The Treasury

Budget 2026 Information Release

September 2026

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[31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility

[33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials

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[36] 9(2)(h) - to maintain legal professional privilege

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Tax policy report

Taxation and the not-for-profit sector: Recommendations following targeted consultation

Date	27 March 2026	**Priority**	High
Security level	Budget sensitive	**Report number**	IR2026/062 T2026/539

Action sought		**Deadline**
Minister of Finance	**Agree** to the proposed policy changes for charities and not-for-profits **Refer** a copy of this report to the Minister for the Community and Voluntary Sector, the Minister of Commerce and Consumer Affairs, and the Minister for Arts, Culture and Heritage	2 April 2026
Minister of Revenue	**Agree** to the proposed policy changes for charities and not-for-profits **Refer** a copy of this report to the Minister for the Community and Voluntary Sector, the Minister of Commerce and Consumer Affairs, and the Minister for Arts, Culture and Heritage	2 April 2026

Purpose
This report provides our recommendations for a package of changes to the tax settings for the not-for-profit sector, following consultation in November 2025 to February 2026.

Contact for phone discussion, if required			
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Taxation and the not-for-profit sector: Recommendations following targeted consultation

Executive summary

1 This report recommends tax changes for the not-for-profit sector following stakeholder consultation. The proposals include potential Budget 2026 announcements and legislative changes that could be enacted in the 2026–27 annual rates taxation Bill, scheduled for introduction in September 2026.

Tax treatment of not-for-profits that do not qualify for income tax exemption

2 You asked for a practical policy solution in response to a change in Inland Revenue's interpretive view of current legislation that, if implemented, would result in these not-for-profits paying tax on membership subscriptions. You also asked officials to recommend other ways to minimise compliance costs for small taxable not-for-profits.

3 There are approximately 26,000 not-for-profits in New Zealand that do not qualify for income tax exemptions. These taxable not-for-profits represent a diverse sector, ranging from small clubs to complex groups that operate businesses on a commercial basis.

4 We recommend that all membership subscriptions remain non-taxable, noting this will require new legislation and will forgo $10.6 million in revenue over the forecast period.

5 Submitters also raised the need for certainty in relation to the tax treatment of member trading transactions. Inland Revenue is currently clarifying member trading transaction rules for all not-for-profits. We will continue to monitor this issue following the release of new guidance, including further work to better understand the affected population, and we will report back to you if we consider policy change to be necessary.

6 We also recommend other changes to further reduce compliance costs for smaller not-for-profits. These include a higher tax-free threshold and an exemption from annual return filing. As a package, we expect these changes would be well-received by the sector at a fiscal cost of $0.990 million over the forecast period.

Donor-controlled charities

7 Tax integrity issues can arise when a donor makes a gift to a charity they control, obtains an immediate donation tax concession, and then determines or influences how funds are used. You asked officials to recommend new rules for donor-controlled charities that improve integrity in relation to donation tax concessions in a clear, fair and robust way. Rules specific to donor-controlled charities would impact approximately 200 charities.

8 We consulted on a range of measures, considering international best practice. We recommend the adoption of a minimum distribution requirement and a rule that claws back or disallows donation tax concessions when funds are loaned back to a donor or a related party, or when these are used to purchase assets from the donor or a related party (raising $4 million over the forecast period).

9 Most stakeholders were not supportive of our proposals. Stakeholders were generally of the view that existing charities law and fiduciary duties provide adequate safeguards, and these rules should be enforced by the charities regulator, Charities Services, instead of Inland Revenue. Stakeholders also submitted that it would be complex to apply rules specific to donor-controlled charities, and that such rules could discourage philanthropy.

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[34]

11 We recommend you agree that we continue work on the design of donor-controlled charity rules for inclusion in Budget 2026. In the absence of a new donation tax credit (DTC) cap for all donee organisations, or one that is specific to donor-controlled charities, we continue to see merit in ensuring that policy settings for donor-controlled charities support system integrity while providing value for money for taxpayers.

Changing DTC policy settings

12 You asked for advice on whether changes could be made to DTC settings to improve the scheme's value for money, address tax integrity concerns, and support fiscal sustainability. We have not undertaken any consultation on a change to DTC settings, except in relation to donor-controlled charities, which stakeholders did not support.

13 We are concerned about the integrity of existing settings, particularly when DTCs can be part of aggressive tax planning arrangements involving large donations. We have previously advised there is New Zealand research that suggests increases in the DTC are not fully translated into additional donations and may not provide the Government with the best possible value for money.[1] We are also concerned the DTC operates as an open-ended subsidy, limiting its sustainability from a fiscal perspective.

14 This report sets out options for DTC settings, including reducing the value of the credit (to 25%) and reducing the DTC ceiling. We consider that reducing the DTC ceiling to $100,000 best balances the need to ensure value for money, while improving the integrity and fiscal sustainability of the scheme. This decision would also allow you to pause reform to policy settings for donor-controlled charities because integrity concerns in relation to donor-controlled charities would be mitigated by a DTC cap. The recommended option would raise $51.8 million over the forecast period.

Other policy changes to not-for-profit tax settings

15 This report also recommends several simplification measures, supported by stakeholders, in relation to DTC refund rules (costing $0.900 million over the forecast period) and for volunteers who receive honoraria payments. We have also proposed a "pay in money" rule for trusts that allocate beneficiary income to charities (raising $0.450 million over the forecast period).

Regulatory Impact Statements

16 Regulatory Impact Statements will be provided once you have indicated the options you would like us to progress.[2]

Background

17 This project is a priority on the Government's Tax and Social Policy Work Programme, and policy decisions may be announced in Budget 2026 or included in Budget legislation (if you agree to progress a new DTC cap). The project is focused on improving the

[1] IR2024/359, T2024/2572 refers.

[2] The Ministry for Regulation has granted exemptions from the RIS requirements to the proposals for trust income allocations to tax-exempt beneficiaries, donation tax credit simplifications, simplifications for volunteers, and the repeal of the income tax exemption for non-resident charities.

integrity and simplicity of the not-for-profit tax rules while supporting the sector. The project includes a review of DTC settings to ensure value for money, while addressing tax integrity concerns and supporting fiscal sustainability.

