

AOTEAROA NEW ZEALAND

Charities Services NZ Compliance Guide

Essential Guide for Registered Charities in Aotearoa New Zealand
— Registration, Reporting & Governance

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Introduction to Charities Services

Understanding the NZ Charities Register and your obligations



What is Charities Services?

Charities Services is part of Te Tari Taiwhenua | Department of Internal Affairs (DIA). It administers the Charities Register in New Zealand under the *Charities Act 2005*.

Key Functions

- Registering and deregistering charities
- Maintaining the public Charities Register
- Receiving and processing annual returns
- Monitoring compliance with the Charities Act
- Providing guidance and education to the sector

Why Registration Matters

BENEFIT	DESCRIPTION
Tax exemptions	Income tax exemption on most income
Donee status	Donors can claim 33.33% tax credit on donations
Public trust	Registration signals credibility and accountability
Access to funding	Many funders require registered charity status
Transparency	Builds community confidence in your organisation

Responsibilities of a Registered Charity

- Annual reporting obligations
- Operating exclusively for charitable purposes
- Maintaining accurate records
- Having qualified officers
- Complying with your own rules
- Meeting financial reporting standards

Key Legislation

Charities Act 2005

- Defines charitable purposes
- Establishes registration requirements
- Sets out reporting obligations
- Provides deregistration grounds

Related Legislation

- Incorporated Societies Act 2022
- Trusts Act 2019
- Companies Act 1993
- Financial Reporting Act 2013

Registration Requirements

Charitable purposes, eligible entities and the application process

The Four Heads of Charity

1. Relief of Poverty

- Food banks, emergency housing
- Budget advice services
- Employment assistance for disadvantaged

2. Advancement of Education

- Schools, training providers
- Scholarships, educational research
- Public education campaigns

3. Advancement of Religion

- Churches, temples, mosques
- Religious education
- Spiritual support services

4. Other Community Benefit

- Health services, environmental protection
- Community development, arts & culture
- Sports (community focus), animal welfare

Public Benefit Requirement

NOT Charitable

- Private member benefits only
- Benefits limited to a small group of named individuals
- Political advocacy as a main purpose
- Purposes that are illegal or against public policy

Eligible Entity Types

ENTITY TYPE	REGISTRATION BODY	NOTES
Incorporated Society	Companies Office	Must transition to ISA 2022 by April 2026
Charitable Trust	Trust deed (no registration required)	Must meet Trusts Act 2019
Charitable Company	Companies Office	Constitution must have charitable clauses
Board, Council or similar	Various	Must have governing document

Initial Registration Process

- 1 Prepare Your Governing Document**

Include clear charitable purposes, clause requiring all income/assets used for charitable purposes, winding up clause directing assets to another charity.
- 2 Gather Required Information**

Organisation details, current rules/constitution/trust deed, officer names with dates of birth and addresses, financial year end date.
- 3 Submit Online Application**

Create account at register.charities.govt.nz, complete form, upload governing document. Application fee is currently nil.
- 4 Charities Services Review**

Simple applications: 20–30 working days. Complex applications: 60+ working days. May receive queries about purposes or governing document.
- 5 Registration Outcome**

If approved: registration number issued, charity appears on public register. If declined: written reasons provided with appeal rights.

Annual Return Preparation

Step-by-step guide to filing your annual return on time



Every registered charity must file an annual return within **6 months** of their balance date (financial year end).

BALANCE DATE	ANNUAL RETURN DUE
31 March	30 September
30 June	31 December
31 December	30 June

What's Required in the Annual Return

Annual Return Sections

Section 1: Organisation Details

- Charity name and trading names
- Contact details (address, phone, email)
- Sector(s) of operation & geographic areas

Section 2: Officer Information

- Full legal name, date of birth, residential address for each officer
- Add new officers, remove departed officers
- Consent to act confirmed

Section 3: Activities Summary

- Main activities and how they furthered charitable purposes
- Who benefited and geographic areas
- Significant changes from previous year

Section 4: Financial Statements

- Statement of Financial Performance
- Statement of Financial Position
- Statement of Service Performance (Tier 1/2)
- Notes and Audit/Review report (if required)

Annual Return Timeline

- 1 6 Months Before**
Confirm balance date and filing deadline. Schedule accounts preparation and book auditor/reviewer if required.
- 2 3 Months Before**
Reconcile all bank accounts, complete year-end adjustments, prepare draft financial statements, review officer details.
- 3 1 Month Before**
Complete audit/review, board reviews and approves financial statements, prepare PDF of signed statements.
- 4 Filing Day**
Log in to Charities Register portal, update details, upload financial statements, complete declarations, submit and save confirmation.

