

Not-For-Profits

Tax Update for Not-For-Profits



Tax Compliance for Not-For-Profits

- ▶ Income Tax
- ▶ Fringe Benefit Tax
- ▶ Goods & Services Tax
- ▶ PAYE/Withholding Taxes
- ▶ Donations

Income Tax



- ▶ Section CW41 – Non-Business Income
- ▶ Section CW42 – Business Income
- ▶ Key Definition – Tax Charity
- ▶ Apportionment - New Zealand-v-Overseas
- ▶ Losing Charitable Status

Fringe Benefit Tax



- ▶ Section CX25 – General Exemption

- ▶ Exceptions
 - Business activities of the organisation

 - Short-term charge facilities

Goods & Services Tax – Taxable Activity



- ▶ Why register for GST?
- ▶ Requirements for GST registration
- ▶ Current absurdities – is there abuse?
 - Example 1 – Merchandise
 - Example 2 – Raffles/Prize draws
- ▶ Possible Solution?

Goods & Services Tax – Other Challenges



- ▶ Taxable – v – Exempt Supplies
- ▶ GST apportionment
- ▶ Branches
- ▶ Grants/Donations/Subsidies

PAYE/Withholding Tax



- ▶ No special rules!
- ▶ Schedule 4 Payments

Donations: tax deduction/credit



- ▶ Section LD1 – Charitable/Public Benefit Gifts
- ▶ Key Definition – Charitable/Public Benefit Gift
- ▶ Challenging Areas – Some Examples
 - Non-cash donations
 - Auctions
 - Donated proceeds

Summary



- ▶ Legitimate tax 'breaks' available
- ▶ Complexities exist in complying
- ▶ Definition anomalies
- ▶ Risk of charitable status abuse
- ▶ Tax Risk Management is key