18 In September 2025, you made the following decisions (IR2025/357 refers):

- Cease policy work on taxing the business income of charities and the repeal of exemptions for friendly societies and credit unions, veterinary services bodies, herd improvement bodies, and bodies promoting scientific or industrial research.
- Repeal income tax exemptions for certain non-resident charities [39]
  [33]
- Undertake targeted consultation on donor-controlled charities, simplification proposals for subscriptions and member transactions, and simplification proposals for donors.

19 This targeted consultation (November 2025 to February 2026) resulted in 140 submissions. In late February, we invited all 140 submitters to meet, hear the combined feedback and share what our recommendations were likely to be. In total, we have had more than 100 meetings with stakeholders over the last 12 months. The recommendations in this report are informed heavily by those submissions.

20 We have previously reported to you on options to change DTC tax policy settings.[3] This report updates that advice.

Not-for-profit sector

21 Not-for-profits make a significant contribution to the community and the economy. Many not-for-profits, particularly charities, contribute by reducing demand for government services, such as social welfare, mental health support, and youth development programmes.

22 There is a range of income tax concessions and exemptions available for the sector. Currently, most of the 81,000 not-for-profits recorded on Inland Revenue’s system fall into the following tax categories:

- 29,000 tax-exempt charities registered under the Charities Act 2005
- 26,000 taxable not-for-profits that can access a $1,000 tax-free threshold
- 19,000 tax-exempt amateur sports bodies (which are outside the scope of this work), and
- 2,000 not-for-profits that claim other income tax exemptions.

23 In addition, 350,000 individuals claim DTCs on just over $1.0 billion of donations made to charities and schools each year. The main recipients of these donations are religious charities (63% of the total value of DTCs claimed), other charities (29%) and schools (8%).

24 Māori communities are particularly interested in changes to policy settings involving not-for-profits. They want to ensure they will not be affected by rules for donor-controlled charities. They would benefit from rule changes for subscriptions and from other proposed simplifications.

Tax policy settings for taxable not-for-profits

25 There are approximately 26,000 not-for-profits in New Zealand that do not qualify for income tax exemptions and are therefore subject to income tax. The main categories of taxable not-for-profits include chartered clubs, trade associations, professional and

[3] IR2024/359, T2024/2572; IR2024/482, T2024/3292; and IR2025/079, T2025/635 refers.

regulatory bodies, trade unions, cultural societies, and industry councils and associations.

Membership subscriptions and levies

26 Inland Revenue is planning to formally change its interpretative view of the law and announce that many membership subscriptions and levies charged by clubs and societies are taxable. This would result in a revenue increase of $10.6 million over the forecast period. In response, you directed us to develop a practical solution that would see the majority of membership subscriptions and levies remain non-taxable.

27 We consulted on a proposal to positively define a "membership subscription", however feedback from the sector made it clear that such an approach would be challenging, particularly because of the diverse range of benefits provided by taxable not-for-profits in exchange for a membership subscription.

28 In light of this feedback, we now recommend legislating to allow not-for-profits to apply the common law "mutuality principle"[4] treatment even if their constituent documents prevent them from distributing to members. This will mean membership subscriptions and levies continue to be non-taxable, as in Australia.[5] This approach was suggested by many submitters and it would be well received by the not-for-profit sector.

29 As is currently the case, Inland Revenue would still be able to apply a "substance over form" test when there is a blatant mischaracterisation of a payment for a specific good or service as a membership subscription.

Member trading transactions

30 If you agree to legislative change to allow not-for-profits to apply the mutuality principle treatment, in relation to membership subscriptions and levies, there are longstanding rules in the Income Tax Act 2007 that specifically override that principle in respect of profits from the sale of trading stock and services to members.

31 Inland Revenue's public advice currently reflects these specific rules, and Inland Revenue consulted on a draft operational statement in mid-2025, which will provide more detailed guidance about what member transactions are taxable.

32 We anticipate that when it is published, this guidance will improve awareness of the current rules and increase compliance. Inland Revenue has already started to receive voluntary disclosures from not-for-profits that have previously been non-compliant and we attribute this to the consultation on the draft operational statement.

33 Inland Revenue has received a range of suggestions about whether there should be a law change in relation to member trading transactions (see below). Our recommendation is that you do not change the legislation at this time. Instead, Inland Revenue can finalise its guidance in its operational statement and clarify the current rules for all not-for-profits. We can then gain a better understanding of the affected population and monitor whether there are any adverse impacts. We will report back to you at a later date if necessary.

34 We are already recommending a number of changes, which are positive for taxable not-for-profits, including legislating for the non-taxation of membership subscriptions and an increase to the tax-free threshold from $1,000 to $10,000 (see below). There is merit in limiting the number of changes made all at once so as to not overwhelm the sector and to provide time for the implications of changes, including the updated operational statement, to be digested.

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[4] The common law mutuality principle states that associations are not taxable on income derived from within their circle of membership.

[5] Australia legislated to ensure that membership subscriptions remain non-taxable following a Federal Court ruling that determined the mutuality principle could not apply when an entity's constitution prohibited the distribution of surplus assets to members upon winding up, which is generally the case for not-for-profits (*Coleambally Irrigation Mutual Co-operative Ltd v FCT [2004]*).

Introducing a business test

35 Some submitters said the legislation should clarify that small-scale fundraising transactions with members are not taxable when not part of a business. This is already the case under existing law when a not-for-profit sells goods to members. However, the sale of services to members are currently taxable regardless of whether they are part of a business or not.[6] Changing the law to confirm that member services are taxable only if they are part of a business activity would likely carry a small, unquantifiable cost.

36 Although this approach would provide relief for small not-for-profits, some submitters were concerned that a specific business test would make the current rules more complex. [33]

[33]

Exempting all member trading transactions

37 Some submitters suggested exempting all member trading transactions from income tax as part of a broader review of the taxation of not-for-profits. This suggestion was not a widely held view and many submitters agreed that not-for-profits should pay tax on commercial trading transactions.

38 In our view, a broader review has some merit. It could reconsider the framework for taxing not-for-profits and address inconsistencies, for example between friendly societies and not-for-profits generally.

39 However, exempting all member trading transactions would represent a departure from the current approach to taxing member trading transactions and it would be inconsistent with New Zealand's broad-base, low-rate tax framework. Our initial estimate is that changing the law to exempt all member trading transactions from income tax would result in a revenue reduction of approximately $3 million per annum. It could also result in integrity issues, with some not-for-profits taking advantage of a broad exemption by re-characterising taxable non-member transactions as tax exempt member transactions.

