge the need for fair tax policies, we urge the Government to carefully consider the potential unintended consequences on small charities and their ability to serve communities. **[or delete and add your own conclusion and recommendations]**

We are happy to discuss this submission further and provide additional input if needed.

#### Signed by:

**[Your Name]**

**[Your Position]**

**[Your Organisation]**