

Lunchtime

CHARITIES
SERVICES

Ngā Ratonga Kaupapa Atawhai

WEBINAR SERIES

SOCIETIES, TRUSTS, COMPANIES – Which structure is right for your charity?

The webinar will begin shortly.

- Make sure your computer's sound (volume) is un-muted (🔊 icon)
- We recommend using headphones for better sound quality

CHARITIES
SERVICES

Ngā Ratonga Kaupapa Atawhai



Te Tari Taiwhenua
Internal Affairs

WELCOME

The webinar today will be presented by:



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Senior Registration Analyst
Charities Services

LOGISTICS

Can you hear us?

- Make sure your computer's sound is un-muted.
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Recording

- Webinar is being recorded – you will receive a link to the recording via email

Q&A

- Type your questions in the Q&A chat box.
- If your question doesn't get answered during the webinar, email us at info@charities.govt.nz

OVERVIEW

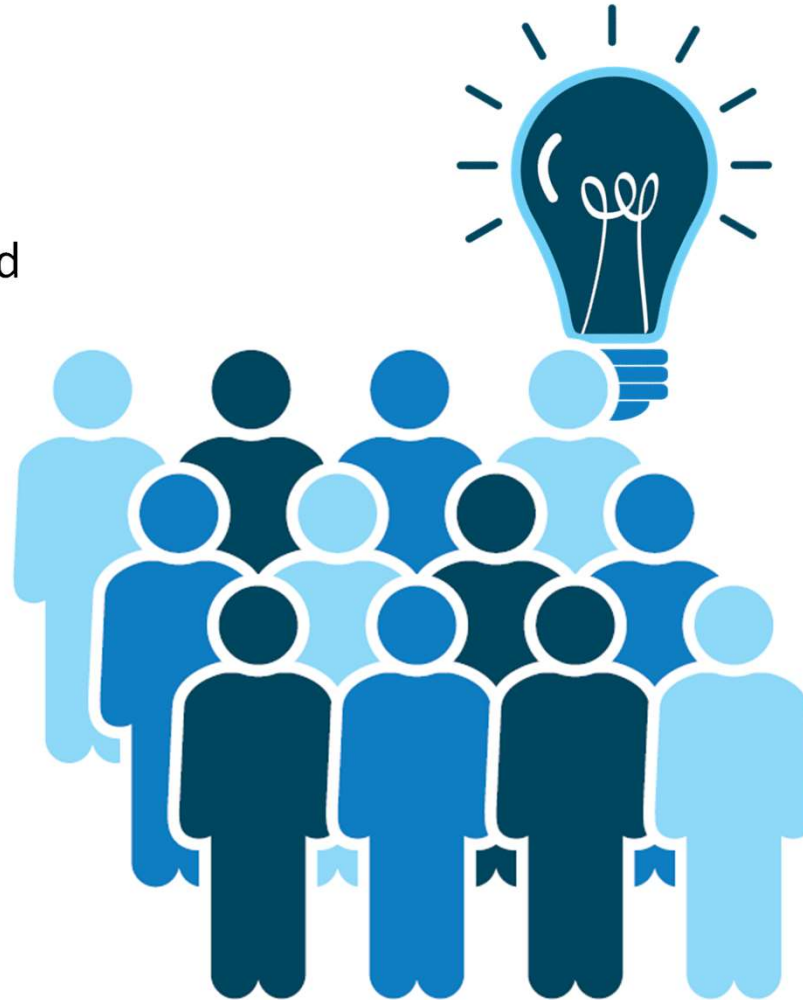
- Not for profit vs registered charity
- What choices do I have?
- The Companies Office
- Unincorporated Societies & Incorporated Societies
- Charitable Trusts & Incorporated Charitable Trust Boards
- Companies
- Legislation update