40 Our advice is to consider a broader review for a future Tax and Social Policy Work Programme, taking into account competing work programme priorities.

Australian approach

41 Some submitters suggested following the Australian approach to member trading transactions. In Australia, unlike New Zealand, there is no specific statutory override of mutuality in respect to member trading transactions, so it can appear that all member trading transactions can access mutuality relief and are not taxable. However, that is not the case. Australia's guidance for not-for-profits is that trading transactions between a not-for-profit and its members are taxable if they are part of business activity.

42 Notwithstanding this guidance, in practice, not-for-profits in Australia can still access some mutuality relief if profits from member trading transactions are applied for the collective benefit of members. This means that the Australian rules do tax fewer member trading transactions than in New Zealand. However, there is greater complexity in determining which transactions are applied for the benefit of members.

43 We understand from discussions with [41] [41] that there is a range of disputes that arise in relation to the member/non-member boundary. For example:

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[6] For example, profits from a one-off conference or training seminar for members could be considered taxable under current law, even if the not-for-profit is not in the business of running conferences.

[33]
[33]

- If a club sells food and drinks to members and non-members, there is a boundary issue. If the club operates primarily to provide hospitality to members it may be exempt, but if it operates like a commercial tavern all profits are taxable.
- If a club enters transactions with visitors (including honorary, temporary or social members who have not gone through a proper membership process) there is a boundary issue. [41]
  [41]
- If a club has a bar that only members can use, but allows members of other clubs to enter, there is a boundary issue. [41]
  [41]
- While subscription fees are typically non-taxable, member transactions involving the provision of services, facilities, or excessive member perks can create a boundary issue. "Inappropriate private benefits" provided to members are taxable.

44 We also note that the Australian tax policy settings for not-for-profits and member trading transactions have been challenged as being outdated in recent years. Reviews have recommended that all member trading transactions should be subject to tax. For this reason, we do not recommend copying these settings at this time.

Tax-free threshold

45 Since 1972, the policy framework for not-for-profits has included a standard deduction so that not-for-profits with low levels of taxable income remain outside the tax base. The standard deduction, which is effectively a tax-free threshold, has been set at $1,000 since 1979.

46 If you agree that member trading transactions should remain taxable, then a number of smaller not-for-profits that do not comply with the current law may find that they exceed the $1,000 tax free threshold. To mitigate compliance costs for small not-for-profits, we recommend increasing the effective tax-free threshold from $1,000 to $10,000. This is a threshold figure widely supported by submitters. This would have a fiscal cost of $0.990 million over the forecast period.

47 If you do not agree with our recommendation that member trading transactions remain taxable and prefer an approach to exempt all member trading transactions, the rationale for increasing the tax-free threshold is far less strong and we would recommend you do not increase it.

48 If you agree to increase the tax-free threshold, we recommend better targeting this tax concession at smaller not-for-profits by limiting eligibility to not-for-profits that have income of $10,000 or less. This is known as a "cliff-face" approach and is common with other concession thresholds (such as the foreign investment fund de minimis).

49 This cliff-face approach was not supported by stakeholders. They were concerned it could incentivise income manipulation to prevent the threshold being crossed, it could penalise small not-for-profits with uneven income from year to year, it would make budgeting difficult, and a fairer approach would be to have an abating threshold.

50 While we acknowledge these concerns, to be consistent with similar concession thresholds we still support a cliff-face approach. This approach would result in a reduction in revenue of approximately $0.4 million per year. If you did not want to limit eligibility for the effective tax-free threshold using the cliff-face approach, it would cost approximately $0.9 million per year. However, we do not recommend this approach because, although it would address the concerns raised in relation to the cliff face, there is no policy rationale for providing large not-for-profits with a tax-free threshold to offset against their income.

Other compliance reduction measures

[33]

[39]

52 Currently, the law requires all taxable not-for-profits to file annual returns, although in practice 22,000 do not file returns because many earn less than the $1,000 tax-free threshold. To align the law with current practice, we recommend a filing exemption be introduced for taxable not-for-profits that have income less than the effective tax-free threshold. At the same time, we recommend giving Inland Revenue the power to require taxable not-for-profits to file a return on an ad hoc basis when the Commissioner believes that is appropriate. We also recommend requiring financial institutions to provide Inland Revenue with interest income information in relation to RWT-exempt customers.

53 This combination of filing requirement changes keeps compliance costs low while still giving Inland Revenue the ability to monitor compliance. We have consulted on this approach and it is generally supported by submitters.

Donor-controlled charities

54 Tax integrity issues can arise when a donor makes a gift to a charity they control, obtains an immediate donation tax concession, and then determines or influences how funds are used. For these charities, there is a heightened risk of aggressive tax planning. There can also be a significant delay between the time of tax concessions for the donor and the charity and the distribution of funds for charitable purposes.

55 We considered the approaches in Australia, Canada and the United States where there are specific tax rules for these types of charities. We have followed the principle that New Zealand should not have stricter rules than those countries without a strong reason, although we note that Australia and Canada have recently announced or implemented changes that strengthen their rules. Our proposals are expected to impact approximately 200 charities that control aggregate assets of more than $2 billion.

56 We consulted on how to define a donor-controlled charity, whether there should be a minimum distribution rule and specific integrity measures (such as clawing back or disallowing donation tax concessions in certain circumstances), whether any rules should also apply to some substitutable donor-advised funds, and, alternatively, whether there should be a limit to donation tax concessions for donations to these charities.

57 Most submitters who participated in targeted consultation were not supportive of our proposals. Stakeholders considered that existing charities law and fiduciary duties provide adequate safeguards, and that these rules should be enforced by the regulator, Charities Services, instead of Inland Revenue. Stakeholders also submitted that it would be complex to apply rules specific to donor-controlled charities, and that such rules could discourage philanthropy.

[34]

59 We still consider that specific tax rules for donor-controlled charities are necessary because of the tax-specific nature of the policy problem. For instance, the proposal to

introduce a minimum distribution requirement addresses the timing mismatch between the distribution of funds for genuinely charitable purposes and the public subsidy in favour of this distribution (the donation tax concession). This goes beyond the scope of existing fiduciary duties for charities.

