



Sector Group Report

On 23 October 2024, members of Charities Services' Charities Sector Group met with Charities Services and other agencies to discuss points of interest to the charitable sector. The meeting was held online and in person. Below is a summary of the meeting

Sector Group only discussion

Charities Sector Group meetings often begin with a sector-only discussion. The Sector Co-Chair then summarises and presents key points to the full meeting.

The group's key concern at this meeting was the impact of the Incorporated Societies Act 2022 on charities that are incorporated societies. There was concern about the future of any impacted charities that do not re-register as Incorporated Societies with the Companies Office by the deadline of 5 April 2026. Many smaller societies are struggling financially, and the administrative burden has been noted as a barrier to re-registration. As administration costs are not included in most funding the group queried whether the Department had any funding to help smaller societies that are registered charities rewrite their constitution.

Follow up from previous meeting

The group discussed membership of the Sector Group and suggested more support would be beneficial for new members to fully participate and add value. Membership of the group is not open to all. Information is contained in the Charter.

Nominations to the position as sector co-chair are open for discussion between the Sector Group members and will be confirmed in 2025.

Charities Services will consider membership as part of a review of the operation of the Sector Group planned in 2025.

Charities Services update

The Charities Services' General Manager provided an update on Charities Services and the wider Department.

- Proposed changes at the Department of Internal Affairs to achieve further cost savings. Proposed changes include merging Charities Services into the Department's

Regulatory Services Group, reflecting its function as a regulator. Changes are proposed in two phases, with the process complete in June 2025. The Sector group acknowledged the impact of change and expressed concerns about the inclusion of Charities Services with Regulatory Services.

- Membership of the Charities Registration Board (the Board) has increased from three to five members following amendments to the Charities Act 2005. Charities Services is pleased to announce the appointment of Tarita Hutchinson to the Board. A recruitment process is under way to fill the final position on the Board.
- Charities Services Annual Meeting will be held online on Wednesday 13 November 2024. The meeting will be addressed by the Minister for the Community and Voluntary Sector, Hon. Louise Upston; Gwen Keel, Chair of the Charities Registration Board, and leaders within the Department. The meeting will include a panel discussion, and three information sessions. Over 1,000 people have registered for the event.
- Charities Services is focussed on remaining a high performing organisation, and is committed to being a responsive, risk-based regulator that makes it easier for charities to meet their obligations. Charities Services has doubled its engagement with charities since July. The Department's contact centre has begun taking Charities related calls again meaning Charities Services can be reached more easily by the public.
- Minister Upston encourages increased giving to the charitable sector. Charities Services' priority is to increase public trust and confidence in the sector, so people can be sure that their giving is used to advance a charitable purpose.
- Charities Services has reviewed its operational policy for internal disputes, following a decision made in relation to a trust.

Charities Services data

Charities Services presented an early view of charities sector data that will be published in the upcoming [Charities Services Annual Review](#) document due to be released on the 13 November 2024 and published on Charities Services website. With the introduction of the new Annual Return forms in April 2024 more information will become available from charities on self-identification and income source.

Registering as a charity

The Team Leader of the Registration Team discussed registration wait times. There have been higher number of registration applications requiring close consideration, including applications from organisations with complex legal structures and applications from companies. These applications require more analysis of charitable purpose and public benefit. Straight forward applications, with clear charitable purpose, complete rules

documents and correct officer information are registered quickly. In September 2024 only 25% of applications were straight forward.

Incorporated Societies that are charities

The Ministry of Business, Innovation and Employment (MBIE) discussed the Incorporated Societies Act 2022 and its implications for charities that are currently registered with the Companies Office as Incorporated Societies.

The new Act came into force in October 2023 with a two-and-half year transition period. It requires Incorporated Societies to [re-register with the Companies Office](#) before 5 April 2026. Incorporated Societies will need to have a new constitution and a disputes resolution in place before re-registering.

MBIE has created several tools to help Incorporated Societies, including a constitution builder template, a constitution checklist, consent for officer forms, a one-page reregistration guide, webinars and video resources. MBIE has been emailing Incorporated Societies with Annual General Meetings due in the coming months to remind them to discuss the changes with their members. Re registration is required with the Companies Office, but charities that make changes to their rules or officers must also notify Charities Services.

Under the new Act Incorporated Societies are now required to have at least 10 members. If an Incorporated Society chooses to wind up rather than re-register, they must also contact Charities Services and Inland Revenue to ensure they follow all rules regarding surplus assets.

An update from Inland Revenue

Inland Revenue provided an update on five significant topics related to Charities and Not for Profits.

- The governments tax work programme which is to be published on 13 November 2024 and may include a charity/not for profit element. The work programme is a joint venture between Minister of Revenue, Simon Watts and Minister of Finance Nicola Willis.
- The review of donation tax credit stewardship will be published in the new year.
- Activity to ensure compliance with deregistration tax. Charities have 12 months after deregistration to divest their assets or reregister or they will be subject to a tax.
- The Interpretation Statement on charities with business and overseas activities was published in September 2024. This gives tax guidance and clarification to these groups.
- Data is indicating that family trusts are allocating funds to charities, but charities are not receiving the funds.