Common Annual Return Mistakes

MISTAKE	HOW TO AVOID
Late filing	Set calendar reminders 3 months, 1 month, 2 weeks before
Outdated officer details	Review officer list at each board meeting
Unsigned financial statements	Ensure chair and treasurer sign before uploading
Wrong financial year	Check balance date on register matches your accounts
Missing comparative figures	Include prior year figures if required by your tier

Financial Reporting Tiers

NZ's four-tier system based on total operating expenses

Tier Thresholds

Tier 4

Under \$141k
Simple Format

Tier 3

\$141k – \$2.9M
Simple Format

Tier 2

\$2.9M – \$33.6M
Full Accrual

Tier 1

Over \$33.6M
Full Accrual + SSP

Tier 4 & Tier 3: Simple Format Reporting

Tier 4 (<\$141k)

- Statement of Receipts and Payments
- Statement of Resources and Commitments
- Notes to financial statements
- May use cash or accrual accounting
- No audit or review required

Tier 3 (\$141k–\$2.9M)

- Same as Tier 4 with more detail
- Entity information section
- More category detail required
- Employee and volunteer information
- No audit or review required (but recommended)

Tier 2: Full Accrual Reporting

Tier 2 Requirements (\$2.9M – \$33.6M)

- Must use accrual accounting and follow PBE Standards (Reduced Disclosure)
- Statement of Financial Performance, Financial Position, Changes in Net Assets/Equity, Cash Flows
- Statement of Service Performance (outputs, outcomes, resources)
- Full notes to financial statements
- **Review engagement required** (can opt for full audit)

Tier 1: Full PBE Standards

Tier 1 Requirements (Over \$33.6M or publicly accountable)

- Same as Tier 2 but with full disclosure requirements (no reduced disclosure)
- More detailed Statement of Service Performance required
- **Full audit required** by qualified auditor

Audit & Review Summary

TIER	AUDIT REQUIRED	REVIEW REQUIRED	NOTES
Tier 4	No	No	Board may still choose to have one
Tier 3	No	No	Larger Tier 3s often choose review
Tier 2	Optional	Yes	Can opt for full audit instead of review
Tier 1	Yes	N/A	Must be by qualified auditor

Moving Between Tiers

- **Moving UP:** When expenses exceed threshold for 2 consecutive years, start reporting at higher tier from following year
- **Moving DOWN:** When expenses below threshold for 2 consecutive years, can choose lower tier from following year
- **Tip:** You can always choose to report at a HIGHER tier than required — this builds credibility with funders

Officer Duties & Disqualification

Who qualifies, what they must do, and managing conflicts of interest



Who is an Officer?

ENTITY TYPE	OFFICERS ARE CALLED
Incorporated Society	Committee members
Charitable Trust	Trustees
Charitable Company	Directors
Board	Board members

Officer Duties

Statutory Duties

1. Duty to Act in Good Faith

- Act honestly and with integrity
- Put charity's interests first
- Avoid personal gain at charity's expense

2. Duty of Care

- Exercise reasonable skill and diligence
- Make informed decisions
- Seek advice when needed

3. Duty to Avoid Conflicts of Interest

- Disclose any conflicts
- Absent from relevant decisions
- Keep conflict register updated

4. Duty to Comply

- Know and follow your rules/constitution/trust deed
- Meet Charities Act requirements and file annual returns on time
- Report changes promptly

Automatic Disqualification

A person CANNOT be an officer if they:

- Are an undischarged bankrupt
- Are prohibited from being a director under the Companies Act
- Are subject to a property order under Protection of Personal and Property Rights Act 1988
- Have been convicted of an offence involving dishonesty within the last 7 years (punishable by 3+ months)
- Have been removed as an officer of a charitable entity due to misconduct
- Are disqualified under relevant entity legislation

Conflicts of Interest Management

1

Disclose

Declare conflict as soon as aware. Record in conflict of interest register and minute disclosure at meetings.

2

Decide Management Approach

Restrict (limited participation), Exclude (no participation), Relinquish (resign from one role), or Monitor (minor conflict).

3

Record

Document conflict and how it was managed. Update register.

4

Review

Regular review of conflict register. Annual declarations from all officers. Update as circumstances change.

Rule Changes & Amendments

Amending your governing document and the ISA 2022 transition

Rule Amendment Process

- 1 Identify Changes Needed**
From legislative requirements (ISA 2022, Trusts Act 2019), Charities Services requirements, or best practice governance improvements.
- 2 Draft Amendments**
Use clear, plain language. Ensure consistency. Check against Charities Services model rules. Consider legal advice for significant changes.
- 3 Follow Your Amendment Process**
Incorporated societies: give notice, hold general meeting, pass 75% resolution. Trusts: check deed for amendment power, trustees resolve. Companies: special resolution.
- 4 Notify Charities Services**
Within 3 months: log in to Register, upload amended document, provide summary of changes. Changes to purposes require approval.

Incorporated Societies Act 2022 Transition

Key Deadline: 5 April 2026

All incorporated societies must re-register under the new Act. Societies not re-registered will be dissolved.