60 We recommend you agree that we continue to work on the design of donor-controlled charity rules for the Budget 2026 process. We have outlined some of our refined proposals below, including a narrower definition of a donor-controlled charity, a reduced minimum distribution rate, and a targeted integrity rule. This ongoing donor-controlled charity work is highly dependent on whether you decide to change tax policy settings for the DTC (next section).

Definition

61 Donor-controlled charities are not currently defined in legislation. We propose a definition that captures charities where the tax-benefitted contributions from a person or a group of associated persons to that charity are greater than or equal to 50% of the total tax-benefitted contributions to that charity, and that person or their associates has direct or indirect control over the charity from a specific date. We also propose applying the rules to donor-advised funds that could be directly substitutable for a donor-controlled charity.

62 To ensure there is no overreach, we propose excluding the following entities from the definition of a "donor": the Crown or any agent of the Crown, councils or other local authorities, companies that are not a closely-held company, tax-exempt entities, and widely-held trusts (being a trust with a limited number of non-associated individuals with the power to appoint or remove trustees).

63 To ensure small charities are not affected by these rules, we propose a de minimis to exclude charities when the donor has made less than $100,000 tax-benefitted donations from a specific date.

Minimum distribution rule

64 There is no distinction in law between donor-controlled charities and non-donor-controlled charities, so they have the same eligibility for charitable tax concessions. This includes eligibility for donee status, so donors may claim donation tax concessions for donations to these entities. This is despite the fact that the donor can retain control over how and when funds are used, meaning there is less of an incentive for donor-controlled charities to distribute funds in a timely manner for genuinely charitable purposes.

65 We have consulted on whether a minimum distribution rule should be introduced and how it should be designed. Submitters did not agree with our initial proposal (5% of net assets) because, among other reasons, this could reduce an average donor-controlled charity's corpus when adjusted for inflation over time.

66 We now propose a 3.5% minimum distribution rule. Under this rule, each year a donor-controlled charity must distribute this proportion of its net assets from the previous year to charitable purposes (minus any assets used directly in the course or furtherance of a charitable purpose). This reduced percentage is equivalent to the lowest rate in comparable jurisdictions (Canada requires a 3.5% minimum distribution for assets below $1 million). One submitter's modelling (which we consider to be reasonable) indicates that this rate will not reduce the average charity's inflation-adjusted corpus over time. You may prefer a higher distribution rate if you consider that funds should be distributed faster.[8]

67 We propose allowing charities to average their distribution requirements over three discrete years, so that the total distribution may be equal to the sum of a charity's minimum distribution requirement for each year in that period. We also propose

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[8] The Australian Government has announced it will increase the minimum distribution rate for similar entities from 5% to 6% of net assets.

allowing Inland Revenue to provide charities with a reduction in, or an exemption from, their minimum distribution requirement in a given year, if reducing or removing such a requirement is consistent with a specific charitable purpose.

Integrity measures

68 To provide clear rules that address circular arrangements between a donor, their associates and a donor-controlled charity, we propose introducing a loan, asset, or share purchase arrangement integrity rule. This rule would claw back or disallow donation tax concessions in certain circumstances, for example, if, within three years before or after a donation is made, the donor-controlled charity loans money to, or purchases an asset from, the donor or an associated person, or acquires shares in a company associated with the donor. This would raise $4 million over the forecast period.

Limit donation tax concessions (an alternative approach)

69 We also consulted on the option to limit donation tax concessions when individuals, companies and trusts donate to donor-controlled charities. This would be a simpler alternative to introducing minimum distribution and integrity rules. A $100,000 donation tax concession cap for donor-controlled charities would raise $37.4 million over the forecast period.

70 Most submitters were opposed to limiting donation tax concessions for donations made to donor-controlled charities. This was typically because they considered a limit to be a blunt tool to address integrity concerns (they considered the alternative rules are more targeted). They also noted a limit is likely to reduce the level of giving from high wealth donors.

71 We agree with submitters that limiting donation tax concessions is a blunt instrument because it affects all donations to a donor-controlled charity, including those that are not used for circular arrangements or excessive accumulation.

72 It would also be difficult to design an effective rule that does not pose unintended consequences without further consultation, given donor-controlled charities are typically established through a large initial donation, and at the time of the donation the charity is not "donor-controlled". A donor could also make a series of smaller donations, or could establish multiple foundations, to avoid being caught by the rules.

73 We do, however, note that there is international precedent - the United States has a lower tax deduction ceiling for donations to private foundations. Individuals can claim an income tax deduction for cash donations to public charities up to 60% of their adjusted gross income, while donations to private foundations are capped at 30%.

74 There is also some merit in the "bluntness" of a donation tax concession cap. Namely, compliance costs would be much lower for charities, it would ensure charities retain greater flexibility over how and when their funds are used, it would not create cashflow issues for charities, and it would support the overall fiscal sustainability of donation tax concessions.

75 If you wish to limit donation tax concessions, we recommend that this applies to all donors as part of a general change to tax policy settings for the DTC (as proposed below). This would maximise the integrity of the DTC while supporting its overall fiscal sustainability.

Tax policy settings for DTC

76 You asked for advice on whether changes could be made to DTC settings to improve the DTC's value for money for taxpayers, addressing tax integrity concerns and ensuring the scheme's fiscal sustainability.

77 We are concerned about the integrity of existing settings, particularly when DTCs can be part of aggressive tax planning arrangements involving donor-controlled charities, as

noted above. Research in New Zealand indicates that the DTC may not fully translate into a corresponding rise in additional donations, raising questions about whether the policy delivers value for money for the Government. However, international sector-led studies highlight that the positive externalities generated by charitable donations provide a strong rationale for continued public support. Determining the positive externalities from charitable giving is complex and subjective. We also note that the DTC operates as an open-ended subsidy, limiting the Government's ability to manage costs in a highly fiscally constrained environment.

78 The appendix provides options for tax policy settings for the DTC, including reducing the value of the credit and reducing the DTC ceiling. We consider reducing the donation ceiling to $100,000 (providing a maximum DTC of $33,333) best balances the above objectives. This option targets tax concessions for high-value giving but leaves unaffected 99.9% of individuals who currently engage with the DTC system. This would raise $51.8 million over the forecast period.

79 If you agree to reduce the DTC ceiling, we recommend that further work in relation to donor-controlled charities is not progressed for Budget 2026. This is because a DTC ceiling of $100,000 (or less) would mitigate the integrity concerns noted above, and you would still have the opportunity to introduce other integrity measures in future if it is determined these are needed.

