

The Charities Commission

The Charities Commission is essentially a register for any charitable organisations where their information is available for public viewing. Over 25,000 charities are currently registered with the Commission.

ROLE OF THE CHARITIES COMMISSION

Some of the key tasks in the role of the Charities Commission are:
 (as set out in the Charities Act 2005)

- promote public trust and confidence in the charitable sector;
- encourage and promote the effective use of charitable resources;
- educate and assist charities in relation to matters of good governance and management;
- make appropriate information available to assist persons to make registration applications under this Act;
- receive, consider and process applications for registration as charitable entities;

(taken from www.charities.govt.nz)

WHY REGISTER?

Registration with the Charities Commission is voluntary; however there are several benefits to registering your organisation.

- By becoming a registered charitable entity your organisation will be eligible for income tax exemption.
- Registering with the Charities Commission will give your organisation improved public confidence.
- As a registered charity you can display your unique registration number on any promotional or identification material - proof of your charitable status to funders and donors. It can help with public funding as funders will know that your group has been vetted and is accountable.

WHAT IS A CHARITABLE ORGANISATION?

Not all “not-for-profit” organisations are necessarily exclusively charitable. The Charities Commission requires a group to have exclusively charitable objectives that fall under one or more of the following:

- a) the advancement of education, & or
- b) the advancement of religion, & or
- c) the relief of poverty, sickness, or disability & or
- d) any other purpose that benefits the community*

*If your organisation’s purpose falls under this category you must also be able to demonstrate “public benefit”

– i.e. that this benefit is recognised by law as beneficial or benefits a significant section of the public.

Remember: Your rules need to reflect your charitable aims and objectives.

HOW TO REGISTER

- Go to www.charities.govt.nz for all information;
- You can register online (preferred) by creating a user account with the Commission (go to the home page and click on “Apply to register online” on the right hand side of the page);
- Forms can also be downloaded and sent into the Charities Commission manually (go to the “Forms” page);
- It is beneficial to be registered online as all your information will be readily available and you can check when your annual returns are due.

The Charities Commission website has a comprehensive “Registration Checklist” that will be useful when completing your application (click “browse information sheets” on the right hand side of the home page, then scroll down to find the checklist document).

WHAT IS INVOLVED?

It is free to register with the Charities Commission, but there are some obligations to being a registered charity:

- Organisations are required to file annual returns. This can be done online or manually. Annual returns must include statement of accounts for the last financial year but these do not have to be audited. (Returns are required to be filed no later than 6 months after the end of the organisation’s financial year)
- Organisations are required to inform the Commission of any changes to their organisation – new officers, change of address, change of rules.
- Failure to file an annual return will result in removal from the register.

See Sheet 5 for more information about auditing requirements.

ANNUAL RETURNS

Once you have registered, the Commission will remind you when your Annual Return is due and will also send you information on how to complete it. This information helps the Commission to monitor your charity to ensure it remains qualified to be registered. This Annual Return (including financial) will be publicly available on the Charities Register at the Charities Commission website.

Change of rules or details

You must let the Charities Commission know about changes to your organisation in these areas:

- the name of your charity
- the address for service
- the balance date/end of your financial year
- the rules
- the purpose of your charity
- a change in the officers (including new appointments).

The Commission must be notified of any changes no later than **three months** after a change takes place, or your organisation becomes aware of the change (whichever is the later). Some changes that you need to report may take place at your AGM, in which case you may choose to report them when you file your Annual Return (as long as you file the return within three months of the change). Otherwise you will have to complete a Notification of Change Form (Form 3) and send it to the Commission.

Important Note - If you are an incorporated society, or a registered charitable trust, and you wish to make any changes to your rules, you must send these changes to the Companies Office for their approval first, before sending them to the Charities Commission.

SPORT & RECREATION ORGANISATIONS

Sport and recreation can be considered a charitable activity. As such, some organisations with purposes that promote sport and recreation may register with the Charities Commission. For example, sport and recreation organisations are likely to have charitable purposes if they provide recreational opportunities for people with disabilities, teach skills to young people, or provide opportunities for the public to improve their fitness. Benefits must be provided for the public. For example, if a sports club has exclusive membership or high fees, if the sport is excessively dangerous, or if the club focuses

on social activities rather than physical activities, this is unlikely to be charitable.

Sport and recreation organisations will only have charitable purposes if they:

- relieve poverty
- advance education
- advance religion, or
- provide a benefit to the community that the law regards as charitable.

Sport and recreation organisations are not obliged to apply for registration as a charity. Registration is voluntary. In deciding whether to apply, an organisation should assess the benefits and obligations associated with being a registered charity.

If you are a sporting organisation you may already be exempt from Income Tax (without being registered with the Charities Commission). Contact the IRD directly to discuss your tax status.

(taken from www.societies.govt.nz)

COMMON QUESTIONS

Q. Does being registered with the Charities Commission mean our group is a legal entity?

A. No. Not unless you are also a registered Incorporated Society or Charitable Trust with the Companies Office. If you are only registered with the Charities Commission you can still operate as a charity but you need to be aware that you won't be able to enter into any legal agreement (such as property purchase or lease) as a group.

Q. If we are charitable organisation and we are not registered with the Charities Commission can we still maintain or obtain income tax exemption status?

A. No. From July 1 2008 any charity not registered with the Charities Commission is liable for income tax. You need to be registered with the Charities Commission in order to be eligible to be income tax exempt.

If you are not a charity you may have/be eligible for income tax exemption under a different part of law (e.g. as an amateur sports group, district promotion society etc). If you are not sure whether you already have an income tax exempt status you should contact the IRD directly (please note that IRD will only give information to the person in your group that has been nominated to liaise with the IRD on the group's behalf).

Information prepared by



LINKS / WHERE TO GO FOR MORE INFORMATION:

www.charities.govt.nz

The Charities Commission also has a comprehensive "Information Sheet Library" page on their website which has information about a variety of relevant topics.

www.societies.govt.nz

www.ird.govt.nz

For more information or help you can also contact your local Community Development Planner at Venture Southland:
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Ph: 03 211 1400
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www.southlandnz.com