COMPARING AUSTRALIA AND NEW ZEALAND CHARITY POLICY

WHAT CAN WE LEARN FROM EACH OTHER?

PARRY FIELD LAWYERS

Parry Field Lawyers

To the heart of what matters.

COUNCIL *for* INTERNATIONAL DEVELOPMENT

New Release

Changing Paradigms: For Charity and Business

Changing Paradigms is a collection of essays from 25 contributors across Aotearoa New Zealand. The essays cover a range of topics – Youth and Charities, the Economy, challenges for Governance, AI, the role of Funders, Pasifika insights, Impact Investing, and a whole lot more.

Download here: parryfield.com/changing-paradigms

About Parry Field Lawyers

We are a New Zealand owned company that has been serving our clients since 1948. Our aim it not only to provide sound legal advice, but to also find solutions which deliver the best practical outcome for those we represent.

Our History

In 2023 we celebrated 75 years in practice and today we have grown to 11 partners, around 100 staff and operate from five locations.

To The Heart Of What Matters

We see our clients in a rounded way and wanted to help them with ‘what really matters’, for legal services and beyond, where appropriate. With our growing team, we are excited by what the future holds and look forward to continuing to provide exceptional legal services to our valued clients.

Find out more at parryfield.com

About the Council for International Development

The Council for International Development (CID) is the peak body for New Zealand’s international development and humanitarian organisations. In 2025, we celebrated our 40th anniversary and have over 75 members. CID aims to mobilise, strengthen and connect the international development and humanitarian sector, advancing equitable and sustainable outcomes in partnership with communities across the Pacific and beyond.

Find out more on our website here: cid.org.nz

Compiled by the Parry Field Lawyers Impact Team

parryfield.com

PARRY FIELD LAWYERS

COMPARING AUSTRALIA AND NEW ZEALAND CHARITY POLICY

WHAT CAN WE LEARN FROM EACH OTHER?

The charitable sector delivers billions of dollars of social value every year. From support for vulnerable families, delivery of community services, advancing health and education outcomes, responding to emergencies, and extending New Zealand's contribution to international development, humanitarian and diplomatic causes. Charities are a key part of our social fabric and the government is very reliant on charities to undertake work that it can neither afford or has the reach to address.

In this relationship, charities need the freedom to seek support of donors and to decide where and how to deliver services. Whereas, governments set the legislative requirements and policies that influence on how charities operate, their access to funding, and even the behaviour of donors and the public. Government also acts to ensure integrity of the system and limit organisations that are not behaving appropriately. It is about finding a good balance between these two perspectives.

It is therefore useful to periodically compare and contrast these settings with other countries, such as our Australian cousins with whom we share great similarities but also important differences.

This work is particularly timely due to announcements in Budget 2026 around changes to tax policies applicable to charities and, especially, donors. Presently, Inland Revenue has recommended a change to donation tax credits – the amount individuals can claim back by virtue of gifting money to charities. This is central to the degree that government is incentivising or, alternatively, discouraging giving by the public and wealthy individuals. Looking further abroad, Singapore – a country New Zealand often looks to for policies of a successful small advanced economy – provides tax deductions of up to 2.5 times the qualifying donation amount to approved entities! New Zealand and Australia are a long way from this level of incentives but there are still things to learn from each other.

The following comparison considers key settings in New Zealand and Australia, their similarities and differences, and what we might consider learning from this. It is designed to inform and to encourage discussion.

Thanks to Jon Cheung from Prolegis Lawyers for his input on the Australian position.

NGĀ MIHI NUI

TODD CLEAVER
EXECUTIVE DIRECTOR
COUNCIL FOR INTERNATIONAL DEVELOPMENT
todd.cleaver@cid.org.nz

STEVEN MOE
PARTNER
PARRY FIELD LAWYERS
StevenMoe@parryfield.com

Comparing Australia and New Zealand Charity Policy

What might those who set policies related to Charities in New Zealand learn from Australia's settings, and vice versa?

In the table that follows we set out some of the key similarities and differences.

It seems to us that some of the key things that could be learned from each other include the following:

- New Zealand's system for claiming back one-third of donations made to registered charities seems simpler.
- Australia's minimum distribution of net assets is intriguing and perhaps New Zealand could learn from how it is done (no such requirements).
- Australia has more categories of charitable purposes – does that make it simpler or more complex?