80 We have not consulted on options to change DTC settings (except in relation to donor-controlled charities). We anticipate that any proposal to reduce the DTC would be seen by donee organisations as significantly detrimental to their work, notwithstanding the fact that 99.9% of individuals who currently engage with the DTC system would be unaffected by a cap of $100,000. It is worth noting that even a very small number of high-value donations to charities can easily outweigh a very large number of small donations. Reduced funding may mean that charities reduce their services or seek alternative funding directly from Government.

81 The Department of Internal Affairs (DIA) has consistently had "significant concerns" about reducing the value of the credit and reducing the ceiling. It points out that the cost-benefit analysis of proposals does not fully capture costs associated with charities losing large donations and having to reduce their services. DIA predicts stakeholders are likely to question the Government's commitment to growing philanthropic giving if the DTC is reduced.

82 If there is to be any change, DIA prefers the option with a reduced DTC ceiling applying to donor-controlled charities only, acknowledging Inland Revenue's integrity concerns in relation to donor-controlled charities. If changes are made more broadly, DIA's preference is for a DTC rate reduction over a reduced DTC ceiling. The Ministry for Culture and Heritage is also concerned with the impact on philanthropic giving, noting New Zealand's Creative and Cultural Strategy is to increase philanthropic and wider private investment in the creative and cultural sectors.

83 We recommend you consult with the Minister for the Community and Voluntary Sector and the Minister for Arts, Culture and Heritage when you make your decision.

Options to consider

84 We have considered several options, set out in the **appendix**. Our focus has been on the DTC because this tax concession represents 90% of the total Government cost of tax incentives to encourage monetary donations to the community and voluntary sector (donee organisations).

85 We note that stakeholders have expressed general opposition to the idea of capping DTC entitlements. However, this option is more easily understood and has significantly lower compliance and administration costs when compared with targeted integrity measures such as those proposed for donor-controlled charities.

86 Of the options outlined in the appendix, we recommend that Ministers consider reducing the maximum DTC entitlement to $100,000. This option has several advantages:

- It would maintain the overall objective of encouraging individuals and households to donate, and would preserve entitlements in respect of the DTC and school activity donations (99.99% of individuals who engage with the DTC system would be unaffected).
- It would directly address Inland Revenue's broader integrity concerns and would be simpler to understand and administer relative to the donor-controlled charity proposals.
- It is expected to provide the Government with additional fiscal headroom of $19 million per year when fully implemented.
- Setting the maximum entitlement threshold at $100,000 would also ensure that payroll giving can continue without change, and it would be easy for Inland Revenue to administer. Under this option we consider that supporting changes to the donation tax deduction rules for companies and Māori authorities are not required. Inland Revenue would, however, monitor the volume and value of donations reported by companies to see if there is a change in behaviour by substituting the mode of donating to maximise entitlements, particularly in the case of closely-held companies. We would report again if we consider further legislative changes are required.

87 The trade-off with this option is that it could affect donation decision-making by high-wealth individuals and households. Based on current statistics, we expect that the decision-making of 350 individuals could be affected (0.001% of individuals who claim the DTC). While the potential affected population is small, donations from that group represent 10% of all donations submitted ($103 million).[9] The main recipients of donations from these individuals are "religious" charities (27% of the total value of DTCs claimed), "other" charities (68%) and "schools" (5%).[10]

88 Submissions on Inland Revenue's consultation documents on donor-controlled charities have voiced concerns that reducing tax entitlements could result in a reduction or withdrawal of donations to charitable community projects, with a corresponding loss of the externalities created by these donations. [34]

Simplifications for donors, volunteers and trustees

DTC refunds

89 Current DTC refund rules could be improved to make better use of Inland Revenue technology and to support philanthropy. We consulted on proposals to refund DTCs during the year and to give donors the option of transferring their DTC to charities. Most submitters supported these proposals. These positive changes to DTC settings, which would affect many more taxpayers than a $100,000 cap, could be announced alongside any cap or reduced DTC rate. The recommended options would cost $0.900 million over the forecast period.

In-year refunds

90 Under current tax settings, donors must wait until after the end of the tax year to receive their DTC refund, even when Inland Revenue already holds relevant information. We propose to allow Inland Revenue to refund DTCs during the year in certain circumstances, instead of waiting until after year-end.

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[9] This is not the value of the tax credit, but the donation value submitted for the DTC for the 2024 tax year.

[10] Based on 2024 information. As noted earlier in this report, the main recipients of total donations submitted for the DTC are for "religious" charities (63%), "other" charities (29%) and "schools" (8%).

[34]

Transferring credits to charities

91 When a donation is made, the donor is currently the only eligible recipient of the DTC. This means that if the donor wants the charity to receive the DTC refund, they must manually donate it back to the charity. We propose to allow donors to allocate their DTC refund directly to the charity they donated to. If you agree to this proposal, we recommend the allocation of the DTC refund to the charity would not qualify as an additional donation by the donor (that is, it would not qualify for an additional DTC). This will enable a simpler refund mechanism without creating additional reporting or receipting requirements and it would require a legislative change.

92 Submitters largely supported the proposed DTC refund simplifications, noting they would reduce compliance costs and could encourage philanthropy, provided the changes remain simple, optional, and do not impose additional burdens on donee organisations.

Volunteers and honoraria

93 There is an opportunity to reduce compliance costs for volunteers by simplifying the rules for honoraria payments.[12] We consulted on giving not-for-profits the option to treat honoraria as salary and wages, as was done for Fire and Emergency New Zealand several years ago. All submitters supported our approach.

Honoraria

94 Honoraria are treated as schedular payments for tax purposes. However, ACC levies are not withheld with taxes on schedular payments, meaning volunteers need to pay ACC separately at the end of the year. This often causes confusion and adds to compliance costs. This differs to income treated as salary and wages where the ACC levy is withheld alongside PAYE throughout the year.

95 Based on consultation undertaken in February 2025, Ministers previously agreed for officials to continue work to provide not-for-profits with the option to treat honoraria as salary or wages. We did not consult any further because this simplification was supported by submitters in the February 2025 issues paper, "Taxation and the not-for-profit sector" and is already in place for Fire and Emergency New Zealand.

96 To encourage philanthropy and maintain low compliance costs for volunteers we recommend a policy change that would give not-for-profits the option of treating honoraria paid to volunteers as salary or wages.

