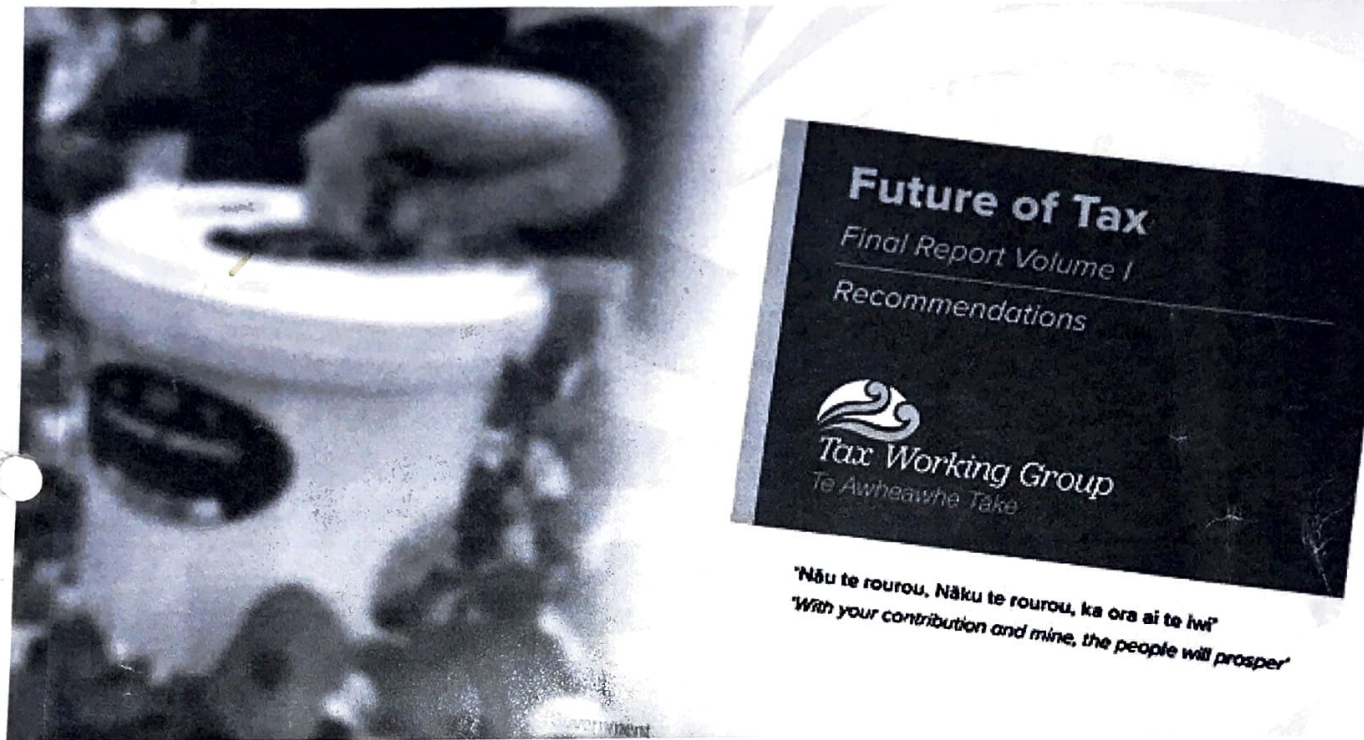


## 1 News, 2019

## Tax Working Group recommends keeping spending their tax savings



The Tax Working Group has recommended that checks are made on charities to ensure they are spending their tax exclusions on charitable purposes.  
Source: 1 NEWS

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The Tax Working Group (TWG) has recommended a periodic review of how charities are using the money they would otherwise have to pay as tax.

Charitable entities in New Zealand are subject to considerable tax exemptions on most of their income under the Income Tax Act, and in return are expected to use their income solely for the benefit of their charitable activities.

There were calls and petitions last year for the Government to remove the tax breaks given to religious charities such as Sanitarium and Destiny Church.

Charities Minister Peeni Henare soon after initiated a full review of the Charities Act, which is still in progress, but it was specifically noted in the scope of the review that tax exemptions for charities will not be considered.

The TWG released its final report today, with their recommendations including "that the Government periodically review the charitable sector's use of what would otherwise be tax revenue, to verify that intended social outcomes are being achieved."

*Destiny church has received hundreds of thousands of dollars from MSD for its youth programmes. But the group is openly homophobic and sexist towards women*

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Sir Michael Cullen's tax working group has said NZ should introduce the controversial tax on property sales. Source: 1 NEWS

The group supported the inclusion of a review of the tax treatment of charities in the Inland Revenue Department's Tax Policy Work Programme, the latest of which was announced in May of last year.

It also noted that "the income tax exemption for charitable entities' trading operations was perceived by some submitters to provide an unfair advantage over commercial entities' trading operations".

"However ... the underlying issue is the extent to which charitable entities are accumulating surpluses rather than distributing or applying those surpluses for the benefit of their charitable activities," the report read.

A recommendation was made for the government to consider whether or not to distinguish between privately-controlled foundations and other charitable entities.

The Prime Minister says she's 'not ruling anything in or out,' including implementing a capital gains tax. Source: 1 NEWS

Deregistration tax rules were also mentioned, with the group saying the Government should consider whether to amend the rules to "more effectively keep assets in the sector or to ensure there is no deferral benefit through the application of these rules".

The TWG report went on to recommend the Government review whether or not all of the issues identified in their report had been addressed after the review of the Charities Act was finished.

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