We are interested to see what might be the key points that stick out for you in this comparison?

<table>
<tr><th>Policy</th><th>New Zealand</th><th>Australia</th></tr>
<tr><td>Tax concessions</td><td>Tax exempt status: for registered charities on their income (subject to operating "wholly or mainly" in New Zealand – see below).</td><td>All registered charities:
• Income tax exemptions and franking credits
• Goods and services tax concessions
• Fringe benefits tax rebates
Selected registered charities:
• Fringe benefits tax exemption</td></tr>
<tr><td colspan="3">OUR COMMENT:
• Charities provide a range of social and other services that complement government ambitions. They also often work in locations in ways and at a cost not possible by the government. Tax exempt status is a foundational mechanism ensuring as much resource as possible is directed to beneficial causes.
• Charities often struggle to attract and retain good talent due to significant salary differences compared to the private sector. Australia's fringe benefit tax rebates enable their charities to offer more competitive employment packages. This would be of benefit to New Zealand charities, too, encouraging more people to enter the charitable sector and see it as a viable professional career path.</td></tr>
<tr><td>Tax Donee Status / DGR Status</td><td>Donation tax credits: registered charities qualify for donee status as a donee organisation, meaning individuals can claim one-third of the value of eligible donations over $5, up to their taxable income. This can be claimed at the end of the financial year.
However, it is noteworthy that Budget 2026 included a change to cap donation tax credits at one-third of $100,000 for an individual.</td><td>Deductible Gift Recipient (DGR): For selected registered charities, donors can deduct the amount of their donation from taxable income.</td></tr>
<tr><td colspan="3">OUR COMMENT:
• Charities are increasingly reliant on donations from a smaller number of wealthy people. They are often the cornerstone donors of significant projects, particularly capital-intensive projects, and their investment is a key catalyst helping galvanise the support of other donors. They also typically support multiple charitable organisations. Capping the donation tax credits in New Zealand will negatively influence donors, with implications for organisations and the service levels they provide. All New Zealand governments need to ask themselves how to better incentivise charitable donations, especially for causes and services that would otherwise fall to government to fulfil.
• An article on this and why it is missing a policy analysis is here: parryfield.com/charities-funding-and-donations.</td></tr>
</table>

<table>
<tr><th>Policy</th><th>New Zealand</th><th>Australia</th></tr>
<tr><td>Minimum distribution requirements</td><td>No annual minimum distribution requirements.

The introduction of requirements for large charities was considered but rejected in Budget 2026.</td><td>Private ancillary funds: must distribute at least 5% of the market value of net assets.

Public ancillary funds: must distribute at least 4% of the market value of net assets.

Note: these will be increasing to 6%, however funds will be able to “smooth” their distributions over a three-year period. Additionally, name changed from ancillary funds to “giving funds”.</td></tr>
<tr><td colspan="3">OUR COMMENT:
• Charities exist to provide benefit to others. The introduction of any minimum requirements should balance the purpose of charities with the need, at times, to build reserves for large or intensive projects.</td></tr>
<tr><td>Regulation</td><td>Regulated by Charities Services (as part of Internal Affairs). No states or territories, so regulation is at a national level.</td><td>Nationally regulated by the Australian Charities and Not-for-profits Commission (ACNC) but there are some specific rules prescribed by state, territory, and local governments.</td></tr>
<tr><td colspan="3">OUR COMMENT:
• Past restructuring of Charities Services has decreased its capacity. This has implications for its regulatory versus administrative role, including to regulate bad actors – an important factor for the integrity of the whole community and volunteer sector.</td></tr>
<tr><td>Operating overseas</td><td>Can send funds offshore but must not be more than 25% (on three years rolling average) to be considered a tax donee entity.

Charities that apply funds outside of New Zealand for international development and humanitarian activities can seek charitable donee status under Schedule 32 of the Income Tax Act 2007. To find out more on Schedule 32, check out our article here.</td><td>To be considered operating outside of Australia a charity need only complete minor work overseas or send small amounts of money. This includes where conducted through a third party.