Private trust income allocations to tax-exempt beneficiaries

97 Current trust rules present an integrity issue involving allocations to charities and other tax-exempt beneficiaries. Private trusts can allocate beneficiary income to charities with tax not being paid on that income, even if the income is never actually paid to charities.

98 We consulted on a proposal to tax this income at the trustee rate if the money is not paid to charities within a specific timeframe. This would more closely align the trust rules with donation payment rules for individuals, companies and Māori authorities.

99 Most submitters supported an integrity rule, however some submitters noted there may be challenges if income deemed to arise under tax law can differ from income under trust law. We recommend introducing a payment (pay in money) rule because it is consistent with the general requirement for trustees to pay tax on income deemed to arise under tax law.

100 This measure would require trust income allocations to tax-exempt beneficiaries be paid in money by the later of six months after balance date, or the earlier of the actual or required filing date of the trust's tax return. If the trust uses a tax agent with an extension of time, then this would be 31 March in the year after balance date. If the

[12] An honorarium is a voluntary, typically small payment made to a person for services for which fees are not traditionally required, such as being a guest speaker.

income is not distributed within the required time, it would be taxed at the trustee rate of 39%.[13] This option would raise $0.450 million over the forecast period.

Other proposals

Removal of tax exemptions that are no longer fit for purpose

101 Based on consultation undertaken in February 2025 we recommended that some exemptions be repealed because they are no longer fit for purpose. [33] [33] . In September 2025, Ministers agreed to:

- repeal the income tax exemption for non-resident charities with no charitable purpose in New Zealand, and

[33]

[13] Unless the trustee income is below $10,000, then it would be taxed at 33%. However, this is unlikely to be the case.

Financial implications

105 The table in the financial recommendations part of this report summarises the operating balance impact of each of the recommended measures over the forecast period. Proposals not identified in the table, for example, giving not-for-profits the option to treat honoraria as salary or wages, are expected to have no tax revenue (and therefore no operating balance) impact.

106 For proposals shown as having an operating balance impact from 2026/27, we recommend a 1 April 2027 application date. For proposals shown as having an operating balance impact from 2027/28, we recommend a 1 April 2028 application date.

107 The savings apply mostly to "Other Persons" tax revenue and to a lesser extent to "Companies" tax revenue and "Withholding tax". These costings may be subject to minor changes prior to final Cabinet Budget decisions.

Allowance impact of membership subscription and levy recommendation

108 Agreeing to the proposal to introduce legislation to preserve existing settings, so that membership subscriptions and levies remain non-taxable, would have a fiscal cost of $10.6 million over the forecast period, as set out in the table in the financial recommendations part of this report.

109 To reflect formalisation of the Commissioner's new view that membership subscriptions and levies are taxable under current law, there would be an equal and opposite forecasting adjustment, as set out below. This means that there is no net change to the operating balance as a result of any decision to ensure that membership subscriptions remain non-taxable.

110 Treasury recommendations under the fiscal management approach would be to manage the cost (but not the offsetting forecasting adjustment) against an allowance or Tax Policy Scorecard. This is because maintaining the status quo requires a discretionary policy decision and, in the absence of any decision, an increase in revenue would be forecast. You could choose to allow the decision to flow through to the operating balance because the net impact is fiscally neutral. It is fiscally neutral because the forecasts will not be increased until the Commissioner has formalised his new view.

Administrative impact

111 The table in the financial recommendations section of this report summarises the departmental costs for which Inland Revenue would seek funding to implement and administer the potential options over the forecast period. These costings are high level and will be refined based on final policy and design decisions.

Consultation

112 We have consulted with the Ministry of Business, Innovation and Employment, the Department of Internal Affairs, and the Ministry for Culture and Heritage.

Next steps

113 We recommend that you refer a copy of this report to the Minister for Arts, Culture and Heritage, the Minister for the Community and Voluntary Sector, and the Minister of Commerce and Consumer Affairs.

114 Subject to your agreement to the recommendations, we will report again seeking final policy approvals for including the proposals you have agreed to in the 2026–27 annual rates taxation Bill, scheduled for introduction in September 2026.

Recommendations

We recommend you:

Mutuality and member transactions

1 **Agree** to a legislative amendment to ensure membership subscriptions and levies received by taxable not-for-profits continue to be non-taxable despite a prohibition on distributions to members.

Agree / Disagree	Agree / Disagree
Minister of Finance	*Minister of Revenue*

2 **Agree** that officials do not progress work on a policy change for member trading transactions at this time, ahead of the publication of guidance based on existing law and a better understanding of the affected population.

Agree / Disagree	Agree / Disagree
Minister of Finance	*Minister of Revenue*

3 **Agree** to increase the effective tax-free threshold for taxable not-for-profits from $1,000 to $10,000.

Agree / Disagree	Agree / Disagree
Minister of Finance	*Minister of Revenue*

4 If you agree to recommendation 3 above, **agree** to limit eligibility to the effective tax-free threshold to those taxable not-for-profits with net income of $10,000 or less (a cliff-face approach).

Agree / Disagree	Agree / Disagree
Minister of Finance	*Minister of Revenue*

5 **Agree** to exempt taxable not-for-profits from filing a return when they are eligible for the effective tax-free threshold and give Inland Revenue the power to require taxable not-for-profits to file a return on request.

Agree / Disagree	Agree / Disagree
Minister of Finance	*Minister of Revenue*

6 **Agree** to require financial institutions to provide Inland Revenue with interest income information in relation to RWT-exempt customers.

Agree / Disagree	Agree / Disagree
Minister of Finance	*Minister of Revenue*

Donor-controlled charities

If you intend to introduce a donation tax credit (DTC) cap (any of options (b) to (d) in recommendation 8), we recommend you do not progress further policy work for donor-controlled charities at this time.

7 **Agree** that officials continue to work on the design of donor-controlled charity rules as set out in this report for the Budget 2026 process and report back in sufficient time to confirm design details for the 2026–27 annual rates taxation Bill later in the year.

Agree / Disagree	Agree / Disagree
Minister of Finance	*Minister of Revenue*

Tax policy settings for DTC

8 **Indicate** which option, in relation to changing tax policy settings for the donation tax credit, with effect from 1 April 2027, you would like to progress for Budget 2026, subject to further advice and decisions by Budget Ministers.