NOT FOR PROFIT vs REGISTERED CHARITY

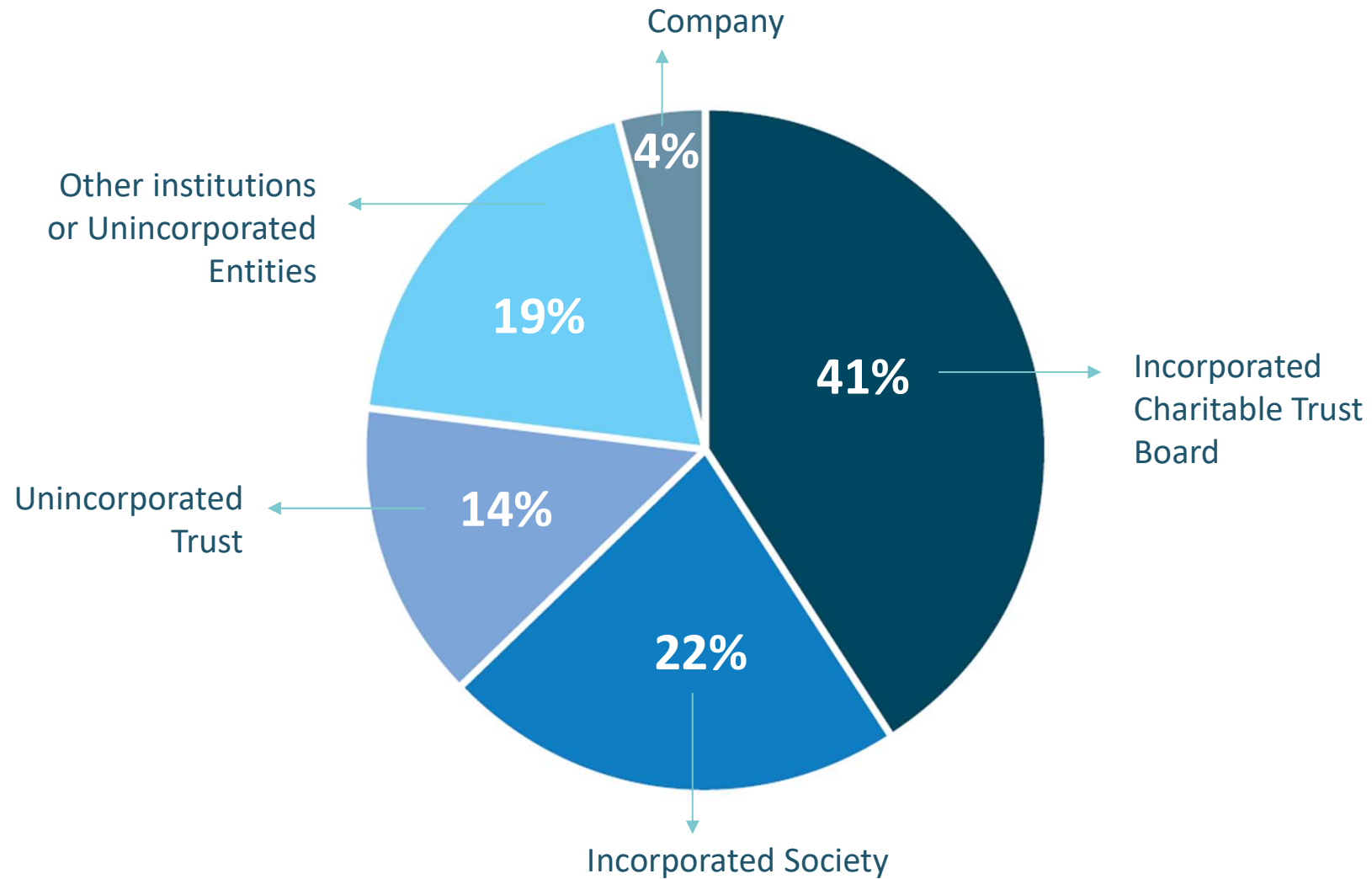
- Not-for-profit and charitable organisations are different
- Charitable purposes
 - the relief of poverty;
 - the advancement of education;
 - the advancement of religion;
 - or considered by the law as being beneficial to the community
- Registered with Charities Services
- Listed on the Charities Register

WHAT CHOICES DO I HAVE?

- Unincorporated society
- Incorporated society
- Charitable trust
- Incorporated charitable trust board
- Limited liability company



ORGANISATIONS ON THE CHARITIES REGISTER



WHAT'S A LEGAL ENTITY?