Must comply with the External Conduct Standards (in addition to existing ACNC Governance Standards).</td></tr>
<tr><td colspan="3">OUR COMMENT:
• Schedule 32 is a critical provision for the operation of New Zealand’s internationally focused NGOs that provide development and humanitarian assistance to the Pacific, Asia and beyond. The New Zealand government also relies on such organisations, which typically have decades of experience and local partnerships, to deliver government-funded development and humanitarian assistance in line with our international and diplomatic objectives.</td></tr>
<tr><td>Crypto</td><td>IRD has not allowed donation tax credits on crypto donations. Under the Income Tax Act, cryptocurrency is classified as property rather than money, therefore donations will not qualify for a tax credit.</td><td>For tax purposes, is treated as an asset rather than income but can claim a tax reduction for gift/donation of crypto if it meets the general gifts and donations conductions and rules.</td></tr>
<tr><td colspan="3">OUR COMMENT:
• Has limited implications for charities and NGOs, for now. But with continued growth in the use of crypto as a financial payment instrument, this may need to be revisited.</td></tr>
</table>

Policy	New Zealand	Australia
Charitable purposes	Four main heads of charity under the Charities Act 2005: 1. relieving poverty; 2. advancing education; 3. advancing religion; and 4. other purposes beneficial to the community.	The Charities Act 2013 (Cth) lists twelve charitable purposes: • advancing health; • advancing education; • advancing social or public welfare; • advancing religion; • advancing culture; • promoting reconciliation, mutual respect and tolerance between groups of individuals that are in Australia; • promoting or protecting human rights; • advancing the security or safety of Australia or the Australian public; • preventing or relieving the suffering of animals; • advancing the natural environment; • other similar purposes 'beneficial to the general public'; and • promoting or opposing a change to any matter established by law, policy or practice in the Commonwealth, a state, a territory or another country (where that change furthers or opposes one or more of the purposes above). Additionally, are two other recognised subtypes: Public Benevolent Institution and Health Promotion Charity.
OUR COMMENT: • *Is it better to have more detailed lists or broader categories? If there were a review of the legislation, further clarity on the types of charitable purposes to be covered would be useful.*		
Legal Form	Often charitable trusts, but can also be incorporated or unincorporated entities such as societies or companies. **Note:** no such entity type as company limited by guarantee.	Often companies limited by guarantee. The ACNC considers that a proprietary limited company structure is generally not compatible with the non-for-profit nature of charities as shareholders can receive private benefits.
OUR COMMENT: • *A book on this topic is forthcoming from Parry Field Lawyers where Steven Moe argues that a new legal form is a good idea which sits between charity and for-profit company. He calls these "Impact Companies" and they would weave together the best parts of both legal structures. If you would like an advance copy feel free to contact Steven at stevenmoe@parryfield.com for this.*		

<table>
<tr><th>Policy</th><th>New Zealand</th><th>Australia</th></tr>
<tr><td>Other recent proposed changes</td><td>Budget 2026 introduced a few additional changes which will take effect in a year or so, such as:
• the ability of donors to specify that the tax rebate gets paid to the charity itself;
• the ability to claim rebates during the year rather than waiting to the end of the financial year; and
• investors to New Zealand can now give to philanthropy up to $1 million, to satisfy the investment criteria for Active Investor Plus (AIP) visas.</td><td>Budget 2026-27 announced significant changes:
• to capital gains tax rules;
• introducing a minimum tax on discretionary trusts; and
• removal of the requirement for ministerial declaration in applications for deductible gift recipients in the ‘community charity’ category.
More recent announcements since have suggested that unintended consequences for charities in respect of the changes to the capital gains tax rules will be addressed.</td></tr>
<tr><td colspan="3">OUR COMMENT:
• Further improvements to the system are welcome but also need to be seen in practice to determine that the underlying IR processes and Immigration policies deliver the intended outcomes.
• See more of a full description of the recent changes in an outline here: parryfield.com/charities-funding-and-donations.</td></tr>
<tr><td>Governance standards</td><td>No specific governance standards or code. Are duties/obligations on those in governance under the Charities Act in conjunction with the relevant Act for the entity type such as the Trusts Act 2019, Incorporated Societies Act 2022 or Companies Act 1993.
For charitable trusts, some duties are mandatory (cannot be changed), while others are discretionary (can be changed if amended in the Trust Deed).
For more on this, see our ‘Organisational Healthcheck’ here.</td><td>ACNC Governance Standards, a core set of minimum standards that must be followed by all registered charities (except Basic Religious Charities):
1. Purposes and not-for-profit nature
2. Accountability to members
3. Compliance with Australian laws
4. Suitability of responsible people
5. Duties of responsible people
6. Maintaining and enhancing public trust and confidence in the Australian not-for-profit sector.
These are mandatory but quite high level, setting out what a charity must do to remain charitable and operate in a lawful, accountable manner. The ACNC can take action against charities who fail to meet these standards.
Are also the voluntary Australian Institute of Companies Directors (AICD’s) “Not-for-Profit Governance Principles”.</td></tr>
<tr><td colspan="3">OUR COMMENT:
• Including a basic core set of minimum requirements, including around maintaining public transparency and confidence in the for-purpose sector, would enhance Charities Services’ ability to address poor behaviour and boost integrity in the system.</td></tr>
</table>