Indicate preferred option:	Indicate preferred option:
a) Status quo (do nothing)	a) Status quo (do nothing)
b) $4,500 threshold	b) $4,500 threshold
c) $15,000 threshold	c) $15,000 threshold
d) $100,000 threshold (**recommended**)	d) $100,000 threshold (**recommended**)
e) Donation tax credit rate 25%	e) Donation tax credit rate to 25%
Minister of Finance	*Minister of Revenue*

DTC and honoraria simplifications

9 **Agree** to allow Inland Revenue to refund donation tax credits in certain circumstances during the income year.

Agree / Disagree	Agree / Disagree
Minister of Finance	*Minister of Revenue*

10 **Agree** to allow donors to elect for their donation tax credit to be refunded directly to a donee organisation, noting this refund would not qualify for a subsequent donation tax credit.

Agree / Disagree	Agree / Disagree
Minister of Finance	*Minister of Revenue*

11 **Agree** that Inland Revenue provide not-for-profit entities with the option to treat honoraria as salary or wages.

Agree / Disagree	Agree / Disagree
Minister of Finance	*Minister of Revenue*

Private trust income allocations to tax-exempt beneficiaries

12 **Agree** to introduce an integrity measure to tax trust income allocations to tax-exempt beneficiaries at the trustee rate, unless they are paid in money to the tax-exempt entity within a specified timeframe.

Agree / Disagree	Agree / Disagree
Minister of Finance	*Minister of Revenue*

Financial recommendations

13 **Note** that the following table summarises the forecast period operating balance impact of each of the recommended measures.

	Operating balance impact – $m – increase/(decrease)					
Options	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30& Outyears**	**Total**
Tax policy setting for taxable not-for-profits						
Membership subscriptions[14]	-	0.800	3.200	3.100	3.500	**10.600**
Tax-free threshold and other compliance reduction measures	-	0.110	0.260	0.260	0.360	**0.990**
Donor-controlled charities						
Minimum distribution requirement[15]	-	-	-	-	-	**-**
Loan back and share purchase integrity measure	-	-	(0.450)	(1.800)	(1.800)	**(4.050)**
$100k donation tax concession cap (alternative measure to other donor-controlled proposals)[16]	-	-	1.200	(16.600)	(22.000)	**(37.400)**
Donation tax credit[17]						
DTC rate from 33$^1/_3$% to 25%	-	(23.000)	(92.000)	(94.500)	(96.500)	**(306.000)**
DTC ceiling to $4.5k @ 33$^1/_3$%	-	(6.500)	(123.800)	(146.000)	(150.000)	**(426.300)**
DTC ceiling to $15k @ 33$^1/_3$%	-	(0.500)	(48.800)	(58.300)	(60.500)	**(168.100)**
DTC ceiling to $100k @ 33$^1/_3$%	-	1.500	(15.300)	(19.000)	(19.000)	**(51.800)**
Simplifications for donors, volunteers and trustees						
DTC refunds (simplification)	-	-	0.100	0.400	0.400	**0.900**
Private trust income allocations to tax-exempt beneficiaries	-	-	(0.050)	(0.200)	(0.200)	**(0.450)**
Other proposals						
Removal of tax exemption for non-resident charities	-	-	(0.050)	(0.200)	(0.200)	**(0.450)**
[33]						

14 **Note** that the tax consequence of the Commissioner's change in view in relation to the taxation of membership subscriptions has not been reflected in fiscal forecasts, and the below forecasting adjustment will be needed to reflect this change in view:

	$ million increase/(decrease)				
Vote Revenue **Minister of Revenue**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Crown Revenue and Receipts Tax Revenue – Company Income Tax	-	0.800	3.200	3.100	3.500
Total Operating	**-**	**(0.800)**	**(3.200)**	**(3.100)**	**(3.500)**

15 **Note** the following changes as a result of the decision in recommendation 1 above, with a corresponding impact on the operating balance and net core Crown debt for membership subscriptions:

---

[14] Membership subscriptions are also addressed in recommendations 14, 15 and 16.

[15] A fiscal gain of $0.200 million per year is recognised outside the forecast period, from 2031/32.

[16] Progressing this $100k donation tax concession cap option for donor-controlled charities is subject to your decision in relation to overall DTC settings. The broad "DTC ceiling to $100k @ 33 1/3%" option will impact on more donors, however the fiscal impacts of the two options are also different because the donor-controlled charity option will limit DTCs as well as company gift deductions and trust income allocations.

[17] The DTC is part of tax revenue, therefore a decrease in the DTC equates to an increase in tax revenue.

	$ million increase/(decrease)				
Vote Revenue **Minister of Revenue**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Crown Revenue and Receipts Tax Revenue – Company Income Tax	-	(0.800)	(3.200)	(3.100)	(3.500)
Total Operating	**-**	**0.800**	**3.200**	**3.100**	**3.500**

16 **Agree** to manage the decrease in tax revenue from your decision in recommendation 1 above for membership subscriptions either:

a. against the fiscal forecasts but not to recognise any immediate impact on allowances (that is, to flow through)

Agree / Disagree | Agree / Disagree

Minister of Finance | *Minister of Revenue*

OR

b. against the Budget 2026 operating allowance.

Agree / Disagree | Agree / Disagree

Minister of Finance | *Minister of Revenue*

17 **Note** that the final financial implications and fiscal treatment of your other policy decisions set out above (including in relation to recommendation 16 if you agree to manage this decision against the Budget 2026 operating allowance) will be confirmed as part of Budget 2026, including whether the net cost of your decisions can be managed against the Tax Policy Scorecard, subject to agreement by Budget Ministers and Cabinet.

18 **Note** that the following table summarises the departmental costs for Inland Revenue to implement and administer the potential options over the forecast period. These costings are high level and will be refined based on final policy and design decisions.

