

28 March 2025



To: Deputy Commissioner, Inland Revenue Department

Submission on: Taxation and the Not-For-Profit Sector

I write this submission on behalf of the following organisations:

1. Printing Industries NZ Incorporated (NFP, Industry Association)
2. Packaging Council of NZ (NFP, Industry Association)
3. Community Newspapers Association (NFP, Industry Association)
4. Trust4Skills Trust Board (Registered Charity providing funding for education)

We are deeply concerned at the proposal to tax the subscription income of charities and not-for-profits, including industry associations. These proposals represent a substantial change to the long-standing operational parameters of these organisations and have the potential to impact their financial viability and defer funds into non-core business.

We exist to support the businesses and individuals that make up the membership in our respective industries by offering advocacy, research, training and mentoring opportunities that these businesses would otherwise be unable to access. This assists them to ensure they meet their compliance obligations and operates within the rules, making better businesses for NZ Inc.

Both incorporated societies and charitable organisations already operate under strict governance and accountability standards and the proposed changes would potentially place financial strain on many of these organisations across New Zealand, who operate on very fine margins without seeking a profit.

We strongly advocate for a tax and regulatory environment that enables both charities and incorporated societies to continue to deliver services to their members with neither increased financial pressures nor additional compliance requirements.

While we are not able to answer all the specific questions included in the submission, we would like to make the following comments that reflect our overarching stance on this subject matter.

- Where a charity/not-for-profit operates to provide community/industry driven initiatives this should be recognised and not subjected to unnecessary regulatory burdens.
- Any review of tax exemptions should protect mutual organisations and professional associations that reinvest all their revenue into member services and public-benefit activities.
- Applying an additional tax burden to these organisations would restrict their ability to provide core services to their membership.

- Increasing regulatory and tax obligations will be fiscally challenging for many charities and incorporated societies who already operate on limited resources that have been designed around the current financial settings.
- If changes are to be implemented, these should only be applied to much larger scale charities who have the professional expertise to navigate any changes. Placing this burden on smaller charities and not-for-profits would only add cost and line the pockets of external contractors.

While we support initiatives to minimise tax avoidance, we do not support the revision of policies for small charities and not-for-profits and do not believe that the proposals would meet the stated objectives of simplifying tax rules and reducing compliance costs.

Conclusion

We appreciate the opportunity to provide input on this consultation and strongly urge Inland Revenue to recognise the distinct nature of incorporated societies and membership organisations and the benefits they deliver across New Zealand Inc.

Kind regards

Ruth Cobb

Chief Executive

PrintNZ

m: +64 27 2489404 p: +64 9 2668523

e: ruth.cobb@printnz.co.nz w: www.printnz.co.nz

First Floor, 60 Wilkinson Road, Ellerslie, Auckland

PO Box 58280, Botany, Auckland 2163, New Zealand

