

Update

June/July 2008

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1 July 2008 – “business as usual”

Since the Register opened on 1 February 2007, it has been great to see so many charities respond to our call to apply to register with us before the tax laws changed on 1 July, and to see the number of charities on the Register growing.

Now that 1 July has arrived though, it’s still very much “business as usual” for the Commission, and our priority is to keep registering charities and steadily working our way through the queue of applications.

Our early estimates of there being around 25,000 charitable organisations in New Zealand appear to have been reasonably accurate – in total, we have received almost 24,000 applications (about 1,500 of those in the last two days of June).

It is likely that it will take us to the end of the year to process all of them, so please be patient – and remember that where necessary, we can backdate properly-completed applications.

Meanwhile, we are also mindful of the need to keep in touch with the sector, to keep talking with you, and listening, and to be responsive to your needs and concerns.

Although the tax laws may have changed, the Register is still “open”, and we are looking forward to having many more charities’ details available on it for the public to see, and to influence their confidence and support.

-Trevor Garrett, chief executive

Registration update

As at 30 June 2008 - charities registered: 8,146

Processing time: our registration analysts are currently making initial reviews of applications received from: 14 April 2008*.

*Many straightforward applications, once they reach the front of our queue, are processed within several weeks. However, if there are any **complex issues** involved, or the application requires **additional work** by a senior analyst to confirm an analyst's initial view, it takes longer to complete the process – currently several additional months.

Please be patient. We are processing applications as efficiently as possible, and we'll be in touch as soon as we have processed yours – either to ask for more information or clarification, or to let you know that your organisation has been registered.

Snapshot - charities registered at 30 June 2008

Overview of types of charities registered as at 30 June 2008

The "big three" most common:

Sectors – Education/training/research, Religious activities, Other
Activities – Other, Provides services (eg care, counselling), Provides religious services/ activities
Beneficiaries – General public, Children/young people, Other charities

Areas of operation were as follows (note: the total is greater than the total number of registered charities, as some organisations tick two or more categories on their application):

New Zealand:

Nationwide – 2,078
 Auckland – 1,341
 Bay of Plenty - 551
 Canterbury - 986
 Chatham Islands - 16
 Gisborne -50
 Hawkes Bay - 377
 Manawatu - Wanganui - 460
 Nelson - Marlborough - Tasman - 360
 Northland - 422
 Otago - 536
 Southland - 273
 Taranaki - 281
 Waikato - 643
 Wellington – Wairarapa - 887
 West Coast - 169

Overseas:

Africa - 111
 Antarctica - 9
 Asia - 183
 Europe - 91
 North America - 62
 Oceania - 187
 South America - 59

If you've already applied... but aren't yet registered

The Commission reminds applicants who have sent in a properly-completed application that it will be in touch with you as soon as it has processed your application.

If you have applied but not yet been registered, you can keep track of our overall progress processing applications by checking the homepage of our [website](#) each week, or you can check your own application's progress by [logging in](#) to your account, using the user-id and password provided to you, and tracking its status.

The Charities Commission provides a daily update to Inland Revenue of the organisations that it has registered. After they receive notice of your registration, Inland Revenue will send you information about your tax (and if applicable, donee) status. More detailed information about tax exemptions is published in an [Operational Statement](#) available on Inland Revenue's website.

Backdating charitable entity status

The Commission has the power to backdate an organisation's charitable entity status to the date it received its properly-completed application. This means an organisation that complies with the Act during the period which its application is being processed can claim the tax benefits of a registered charity for that period.

A properly-completed application includes a set of rules, at least one Officer Certification form, and a certified application form.

For more information on backdating see our [information sheet](#).

Circumstances that prevented applying before 1 July?

A change has been made to the Income Tax Act, for charitable organisations that ran into difficulty with completing their registration application before 1 July 2008, owing to circumstances that may be beyond their control. It will not cover organisations that merely did not get around to applying for registration before the deadline.

The legislation provides a limited discretion for Inland Revenue to preserve the tax-exempt status of charities that were not able to apply to register with the Charities Commission before 1 July 2008, but who can prove to IRD that they began the process of preparing their application before that deadline.