Unincorporated
Individuals are liable



Incorporate with the
Companies Office



Incorporated -
Entity is liable

ORGANISATION TYPES

Structure	Registered with Companies Office?	Who's liable?	Suitable for?
Unincorporated Society	X	Individuals	Smaller informal groups who apply for small amounts of funding
Incorporated Society *Legal Entity*	✓	Entity	Groups with members who want to apply for funding
Charitable Trust	X	Individuals	Groups with trustees who don't apply for funding
Incorporated Charitable Trust Board *Legal Entity*	✓	Entity	Groups with trustees who want to apply for funding
Limited Liability Company *Legal Entity*	✓	Entity	Groups who trade goods or services for charitable purposes

THE COMPANIES OFFICE

What do they do?

Operate a range of registers that record different types of groups

Which registers are we talking about today?

- Incorporated Societies Register
- Charitable Trust Register
- Companies Register

Is this different from the Charities Register?

Yes!



UNINCORPORATED SOCIETY

- Usually an informal group or an organisation just starting out
- Usually used for smaller groups
- Established through a common purpose



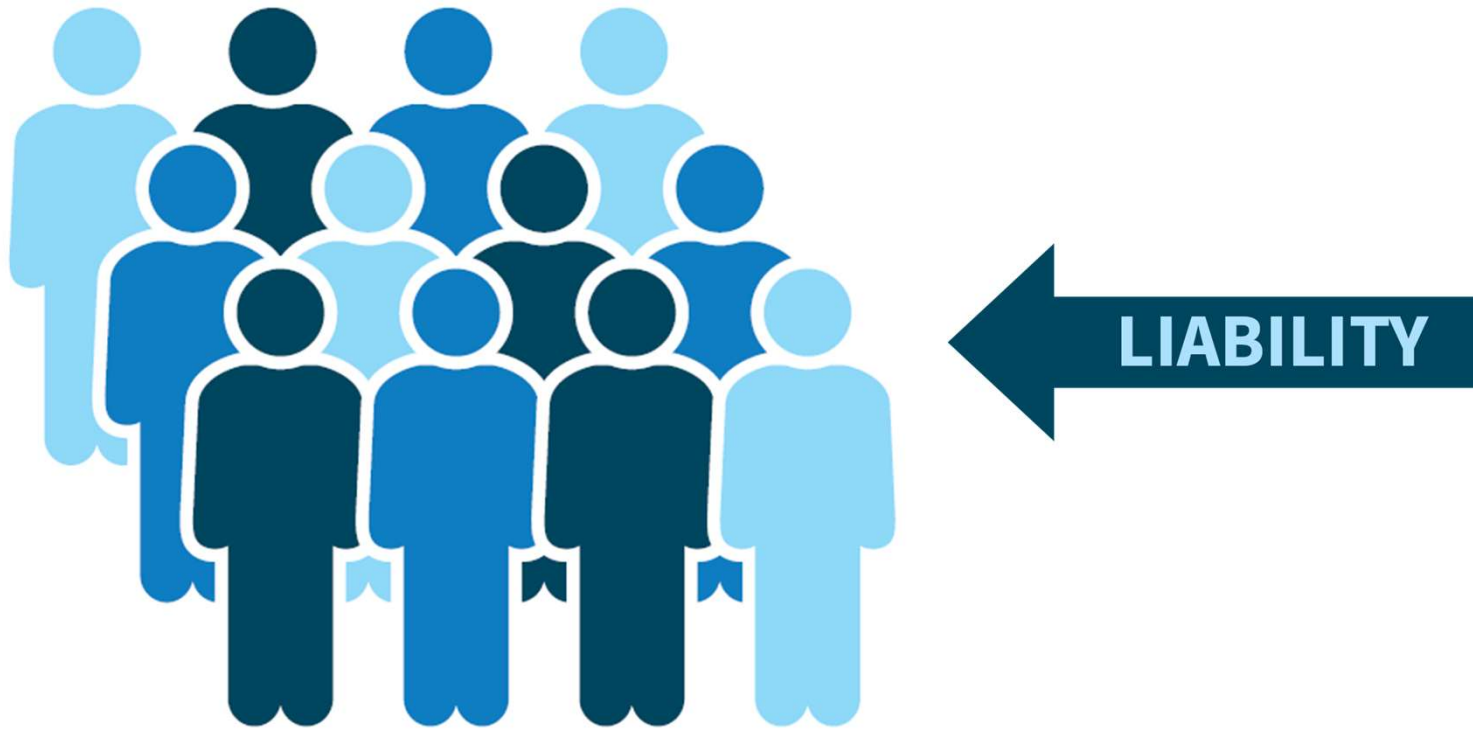
UNINCORPORATED SOCIETY

Key features:

- Not registered with the Companies Office
- Members are liable for the actions of the society
- Unlikely to be eligible for large amounts of funding
- Usually don't own assets/employ people/have buildings



LIABILITY - UNINCORPORATED SOCIETY



INCORPORATED SOCIETY

- An organisation with at least 15 members
- Members share an interest in an activity or subject
- Societies are run democratically - members have voting rights
- Hold an Annual General Meeting (AGM)



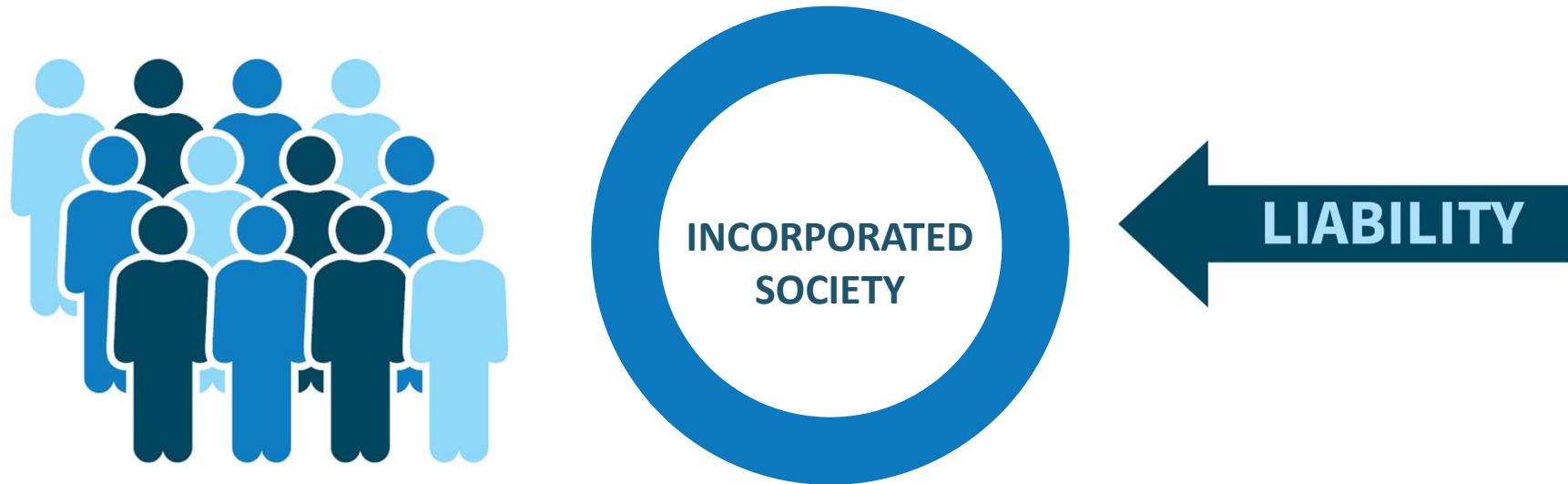
INCORPORATED SOCIETY

Key features:

- Creates a separate legal entity distinct from its members
- Usually members are not liable for the actions of the society.
- Registration is with the Registrar of Incorporated Societies (Companies Office)