	$m - increase/(decrease)					
Options – Departmental administration cost	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**	**Total**
Operating						
Membership subscriptions	-	0.869	0.438	0.188	0.063	**1.556**
Donor-controlled charities[18]	-	-	0.560	0.440	0.440	**1.440**
DTC rate from 33$\frac{1}{3}$% to 25%	-	0.300	0.300	0.300	0.100	**1.000**
DTC ceiling to $4.5k/ $15k/ $100k	-	0.600	0.500	0.300	0.100	**1.500**
DTC refunds (simplification)	-	-	0.765	0.245	0.245	**1.255**
Volunteers and honoraria	-	0.075	0.025	0.025	0.025	**0.150**
Removal of tax exemption for non-resident charities[19] [33]	[33]					
Capital						
Membership subscriptions	-	0.250	-	-	-	**0.250**
Donor-controlled charities	-	-	0.750	-	-	**0.750**
DTC refunds (simplification)	-	-	0.900	-	-	**0.900**

18 Includes private trust income allocations to tax-exempt beneficiaries.

19 There is a time limited cost for the first two years after removing tax exemptions (to contact impacted customers).

Referral

19 **Refer** a copy of this report to the Minister for Arts, Culture and Heritage, the Minister for the Community and Voluntary Sector, and the Minister of Commerce and Consumer Affairs.	
Refer - yes / no	Refer - yes / no
Minister of Finance	*Minister of Revenue*

[39]

James Haughton

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27 March 2026

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27 March 2026

Hon Nicola Willis

Minister of Finance

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Minister of Revenue

/ /2026

Appendix: Options for changing donation tax credit policy settings to monetary donations made on and after 1 April 2027

Options	Total annual donations threshold $	Maximum value of tax credit	Estimated impacts					Recommendation / comment
			Donors	**Donees**	**Inland Revenue***	**Fiscal implications (rounded)**	**Tax system integrity**	
Status quo (Do nothing)			No impact for the approximately 350,000 donors that interact with the DTC system.	No impact on donees.	N/A	No impact on the approximate $350 million paid out as DTCs each year.	No change	
$4,500 threshold	$4,500	At 33¹/₃% $1,500	Decisions by some individuals are affected because the cost of donating above the threshold increases, particularly for large donations. 83.4% of individual donors are unaffected. **Around 58,000 donors affected.**	Regular giving to religious institutions is unlikely to be affected because donors appear to be price insensitive. Other charities, including integrated and private schools, may be affected and see a reduction in donation income.	Medium-scale implementation costs $1 million, with $0.500 million ongoing costs – subject to further decisions on the future of payroll giving and tax deduction rules for companies and Māori authorities. Increased number of tax credit claims (but not necessarily value) as households allocate receipts across income earners to maximise entitlements. This may lead to additional taxpayer contact.	$426 million savings over forecast period. ($124 million for the 2027/28 fiscal year)	A change in the donation threshold would have a positive impact on tax integrity and reduce the tax value of tax aggressive arrangements. Expect some donations to be brought forward in year before application.	The trade-off is that the Government may be expected to provide additional support to donees. This option would make New Zealand an outlier internationally in terms of having a low threshold. Changes to tax deductions for closely held companies, Māori authorities and de-registration tax would need to be considered. Repeal payroll giving. (Not recommended)
$15,000 threshold	$15,000	At 33¹/₃% $5,000	Most decisions by individual donors (97.5%) are unaffected, but high-value discretionary donations may be affected. **Around 8,500 donors affected.**	Donations to schools (public, integrated and private) are unlikely to be affected, apart from school building funds. Donations to non-religious charities could be reduced.	Medium-scale implementation costs $1 million, with $0.500 million ongoing costs – subject to further decisions on the future of payroll giving and tax deduction rules for companies and Māori authorities.	$168 million savings over forecast period. ($49 million for the 2027/28 fiscal year)	A change in the donation threshold would have a positive impact on tax integrity and reduce the tax value of tax aggressive arrangements. Expect some donations to be brought forward in year before application.	Some impact on donor decisions but this balances against tax integrity concerns. Monitor to determine if changes for closely held companies, Māori authorities and de-registration tax are needed. Monitor to see if there is an impact in payroll giving amounts. Consider limitations for shareholder–employees via payroll giving.
$100,000 threshold	$100,000	At 33¹/₃% $33,333	Almost all decisions by individual donors (99.9%) are unaffected, but high-value discretionary donations may be affected. **Around 350 donors affected.**	Donations to schools (public, integrated and private) are unlikely to be affected, apart from school building funds. Household decisions in respect of high-value donations may be affected.	Medium-scale implementation costs $1 million, with $0.500 million ongoing costs – subject to further decisions.	$52 million savings over forecast period due to some taxpayers bringing forward donation payments. ($15 million for the 2027/28 fiscal year rising to $19 million a year when fully implemented)	A change in the donation threshold would have a positive impact on tax integrity and reduce the tax value of tax aggressive arrangements. Expect high-value donations to be brought forward in year before application.	**Recommended** Some impact on donor decisions but this balances against tax integrity concerns. Monitor to determine if changes for closely held companies, Māori authorities and de-registration tax are needed. Monitor to see if there is an impact on payroll giving amounts. Consider future limitations for shareholder-employee donations via payroll giving.
Reduce the value of the tax credit to 25%	N/A	At 25% N/A	Most decisions by individual donors are affected and the after-tax cost of donating is increased. 100% of individual donors affected. **Around 350,000 donors affected.**	If the amount of the tax benefit is reduced, donees could be in a worse position than the status quo. This may have cost of living implications for households that rely on the DTC to reduce expenditure on school donations.	Low-scale initial set up costs $0.500 million, with $0.500 million ongoing costs. Simple to implement.	$306 million savings over forecast period. ($92 million for the 2027/28 fiscal year)	Changing the rate reduces the overall cost to the government as it reduces the subsidy on household giving. Changes for donor-controlled charities likely to be needed	This is an effective option. A change in the tax credit rate would increase the cost of donating for every donor relative to the status quo.

This appendix focuses on the DTC for individual giving, which represents around 90% of Government support for monetary donations. Other tax concessions for monetary donations, such as company deductions are payroll giving, are out of scope, except for the option to reduce the maximum entitlement threshold to $4,500 due to substitution risks and the need to repeal payroll giving. If changes are made to tax policy settings, as above, Inland Revenue would monitor substitution to other concessions and advise Ministers if further changes are required.

The proposals for donor-controlled charities, which consider the DTC and the tax deduction rules for donations by companies, have a strong focus on integrity. The options above balance value for money/supporting the sector, integrity, and fiscal sustainability objectives. Unlike the donor-controlled charities proposal, the options above apply across the entire donor population that claims the credit, irrespective of the governance characteristics or behaviour of the recipient donee organisation. As a result, the options in this appendix are broad-based, while donor-controlled charity changes are deliberately targeted at a small group of higher-risk arrangements.

* These Inland Revenue estimates are high level and illustrative only.