ISA 2022 Transition Requirements

Constitutional Changes Required

- Purposes clearly stated
- Method of amending constitution
- Roles and powers of officers
- How disputes will be resolved
- Rights and obligations of members
- Winding up provisions

Officer Requirements

- Officers must be at least 16 years old
- Must have at least 3 officers
- Must have registered office in NZ
- Officers have statutory duties

Maintaining Registration

Ongoing obligations, change notifications and record keeping



Registration Maintenance Checklist

Annually

- File annual return within 6 months of balance date
- Review and update officer details
- Update contact details if changed
- Review activities against charitable purposes

When Changes Occur

- Update Charities Register when officers change
- Notify of rule changes within 3 months
- Report any significant events

Ongoing

- Operate for charitable purposes only
- Maintain proper records (7 years minimum)
- Comply with governing document

Changes That Must Be Notified

CHANGE	NOTIFICATION REQUIREMENT
Officer appointment/resignation	Update in annual return or mid-year
Contact details	Update as soon as practicable
Rule/constitution changes	Within 3 months via Charities Register
Name change	Before using new name
Balance date change	Before next annual return due
Winding up commencement	Promptly

Deregistration Warning Signs

Risk indicators, investigation process and prevention strategies

Why Charities Get Deregistered

Mandatory Deregistration

- Not, or no longer, a charitable entity
- Wound up, dissolved, or no longer exists
- Requested removal by the charity

Discretionary Deregistration

- Failure to file annual returns
- Significant non-compliance with Act
- Operating outside charitable purposes
- Misleading information provided

High Risk Warning Signs

Financial

- Annual returns not filed for 2+ years
- Statements don't match activities
- Significant unexplained spending
- Private benefit to officers

Governance

- No functioning governance body
- Officers not meeting/deciding
- Conflicts of interest not managed
- Operating outside stated purposes

Investigation Process

1 Initial Query

Letter or email asking questions, request for information. Usually 20 working days to respond.

2 Formal Investigation

Notice of investigation, detailed information requests, may include interviews.

3 Findings & Response

Draft findings provided, opportunity to respond, final findings issued.

4 Outcome

No action, warning letter, agreed undertaking, or deregistration (with appeal rights to Charity Registration Board within 20 working days).

Consequences of Deregistration

- Loss of registered charity status and removal from public register
- Loss of income tax exemption and donee status
- Potential tax liability on accumulated funds
- May lose eligibility for grants and suffer reputation damage
- **Appeal:** Charity Registration Board within 20 working days; then High Court on points of law

Compliance Calendar & Checklists

Annual calendar, board meeting guides and filing checklists

Annual Compliance Calendar

PERIOD AFTER BALANCE DATE	TASKS
Month 1-2	Finalise year-end accounts, prepare draft financial statements, begin activities summary
Month 3-4	Complete audit/review (if required), board approves statements, update officer info, draft annual return
Month 5	File annual return, upload financial statements, confirm submission, file copies for records
Ongoing	Record minutes, update conflict register, file documents, monitor Charities Services correspondence

Board Meeting Compliance Checklist

Every Board Meeting

Standing Agenda Items

- Conflicts of interest declarations
- Minutes of previous meeting for approval
- Financial report review
- Correspondence (including from Charities Services)

Quarterly

- Review compliance calendar & annual return due date
- Review officer register & risk register

Annually

- Approve financial statements & annual return
- Review governing document & policies
- Officer training and governance updates

Templates & Resources

Ready-to-use forms, worksheets and key contacts

Officer Consent Form

CONSENT TO ACT AS OFFICER

I, [Full Legal Name], consent to act as a [trustee/committee member/director] of [Charity Name] (Registration Number: [CC number]).

I confirm that I am not disqualified from being an officer under the Charities Act 2005 or any other legislation. I understand the duties and responsibilities of an officer of a registered charity.

Full Name: _____

Date of Birth: _____

Residential Address: _____

Email: _____

Phone: _____

Signed: _____

Date: _____

Conflict of Interest Declaration

ANNUAL CONFLICT OF INTEREST DECLARATION

Officer Name: _____

Charity: _____

Date: _____

I declare the following interests that may, or may be perceived to, conflict with my role as an officer:

Employment/Business Interests: _____

Financial Interests: _____

Relationships: _____

Other Interests: _____

I have no conflicts of interest to declare at this time / I will update this declaration if my circumstances change.

Signed: _____

Date: _____

Key Contacts & Resources

Charities Services

- **Website:** charities.govt.nz
- **Register:** register.charities.govt.nz
- **Email:** charities@dia.govt.nz
- **Phone:** 0508 CHARITIES (242 748)

Other Resources

- Community Law Centres (free legal advice)
- CPA Australia & Chartered Accountants ANZ
- Companies Office: companiesoffice.govt.nz
- Inland Revenue: ird.govt.nz

NZ CHARITIES COMPLIANCE QUICK REFERENCE

ANNUAL RETURN

- Due: 6 months after balance date
- File online: register.charities.govt.nz
- Include financial statements (PDF)

FINANCIAL TIERS

- Tier 4 (<\$141k): Simple format, no audit
- Tier 3 (\$141k–\$2.9M): Simple format, no audit
- Tier 2 (\$2.9M–\$33.6M): Full accrual, review required
- Tier 1 (>\$33.6M): Full accrual, audit required

KEY DEADLINE

- ISA 2022 transition: 5 April 2026
- Rule changes: Notify within 3 months
- Officer changes: Update in annual return or mid-year

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