Get in touch with one of our experts

Steven Moe
StevenMoe@parryfield.com
021 761 292

Kris Morrison
KrisMorrison@parryfield.com

Yang Su
YangSu@parryfield.com

Anna Rosevear
AnnaRosevear@parryfield.com

Annemarie Mora
Annemariemora@parryfield.com

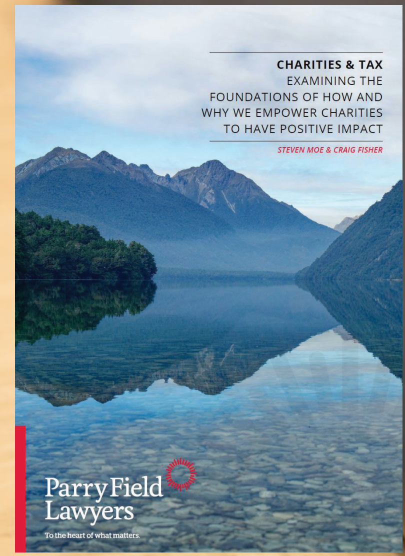
Matthew Al-Sammak
MatthewAl-Sammak@parryfield.com

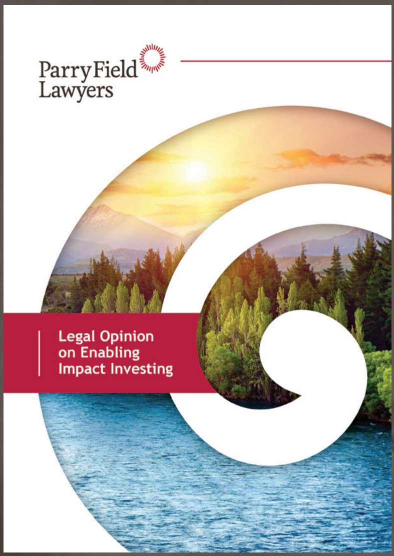
Vicky Reid
VickyReid@parryfield.com

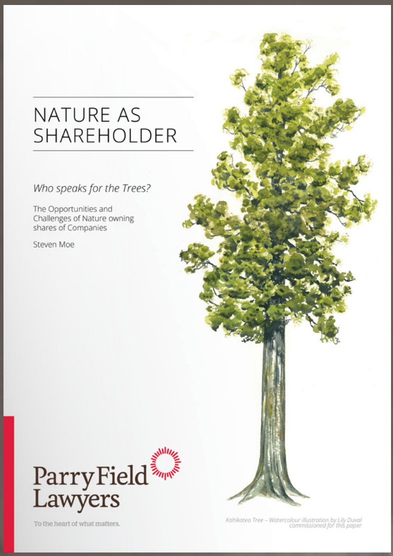
Dinuki Karunasekera
DinukiKarunsekera@parryfield.com

Jade McCormick
JadeMcCormick@parryfield.com

Other free guides at www.parryfield.com/publications include:







Parry Field Lawyers

COUNCIL for INTERNATIONAL DEVELOPMENT