



**SPORT  
NEW ZEALAND**  
IHI AOTEAROA

# Charities Amendment Bill

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**Information on the proposed changes to the Charities Act 2005**  
December 2022

## Background

The [Charities Act 2005](#) (The Act) provides a registration, reporting and monitoring system for approximately 28,000 registered entities that carry out charitable purposes.<sup>1</sup> A charity must be “wholly and exclusively” charitable and meet all the requirements under the Act to qualify for registration and the charitable tax exemption.<sup>2</sup>

The [Charities Amendment Bill](#) was introduced into Parliament in September 2022. The Bill’s objective is to “make practical changes to support charities to continue their vital contribution to community well-being, while ensuring that contribution is sufficiently transparent to interested parties and the public.”<sup>3</sup>

You can stay up to date with progress of the Bill via the [Parliament website](#). Public submissions to the Select Committee are open now until **9 December 2022**.

## What key changes is the Bill proposing?

**Definition of Officers** – This is being extended to capture all persons with significant influence over the management or administration of the charitable entity (aligning with the new definition of officers in the Incorporated Societies Act 2022).

**Qualification of Officers** – At least one officer must be 18 years or older and the remaining officers must be at least 16 years old. The disqualifying factors to becoming an officer are extended to include persons who have been convicted of an offence relating to the financing of terrorism.

**Governance procedures** – Charitable entities will be under a duty to review their governance procedures (whether those are set out in its rules, trust deed, constitution or elsewhere) annually. You must consider whether your governance procedures are current, whether they support you to achieve your entity’s charitable purpose and whether they support your entity to comply with the requirements of the Act.

**Financial reporting requirements for small charities** – Very small charities may be exempted by the Charities Regulator from the External Reporting Board’s reporting standards. A charitable entity that is exempt will still have to provide an annual return with certain basic financial information. The threshold for very small charities, and what financial information they need to provide will be set out in the Regulations (which are still to be developed).

**Regulatory decision making** – Te Rātā Atawhai (the independent Charities Registration Board) (the **Board**) and the Chief Executive of Te Tari Taiwhenua Department of Internal Affairs are the two regulators under the Act. Charitable entities will have more ability to object to decisions. Regulators must also follow new processes when they exercise powers under the Act, including:

- The Board will be required to publish all declined/deregistration decisions;
- A clear process for charitable entities to object to significant decisions of the Board and Charities Services will be set out; and
- Timeframe for lodging objections and submitting information on certain matters will be extended from 20 working days to two months.

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<sup>1</sup> Charities Amendment Bill, Explanatory note

<sup>2</sup> [Charities Services | The Charities Act 2005](#)

<sup>3</sup> Charities Amendment Bill, Explanatory note, General policy statement.

**Appeals framework** – The Taxation Review Authority (**Authority**) will be the first to hear appeals under the Act, instead of the High Court as it is currently. It is hoped that this change will promote accessibility for charitable entities, as it allows them to self-represent, reducing costs. Decisions may still be appealed to the High Court, or referred to the High Court on questions of law, or where the Authority decides that the High Court should hear the appeal.

**Compliance and enforcement powers** – Obligations on charities to remain qualified for registration (by maintaining their rules, charitable purposes and having officers that are qualified under the Act), are now expressly stated.

The Board can disqualify an officer for serious wrongdoing (defined as an offence punishable by two or more years of imprisonment) or a significant or persistent breach of obligations, without deregistering the charity.

**Accumulation of funds** – Charities Services will update the annual return form, in consultation with the charities sector and with iwi, to require reporting from larger charities of the reasons for their accumulated funds (including cash, assets or other resources).

## What is the current status of the Bill?

There are a variety of stages that a Bill must go through before receiving royal assent and passing into law. The Bill is currently at the Select Committee stage, where the committee will consider submissions from the public. The Bill will subsequently go through its Second Reading, the Committee of the whole House and Third Reading before then receiving Royal Assent.

## Resources

- [Charities Services](#)
- [Charities Services – Sport and Recreation](#)
- [Charities Act 2005](#)
- [Charities Amendment Bill](#)