# FINANCIAL POLICIES AND PROCEDURES

## SECTION 7: TAX

## POLICY 1: TAX & CHARITABLE STATUS

### Policy Rationale

[organisation] has obtained charitable status and will comply with the requirements set out in the Charities Act 2005 to maintain its charitable status and income tax exemption.

[organisation] will endeavour to file returns for any other tax obligations and pay any tax liabilities on time in order to avoid any unnecessary penalties and interest.

### Policy Statement(s)

In order to operate as a registered charity the [organisation]’s CFO / Finance Manager will:

1. Ensure that [organisation] complies with all requirements to maintain its Charitable status
2. Ensure that all Charities Commission returns are filed correctly and on time
3. Respond appropriately and within reasonable time to requests from the Charities Commission

The [organisation]’s CFO / Finance Manager will also:

1. Ensure that the basis and taxable periods under which [organisation] GST activity is returned (if any) is the most appropriate for the organisation
2. Ensure all benefits provided to staff / members are taxed appropriately with reference to appropriate legislation
3. Ensure that the persons authorised with Inland Revenue to act on [organisation] behalf are regularly reviewed and updated, particularly with finance staff changes
4. Respond appropriately and within reasonable time to requests from Inland Revenue
5. Ensure that all transactions entered into by [organisation] are assessed for any possible tax obligations and that those obligations are appropriately recorded
6. If [organisation] is an Incorporated Society the CFO / Finance Manager will also:
7. Ensure that [organisation] re-registers under the new Incorporated Society Act 2022 between October 2023 and April 2026 (or such new date that may be allowed)
8. Ensure all compliance with the relevant Act to which the Incorporated Society is registered

### Policy Implementation and Related Procedure Documents

The implementation and review of these Tax & Charitable Status policies are the responsibility of [organisation]’s Audit, Finance & Risk Committee.

[organisation]’s Audit, Finance & Risk Committee may request that the External Auditors review tax compliance as part of the annual audit.

[organisation]’s CFO / Finance Manager is responsible for implementing and then regularly reviewing the tax requirements for the organisation and the related procedures. They are also responsible for the filing of GST and other relevant tax returns and payment of tax liabilities.

[organisation]’s CFO / Finance Manager will also establish and review the procedures supporting the requirements for [organisation] to register for and then maintain charitable status and Incorporated Society status (if relevant).

The following [organisation] policies and frameworks should be referred to in this regard:

* + Finance Manual
  + Accountability, Internal Controls & Audit Policy
  + Records Management & Data Security Policy

### Legislative Compliance Considerations

* + Income Tax Act 2007
  + Tax Administration Act 1994
  + Financial Reporting Act 2013
  + KiwiSaver Act 2006
  + Goods and Services Tax Act 1985
  + Charities Act 2005 [if a registered Charity]
  + Incorporated Societies Act 1908 [if an Incorporated Society]
  + Incorporated Societies Act 2022 [applicable if an Incorporated Society registered under the new Act. Reregistration is available from 5 October 2023]
  + XRB Standards

### Review Protocol

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| --- | --- |
| Policy Reviewed By: | Audit, Finance & Risk Committee |
| Date Reviewed: | [Date] |
| Next Review Date: | [Date] |
| Revokes Policy Reviewed: | [Date] |