

Information for marae

This factsheet tells marae how to treat payments of money or payments in kind for tax purposes. It will also help you decide if your marae needs to register as a charity or needs to complete a tax return. If it doesn't cover your situation or an event you're organising, contact us for more information.

Your marae may need an IRD number

The tax obligations of marae can vary, depending on their income earning activities, and you may need to get an IRD number from Inland Revenue.

If your marae receives non-taxable income only and doesn't make payments to people or individuals, you can choose whether you apply for an IRD number or not.

Note: You must have an IRD number if you need to be GST-registered.

If your marae is registered with Inland Revenue for income tax purposes, you should look at your options for registering with the Charities Commission.

Registering your marae as a charity

Marae that register with the Charities Commission can:

- receive an exemption from paying income tax and RWT on interest and investments
- be recognised as a donee organisation. People who give to a marae can apply for a donation tax credit from Inland Revenue. The marae has to supply the person with proof of their donation.

The marae will need to apply to Inland Revenue for a certificate of exemption for these taxes. They won't be required to file annual income tax returns.

The exemption from RWT entitles the marae to earn interest without RWT being deducted. Marae should give a copy of the certificate to their bank or any investment organisation that pays interest.

If the marae is registered for GST or is an employer, there is no exemption from these taxes.

If the marae's circumstances or activities change, please contact Inland Revenue.

You can register your marae with the Charities Commission at www.charities.govt.nz or by calling 0508 242 748.

Taxes and deductions

GST



If the marae is carrying out a taxable activity or intends to from a specific date, you may register it for GST.

A taxable activity is when you provide a service or supply goods for payment or payment in kind, which is continuous and regular.

You must register for GST if your turnover, including grants and subsidies, is over \$60,000 in a twelve-month period. Read our factsheet *GST – do you need to register?* (IR 365) for more information.

Capital expenditure grants (one-off grants)

If your marae receives a grant specifically to buy or build an asset (wharenui, whare karakia) the grant isn't taxable for income tax and can't be included for GST purposes. Because it's a one-off grant the marae doesn't need to register for GST if this payment means the \$60,000 registration threshold has been reached or exceeded.

PAYE

Most work done on the marae is carried out by the whanau and is voluntary. However, if you employ someone to work on the marae you must deduct PAYE (pay as you earn tax) from their wages and pay this to us.

Our *First-time employer's guide* (IR 333) will help you decide if your marae is an employer and needs to register as one.

Payments in kind

Payments for goods or services aren't always made with money. You may be happy to accept labour, goods or other forms of payment instead.

If someone is working for you to pay off a debt they owe you, you're that person's employer. Although the employee isn't receiving wages, you'll still have to pay us PAYE on this person's behalf. You must calculate PAYE on the market value of the services provided.

Net earnings

For normal salary or wages, PAYE is worked out on the gross pay. Net pay is what the person gets in their hand. If you have to deduct PAYE for the value of vouchers and gift cards, you need to work out the equivalent gross pay. For more information or help, go to www.ird.govt.nz (keywords: paye calculator).

The goods or services given for payments in kind are a net payment to the person.

KiwiSaver

You'll also have to make KiwiSaver deductions if your employee joins KiwiSaver.

Income tax rates

The rate you pay tax at depends on how your marae is registered with Inland Revenue. Contact your marae treasurer, secretary or chairperson, who can access this information for you. Or you can ask them to authorise you to get this information from Inland Revenue.

| Your marae is: | Income tax rate | Income tax return to file |
|-------------------|------------------|---------------------------|
| a trust | 33% | IR 6 |
| a Māori authority | 17.5% | IR 8 |
| incorporated | 30% | IR 9 |
| unincorporated | Individual rates | IR 9 |

Note: The Charities Commission has annual financial return filing requirements.

Tax treatment of payments

This table shows which payments received by your marae are liable for income tax or GST when registered/not registered with the Charities Commission.

| Type of payment | Registered with Charities Commission | | Not registered with Charities Commission | |
|--|--------------------------------------|-----|--|-----|
| | Taxable | GST | Taxable | GST |
| Money given to bereaved family and/or marae at a tangihanga or hura kohatu | No | No | No | No |
| Money from wedding guests given to the married couple and/or marae | No | No | No | No |
| Koha given to the marae to help pay for building a wharenuui or whare karakia | No | No | No | No |
| Manuhiri visiting a marae for a hui take a collection for the marae | No | No | No | No |
| Money given to marae from the family hosting the hui/marena/hura kohatu/tangihanga | No | No | No | No |
| A marae hosts a government department hui, receives a cheque and issues a receipt | No | Yes | Yes | Yes |
| Manuhiri stay on a marae and are charged a fee | No | Yes | Yes | Yes |
| Manuhiri are shown around a marae and are charged a fee | No | Yes | Yes | Yes |
| Manuhiri give a koha | No | No | No | No |
| The marae hall is hired for a hui or function | No | Yes | Yes | Yes |
| The marae receives a one-off grant to build wharenuui or whare karakia (capital expenditure) | No | No | No | No |
| An organisation holds a hui and is charged a fee | No | Yes | Yes | Yes |
| The marae holds a fund-raising event | No | Yes | Yes ¹ | Yes |
| Whanau donate kai for hui | No | No | No | No |

¹ If donated goods or services are raffled, the sale of the raffle tickets is liable for GST. Profits from public raffles, housie and gala days are all taxable. Fundraising within your circle of membership, which is not open to the general public, isn't liable for income tax.

Reimbursements

A person who pays upfront for expenses incurred while on marae business can claim the amount back from the marae. For example, a person travels to a hui and the marae pays for their petrol. These types of payments are generally non-taxable. However, any payment above the actual expense is taxable to the person receiving the payment.