Guidelines about what Inland Revenue requires as proof of having begun the process of preparing an application for registration are available on IRD's [website](#).

Please use our processing centre mailing address

We would like to remind applicants to use our Processing Centre mailing address when posting us registration-related forms, letters, or documents.

If this information is sent to our Wellington office, it can delay our processing, because it must first be entered into our processing system at our Lower Hutt Processing Centre.

The correct address to send all paper-based registration-related material is:

Charities Commission
Processing Centre
PO Box 30112
Lower Hutt, 5040

Annual forum – 27 November 2008

The Commission's 2008 Annual Meeting will be held in Wellington on Thursday 27 November 2008. We suggest you mark your diary now!

We have been talking with charities about their preferences for our annual meeting, and this year will hold it as part of an interactive forum, themed "Making effective use of charitable resources".

We are currently working through the details and will provide you with more information soon through *Update* and the [events](#) page on our website.

What's new on our website?

We now have a new section on our website that may be useful for those wanting a quick overview of what happens once they are registered. The page has been designed to help charities who may not yet have applied with answers to questions like "[What if my details change?](#)" and "[How do I file an Annual Return?](#)" by directing them to relevant parts of the site.

For more information please visit the [Registered Charities](#) page on our website.

Bookmark our Form Helper and Information Finder

We have recently added two tools to our website to help you find the information and forms you need more easily.

The [Information Finder](#) provides a brief summary of each of our information sheets and tells you where you can find them. The [Form Helper](#) can help you decide which form to use and when. It also provides guidance on who should complete the form and points you to related information sheets.

Both documents can be accessed from the [homepage](#) of our site.

When to file your Annual Return?

When the Commission confirms registration, we let charities know when their first Annual Return is due. Then, closer to the due date, we send you a reminder (we send the reminder four months after your balance date, that is to say, two months before the Annual Return is due).

However, the Commission can grant an exemption from the requirement to send an Annual Return for any particular year.

While each case is considered individually, there are generally good grounds for exempting charities from filing Annual Returns that would contain information that pre-dates registration. If we consider it appropriate, we will contact you and offer an exemption.

Remember, you don't need to renew your application each year – you simply need to complete an Annual Return, either online or using an Annual Return form.

Online Annual Returns

You can complete your Annual Return online as well as on paper. We will send you a reminder two months before it is due.

To complete an Annual Return online, simply log into your [user account](#) and access your customised form.

To make it easier for you, we will automatically complete 19 of the 24 questions in the online form, using your current details from the Charities Register.

For more [information](#).

Meeting with Hamilton charitable groups

Members of the Board and management of the Commission recently met with Waikato charitable organisations and the Mayor and Chief Executive of the Hamilton City Council.

The meeting was the first of what may become a series of regular meetings, for the Commission to maintain its understanding of the environment that charities are working in, and any issues they may be dealing with. It was also an opportunity for charities to talk informally with the Commission about its work, and their expectations for the future, and to have their questions answered.

During its visit, the Commission was hosted by member organisations of Te Ara Hou Village – for which we extend our thanks and appreciation.

Financial reporting

One of the questions asked at the Hamilton meeting was about the application of International Financial Reporting Standards (IFRS) for charities, and a request to mention this in *Update*.

We had published an earlier story about this ([Update 26](#)), which said, in brief, that the Accounting Standards Review Board (ASRB) has deferred mandatory NZ International Financial Reporting Standards implementation for some small New Zealand entities. In short, they can keep applying the accounting standards they have been applying in the past, rather than adopt NZ IFRS if they don't want to.

For more information see the Accounting Standards Review Board [website](#), or [NZICA](#), or this article on [Knowledge Shop](#).

Meanwhile, please remember that the Charities Commission does not require audited financial statements when the annual return is filed. At this time, in the absence of any specific standard, the Commission will accept whatever form or type of financial report a registered charity normally prepares for its own use. However, note that an audit, or a review, may be required by the organisation's constitution, or by a particular funder from whom a grant is sought.

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