

# Ngā tohanga mana Māori

## Māori authority distributions

Use this factsheet if your Māori authority makes distributions to its members. It will help you work out if these are taxable or not and whether taxes must be paid.

If your Māori authority makes distributions to its members there are several steps you'll need to take to meet your tax obligations.

### Distributions

Distributions are a transfer of value from a Māori authority to a Māori authority member. It includes payments, kaumatua grants, health and education contributions, accommodation provided, interest-free loans and taxable bonus issues given to a member because of their membership in the Māori authority.

#### Types of distribution

Distributions from Māori authorities to their members are either taxable or non-taxable.

1. Taxable distributions are those from:
  - gross income the Māori authority received in the 2004-05 or subsequent income years
  - gross income not exempt from tax.
2. Non-taxable distributions which include as their source:
  - tax paid income earned prior to the 2004-05 income year
  - exempt income
  - tax paid income received under other tax-type rules.

Use the flowchart over the page to decide if a distribution is taxable or non-taxable to a member. You can find examples of different types of distributions in our guide *Māori authority tax rules (IR1202)*.

### MACA (Māori authority credit account)

Most Māori authorities need to keep an account of any credits they allocate. The MACA shows how much income tax the Māori authority has paid on its income and how much of that tax can be passed on to members as a credit.

Your MACA covers the period 1 April to 31 March each year. It will have an opening balance, credit and debit entries and a closing balance. A credit closing balance in a Māori authority credit account means tax credits are available for distribution to its members in the next tax year.

Māori authorities can pass on to members the benefit of any tax they've already paid on the Māori authority's income. They do this by attaching credits to the distribution they pay out, so profits aren't taxed twice.



The total amount of credits attached to distributions made throughout the year are recorded as a debit entry in the MACA (**IR8J**).

### Resident withholding tax(RWT) reporting requirements

If your Māori authority makes a taxable distribution, you must file an RWT return and tell us, the date and total amount of distributions, the total amount of Māori authority credits attached and any other tax credits. You will also need to provide information about the recipients of the distribution. The following information is required:

- their name
- their contact details - email, street address or mobile phone number
- the amount and type of income paid to them
- the tax withheld
- the date the tax was withheld
- the Māori authority credits attached, if any.

If it is available, you need to provide the following additional information for each of the recipients:

- IRD number
- their date of birth.

Unless an exemption has been granted, RWT returns must be filed electronically. The RWT return and payment of RWT is due by the 20th of the month following the distribution. You only need to file for the months in which you made a distribution.

RWT must be deducted if the:

- Māori authority decides not to attach any credits to the distribution
- credits attached are less than 17.5% of the gross distribution
- Māori authority doesn't hold the member's IRD number and the distribution exceeds \$200 (in which case the tax rate is 39%) reduced by any Māori authority credits attached, up to a maximum rate of 17.5% of the gross.

You must deduct RWT at the time the distribution is paid to the member. For this purpose, "pay" means:

- distribute to
- credit to an account.
- deal with a person's interest or on their behalf.

**Example:** Dealing with a person's interest or on their behalf

A Māori authority declares a distribution for all beneficiaries, calculating the payout and crediting the account of each beneficiary. They make payment to known beneficiaries but some distributions remain unclaimed. The Māori authority is required to account for RWT on the full amount declared not just the amount physically paid to beneficiaries.

### MACA and distribution statements

At the time of making a distribution, the Māori authority must provide a distribution statement to the recipients.

The distribution statement must include:

- the name of the Māori authority
- the name, address, and IRD number of the recipients
- the date the distribution was made
- the amount of the distribution
- what portion is a taxable distribution and what portion is a non-taxable distribution
- the total amount of Māori authority credits attached, if any.