Find out more about marae tax obligations

You can find more information about the tax obligations of Māori and charitable organisations at www.ird.govt.nz "Forms and guides":

- *Payments and gifts in the Māori community (IR 278)*
- *Ngā utu me ngā koha I te hapori Māori (IR 382)*
- *Grants and subsidies (IR 249).*

If your marae is a not-for-profit organisation you'll find information specifically about these tax obligations at www.ird.govt.nz/non-profit

Kaitakawaenga Māori

We provide:

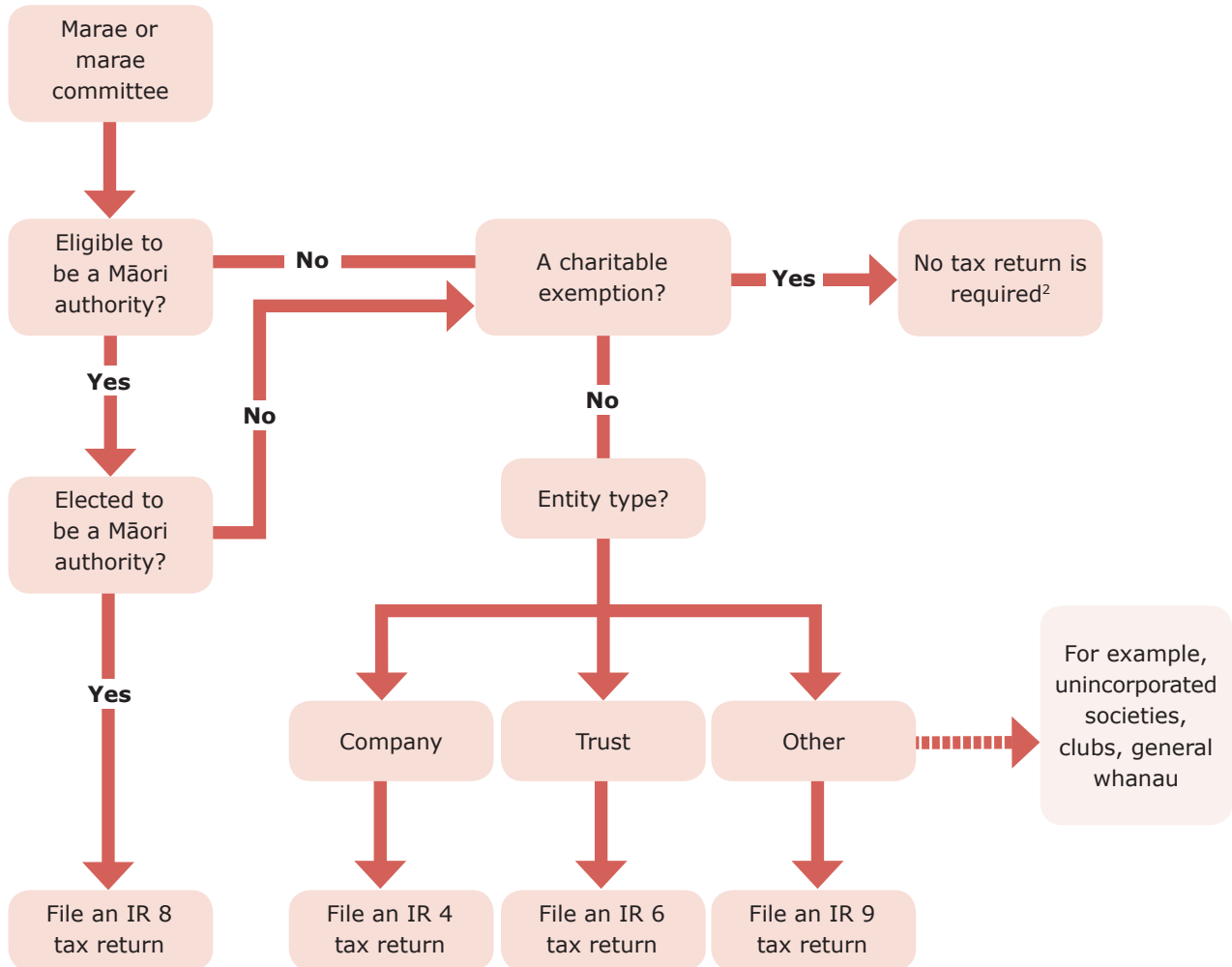
- a **free** advisory service to whanau/hapu/iwi from most of our offices around New Zealand
- seminars in your rohe.

Call 0800 227 774 to contact the kaitakawaenga closest to your rohe or go to www.ird.govt.nz "contact us" to make an appointment.

Marae trustees and marae debt

If your marae has outstanding debt or returns Inland Revenue will first contact the marae administrator. If we can't get a response from them we'll contact the trustees.

Work out if your marae needs to complete a tax return



² If a marae wants to claim a refund of any MACA (Māori authority credit account) credits it will need to file a tax return. You'll find more information at www.ird.govt.nz (keyword: maca).



www.ird.govt.nz

Go to our website for information, services and tools.

- **Secure online services** – login to check your account information, file an employer schedule, confirm personal tax summaries and update your family details and income.
- **Get it done online** – complete and send us forms and returns, make payments, make an appointment to see us and give us feedback.
- **Work it out** – use our calculators, worksheets and tools to help you manage your tax business like checking your tax code, or your filing and payment dates.
- **Forms and guides** – download our guides, and print forms to post to us.
- **Contact us** – for full details of phone numbers, addresses and contact options.

You can also subscribe to our newsletters, go to www.ird.govt.nz/subscribe.

Online tools

“Tool for business” is an interactive tool that explains what you need to know about business tax. Go to www.ird.govt.nz (keyword: tfb).

New Zealand Government