
CHARITIES:
WHAT HAS CHANGED
IN BUDGET 2026

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A SUMMARY OF THE CHANGES, THEIR IMPLICATIONS, AND A COMMENT FOR EACH

Charities are vital and important in our society, providing support across a wide range of areas. That is why it is so important to have policies in place and settings that support them.

In the following table, we summarise the changes introduced in Budget 2026 with comments, so that Boards can easily understand the implications. We also provide some additional notes on how charities can be proactive regarding the future, as well as other things we think should be considered.

Some of the changes are positive while others are, in our view, chilling for the sector and negative. We analyse them and provide that commentary in the table that follows.

We will host a free webinar to break down and explain all the changes on Tuesday 16 June 2026, 12.00pm.

Sign up here: events.humanitix.com/charities-what-has-changed-in-budget-2026

You might want to check out the new Parry Field Lawyers book "[Changing Paradigms](#)" with 25 new essays, as well as Seeds podcast which has almost 500 interviews with inspiring people at theseeds.nz, and the [Seeds Impact Conference](#) (May 2026) where we had 24 speakers and 6 panels on a variety of topics, which 920 people signed up for.

NGĀ MIHI NUI



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Changes in Budget 2026

The following table sets out the changes in the Budget as well as the implications, and a comment for each.

Change	Summary	Comment
Cap on donation tax credits	There is a cap on donors who give above \$100,000. This means they can claim back a maximum tax credit of \$33,333.33 in a financial year, with the change coming into effect from 1 April 2027.	The IRD comment is that, "the cap would affect about 350 donor entitlements (or 0.1% of donors)." But they make up a disproportionately large amount of total giving. This will limit the ability for charities to appeal for those large donation amounts, which make a big difference to a charity. We offer some comments on this on the following page.
Membership subscriptions and levies	There had been a suggestion that member fees could become taxable but that is not proceeding.	This is positive for member-based groups.
Increase of tax-free threshold for small charities	An increase of tax free threshold from \$1,000 to \$10,000, plus changes to reporting obligations for such entities (less required).	This will mean small charities who might have some income that is taxable would not pay tax under the higher threshold, which is positive for these often volunteer-led groups.
In year refunds	Donors can claim back refunds during the year, not just at the end of financial year.	This is a positive change as it will mean that donors can receive the one-third back during the tax year, rather than needing to wait until the end of the financial year, which should encourage giving.
Transferring tax credits to charities	Donors will be able to specify that the Charity should get the tax credit rather than them.	This is also a positive because it will mean that a Donor can specify that the amount they are due to receive can go directly to the charity they want to support. There is a large amount of leakage in the system here, with Donors not bothering to claim back the one-third, so it will help charities to this receive directly. Parry Field Lawyers are preparing a briefing paper on this and will share it soon (there are some tweaks we would suggest to align with how the system runs in the UK). Charities should start to educate their donors about this option.
Non-resident charities to pay income tax	These charities, that do not operate in New Zealand, had qualified to not pay tax on income sourced here, but now will.	This seems fair given that these charities are not operating to benefit New Zealand.
Private trusts allocating income	If a private trust allocates income to tax-exempt beneficiaries then it would need to pay the beneficiaries in money within a specified period to be tax-exempt.	We don't think this will impact many charities as it appears to be a relatively technical change and IRD estimates this will impact about 400 entities.
Active Investor Plus (AIP) Visa changes	Growth Category applicants can invest up to 20 percent of their total investment in philanthropy. For a minimum NZD \$5 million investment, this means up to NZD \$1 million may be donated.	This was announced the week before the budget but is still important as it might mean that charities can target wealthy offshore immigrants who want to give money to charity and have it count towards what they need to show is invested (though in reality, none has been given under previous settings which permitted this in specific situations). More on the change is here .

As you can see, most of the changes are actually positive but the first one is, in our view, not sending the right signals about donating to charities. We note that:

- Charities should consider if they expect large donations in the coming years and ask those donors to give before the change comes into effect in 2027. (Recognising IRD have stated they will monitor this “in case it gives rise to any integrity concerns.”)
- If the story of how donations will be used is compelling enough, it is possible the wealthy who give are not motivated by the one-third back. Charities should focus on how they tell the story of what they do.
- It may help focus Charities on their income sources and perhaps they should consider their strategy – if large donations are less likely then how about a programme around estate planning and wills, encouraging meaningful regular donations, and fundraising drives?
- While this may only affect a small number of donors, they often contribute in large ways to projects that need a lot of support (such as building programmes).

On balance, our view is that it is short sighted to reduce the options for charities to obtain donations. Is the change reversible with enough pressure and might it become a political issue in an election year? We shall see.

Other commentary worth reading on these issues are:

- Sarah Barrer’s [LinkedIn post](#) about storytelling and large donors.
- Lythan Chapman’s [LinkedIn post](#).
- Arron Perriam’s [LinkedIn post](#).
- John Godfrey’s blog: [Taxing giving – why the NZ cap is bad policy](#)
- Cheryl Spain’s [LinkedIn post](#).
- Community Foundations of Aotearoa New Zealand’s [LinkedIn post](#).
- William McInerney’s [LinkedIn post](#).

To read more from IRD, Government and the Bill, visit:

- [Inland Revenue, Charities and Not-for-profits Information Sheet](#) (28 May 2026)
- [Taxation \(Budget Measures\) Bill No. 3](#) (28 May 2026)
- [Government press release on improving tax rules for charities](#) (28 May 2026)

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