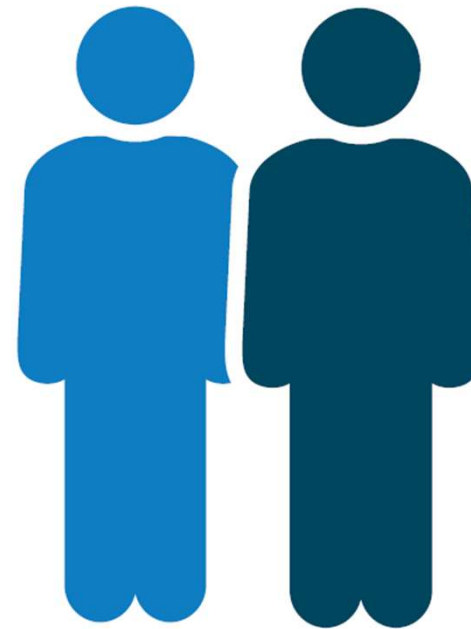


LIABILITY - INCORPORATED SOCIETY



CHARITABLE TRUST

- Trusts are a legally binding agreement where legal ownership of property is transferred to trustees to benefit a third party
- A charitable trust is an unincorporated trust
- Trustees are responsible for holding and managing the trust's assets, to carry out the purposes of the trust



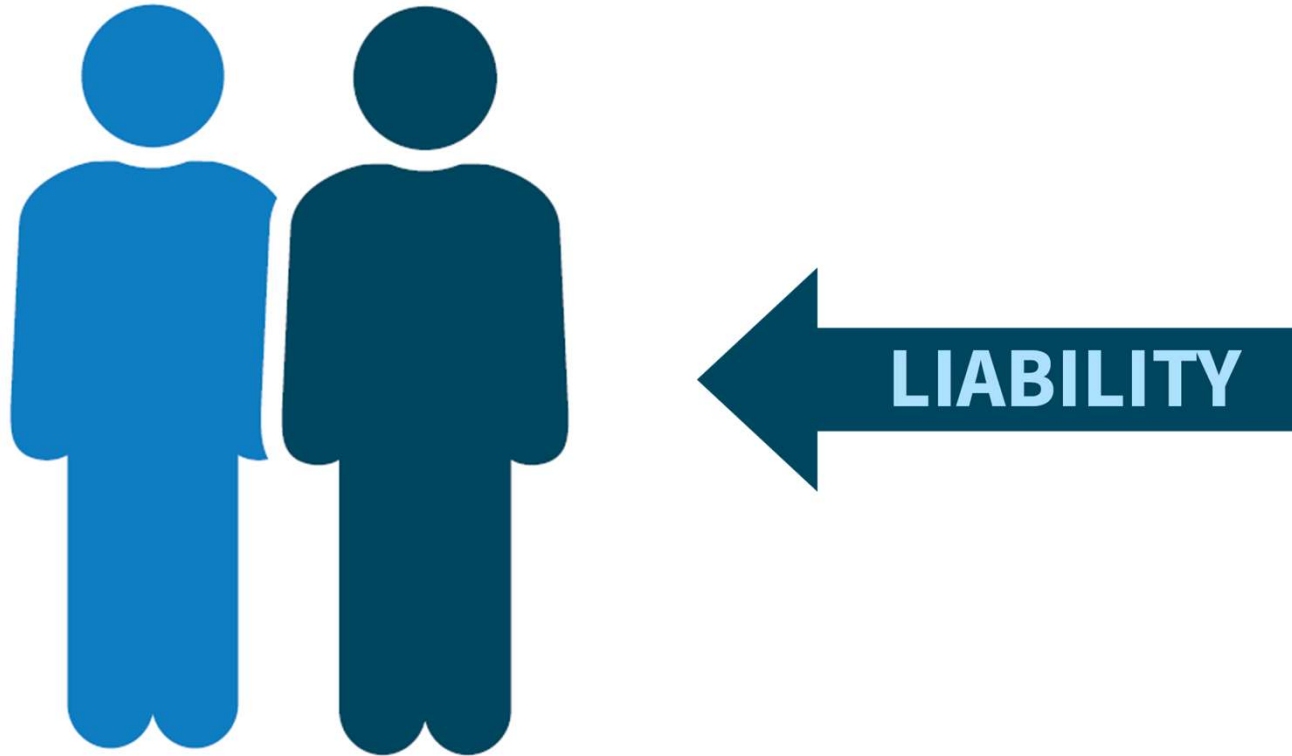
CHARITABLE TRUST

Key features:

