



# Alzheimers

## New Zealand

25 March 2025

Taxation and the not-for-profit sector  
C/- Deputy Commissioner, Policy  
Inland Revenue Department  
Wellington 6140

Tēnā koutou

Alzheimers NZ welcomes the opportunity to provide feedback on the 'Taxation and the not-for profit sector' consultation paper.

Alzheimers NZ is a lead organisation at a national level representing people living with dementia and their families. Our role includes raising awareness of dementia, providing information and resources, advocating for high quality services, providing practical tools to support a dementia friendly NZ, and promoting research. Our responses on the consultation paper are outlined below.

### **The important role of charities**

Charities make a significant contribution to New Zealand's economy and society. They are essential in our communities contributing essential services and significant public benefit by and addressing various social issues, supporting under-served populations, contributing to cultural and educational development, and delivering approximately 1.4 million volunteer hours each week. They also make a very significant contribution to the New Zealand economy, employing over 100,000 people or 4 per cent of the workforce, and spending around \$25 billion ([Charities Services Annual Review 2023/24](#)).

The Coalition Government has recognised the important role of charities in New Zealand's future and has a policy of working with the charitable sector and community groups to harness local knowledge to deliver social services. The Government is also in the process of expanding social investment opportunities.

### **Charity business income tax exemption**

We do not support removing the tax exemption for charity business income that is unrelated to charitable purposes:

- The discussion paper raises a number of issues that may result in advantage to charity owned business and/or reduced tax revenue, but does not provide data to support these being material issues with a significant impact. Nor does it provide information on why the existing regulations in the charities space cannot be used to remedy to any specific issues.
- Despite their important work, charities often struggle with funding and as funding becomes more limited, charities are constantly finding new ways to raise money and adopt sustainable practices while staying true to their missions. Supporting these efforts help charities become more financially sustainable, encourage innovation, and reduce pressure on the Government. The alternative if financial pressures force charities to cut services is that Government will have to step in, often at a higher cost that charities can provide those services.
- Becoming a registered charity is a thorough process and the charity sector is already well-regulated with laws in place to ensure fairness and integrity. Charities must adhere to strict reporting standards including publishing annual financial reports for transparency and accountability.
- Defining unrelated business activity will be difficult and risks adding further compliance costs which will not support the sector to be innovative and efficient.
- International experience shows that taxing income unrelated to charitable purposes does not bring long-term financial benefits for the Government. Instead, charities adjust their services to reduce taxes.
- It is also inconsistent with the Government's social investment approach, which uses non-government organisation of many types to improve lives.

### **Donation tax concessions**

We support a change to allow these concessions to be paid closer to the time the donation is made, in principle, and subject to any system impacts on IRD and charities can be addressed in a cost effective way.

### **Conclusion**

Charities provide vital services. Striking the right balance between regulation, transparency, and financial sustainability is important to keeping the charity sector strong and ensuring support for those in need.

Ngā mihi



**Catherine Hall**

Chief Executive