



13 April 2023

[Redacted]

Dear [Redacted]

Thank you for your request made under the Official Information Act 1982 (OIA) [Redacted] received on 14 March 2023. You requested the following:

*Are you able to advise whether IR audit schools and whether it is in scope to audit if donations are legitimate donations and schools aren't just increasing to include "fees" in their donations to take advantage of the one third tax credit please?*

The Ministry of Education oversees the conduct of schools and kura and how they characterise payments received as fees in contrast to being donations. We have consulted with the Ministry of Education in responding to your request.

### **Auditing**

Notwithstanding the implications for GST as described below, Inland Revenue does not specifically audit schools to determine if payments have been properly described as donations or a fee. However, we do check with schools to make sure, if needed, that a Donation Tax Credit claim made by a person has actually been paid. This checks the validity of receipts being submitted for a claim by a donor.

### **Donations**

By way of background, donations can be for any matter where there is no direct personal benefit gained by the student and it is intended to support the school or kura to undertake an event or curriculum related activity. Payment of donations are not enforceable by the school or kura, and a student cannot be excluded from participating in curriculum related events due to an inability or unwillingness to make a payment.

Payments may be enforced by a school or kura if a purchase of goods and services has occurred, or there is a direct benefit for the student as a result of the payment.

When a school or kura requests a donation, donation tax credit receipts must be provided to the donor and the donation request must clearly state:

- That a donation is being requested
- That payment is voluntary
- Who is requesting the donation
- The purpose of the donation request
- That the school or kura has obtained donee status (state-integrated schools only)

It is expected that any donation requested is used for the purpose it was intended for. Any donation requested by a school is a request only and cannot be enforced.

### **Purchase of goods and services**

A purchase of goods and services occurs when there is a direct benefit for a student as a result of a payment, or it is an optional item outside of the curriculum. This could include personal stationery, sports team fees or the purchase of the take home component of a technology class. Goods and services are chargeable, and payment may be enforced by the school or kura.

It is important for schools and kura to clearly distinguish between fees and donations. If a school or kura increased the amount of donation requested to include fees, this could disadvantage them as payment would then be voluntary.

Parents are encouraged to raise matters regarding donations with the school or kura management and board in the first instance. If a satisfactory resolution is not reached, the Ministry of Education is available to support and provide guidance to schools/kura and boards regarding donation requests.

Further information about school and kura donations can be found on the Ministry of Education website: <https://www.education.govt.nz/school/funding-and-financials/fees-charges-and-donations/what-familieswhanau-need-to-know-about-schoolkura-donations>

### **Publishing of OIA response**

Please note that Inland Revenue regularly publishes responses to requests that may be of interest to the wider public on its website. We consider this response is of public interest so will publish this response in due course. Your personal details or any information that would identify you will be removed prior to it being published.

Thank you for your request.

Yours sincerely



Richard Philp  
**Customer Segment Leader**