### For more help

Our Māori authority tax rules guide (**IR1202**) explains:

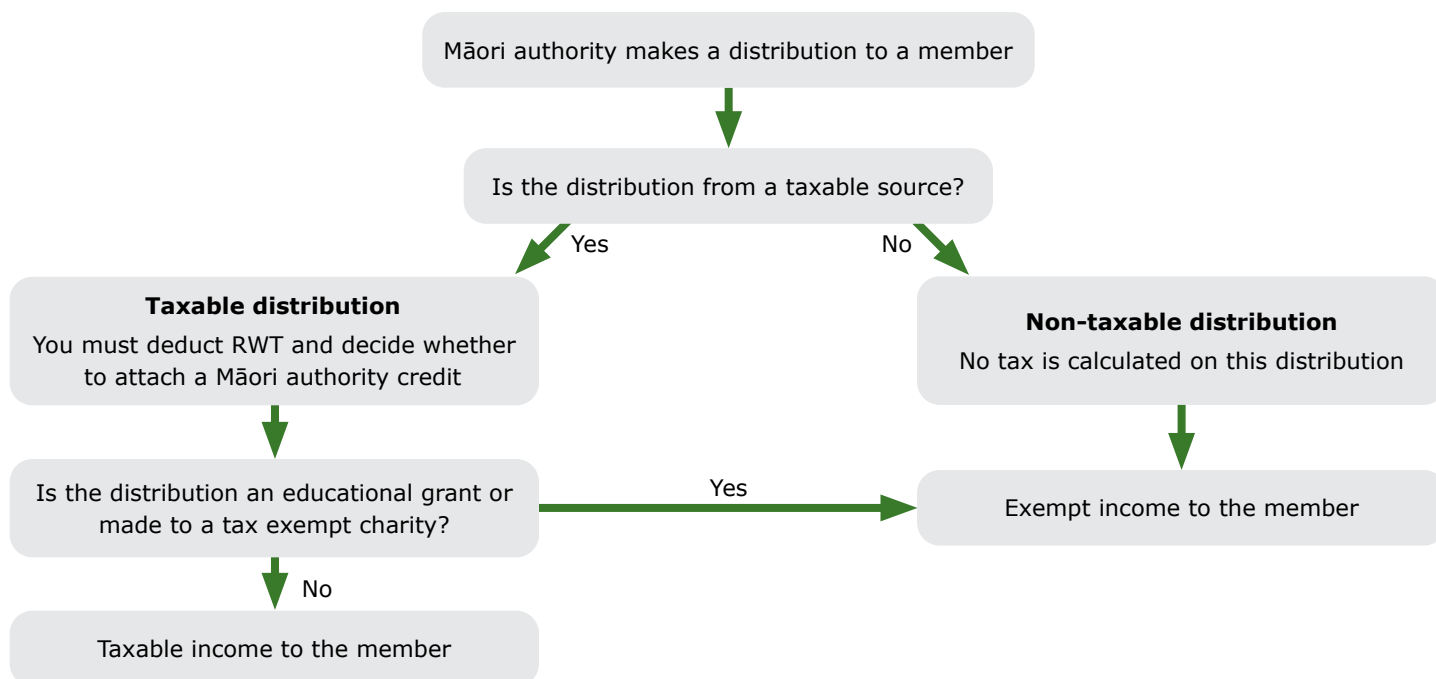
- The Māori authority credit system
- Making distributions
- Filing end-of-year returns.

You can get a copy from [ird.govt.nz](http://ird.govt.nz) under "Forms and guides".

### Kaitakawaenga Māori

Most of our offices have a Kaitakawaenga Māori who can assist Māori organisations and individuals with their tax responsibilities.

If you have a query, or would like to arrange an advisory visit from a Kaitakawaenga Māori, please call 0800 377 774 or go to [ird.govt.nz/kaitakawaenga-maori](http://ird.govt.nz/kaitakawaenga-maori)



**Note:** Taxing distributions and managing a MACA can be complex and this table is only a guide. We suggest you talk to a tax professional.

If the distribution is a mixture of taxable and non-taxable sources work out tax on the taxable portion only.

Taxable distributions that are exempt income to recipients, such as education grants, must still have tax deducted and the credits passed on to the member. These credits can be claimed by the recipient.

Educational grants must meet the requirements under CW 36 of the Income Tax Act 2007 to be considered exempt income.