- Governed by trustees who have powers under trust law and under the trust deed
- Do not have a separate legal identity from its trustees
- Don't usually employ people or own major assets
- Trustees are liable for their actions
- Less funding opportunities



LIABILITY - CHARITABLE TRUST



INCORPORATED CHARITABLE TRUST BOARD

- Incorporated with the Companies Office
- Protects trustees from liability
- More opportunities for funding



INCORPORATED CHARITABLE TRUST BOARD

Key features:

- A legal entity
- Property is owned by the Board as a whole
- Trustees have protection from personal liability (with some exceptions)
- No requirement to have an Annual General Meeting unless the deed says so
- Eligible for most types of funding.



LIABILITY – INCORPORATED CHARITABLE TRUST BOARD



LIMITED LIABILITY CHARITABLE COMPANY

- Charitable companies?
 - Charitable purposes
 - Rules prevent individuals benefitting
 - When it winds up assets to go charitable purposes
- A legal entity and can enter into contracts and borrow funds.
- If you are involved in business activities – e.g. selling of goods or services to raise funds for charitable purposes then you may want to establish a company.



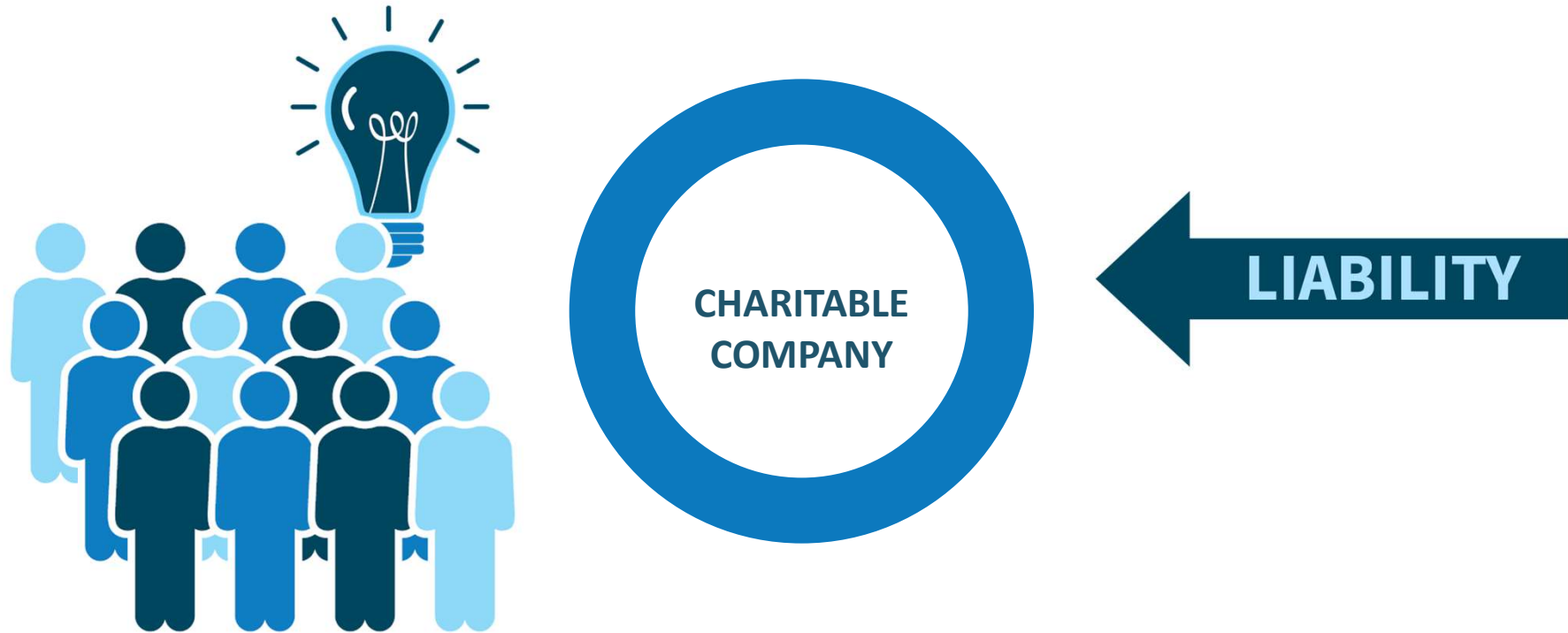
LIMITED LIABILITY CHARITABLE COMPANY

Key features:

- Managed by its directors
- Owned by shareholders who have voting rights
- Hold an annual meeting
- Enter into contracts
- Loan money



LIABILITY - LIMITED LIABILITY CHARITABLE COMPANY

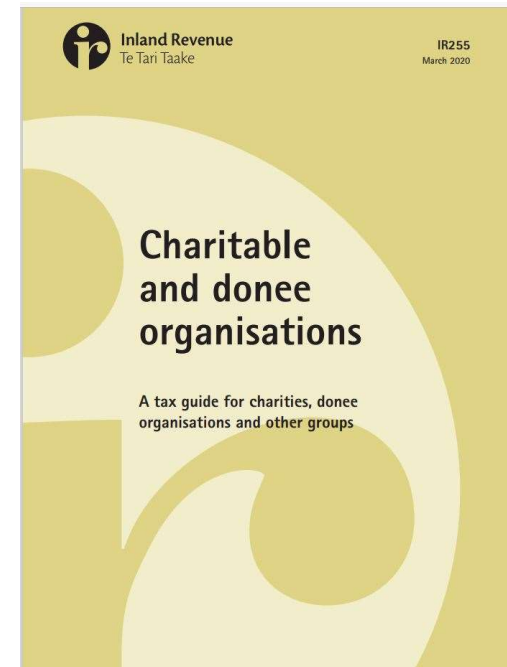


STRUCTURES – RE-CAP

- **Unincorporated society** – informal, small groups
- **Incorporated society** – membership organisations and incorporated
- **Charitable trust** – usually a few trustees – not incorporated
- **Incorporated charitable trust board** – usually a few trustees & incorporated
- **Limited liability company** – directors, shareholders and used for commercial activities & incorporated

LET'S TALK ABOUT TAX

- Registered charities are entitled to some tax exemptions
- There are also other exemptions for not-for-profits
- Different tax rates apply to different structures
- See Inland Revenue's tax guide – Charitable and donee organisations tax guide



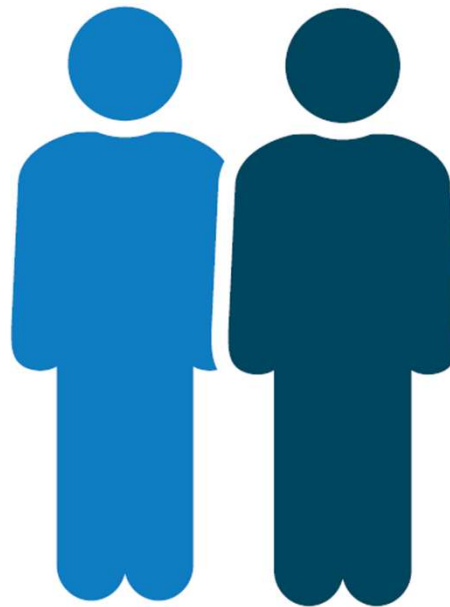
LEGISLATION UPDATE

- The Incorporated Societies Bill - Consultation has just closed.
- The Trusts Act 2019 replaced the Trustees Act 1956 and Perpetuities Act 1964
- Blog – [The new Trusts Act - What does it mean for registered charities](#)
- Webinar - [What do the Trust law changes mean for charities?](#)



NEED HELP?

- One-on-one help is available
- Book at www.charities.govt.nz
- Clinics are held online every Thursday
- Email us at info@charities.govt.nz



QUESTIONS

WRAP-UP

Future webinars

- Will be advertised on Facebook and in the newsletter

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- Like the Charities Services Facebook page:
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- Subscribe to the Charities Services newsletter:
<https://charities.govt.nz/news-and-events/newsletters/>

If we didn't have time to answer your questions

- Email your question to info@charities.govt.nz

THANK YOU