



3 March 2026

[Redacted]

Dear [Redacted]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 4 February 2026. You requested the following:

Can I please have copies, redacted as necessary, of all reports, papers, notes etc. and Cabinet papers provided to Ministers, their offices and to Cabinet, where decisions have been made on or about the taxation of NfPs, limited to NfPs that are not charities.

To my understanding decisions have been made:

- *To release two (perhaps three including the technical paper) issues type papers*
- *Not to consult on the concept of mutuality*
- *That all incorporated societies will have to file tax returns of some sort.*

Other decisions may also have been made.

On 18 February 2026, you clarified your request to be only for not-for-profit and friendly society member transactions and related matters, income tax exemptions and tax simplification.

On 23 February 2026, you clarified your request further to be for documents relating to Cabinet decisions made on the following items:

- NFP and friendly society member transactions and related matters,
- income tax exemptions, and
- tax simplification.

As explained in our telephone discussion of 23 February, Cabinet has only considered the content and release of the February 2025 issues paper *Taxation and not-for-profit sector*, and final policy decisions have yet to be made.

Information being released

I have identified three documents in scope of your amended request. I have decided to release the following two documents to you, attached as **Appendix A**.

Item	Title	Decision
1.	BN2025/030: Proposed content and timing of "Taxation and the not-for-profit sector: officials' issues paper	Released in part.

Item	Title	Decision
2.	BN2025/035: Charities and not-for-profits: First draft consultation document and timeline	Released in part. Attachment refused, publicly available.

Some information in these documents is withheld under section 9(2)(a) of the OIA, to protect the privacy of natural persons.

The enclosed documents contain information that is outside the scope of your request. This information has not been considered for release and has been withheld as 'not in scope'.

Information being withheld or refused

I am refusing the release of document 3, *IR2025/039 Tax Policy Report: Cabinet Paper – Release of Issues paper – Taxation and the not-for-profit sector*, and the attached Cabinet paper under section 18(d) of the OIA, as it will soon be publicly available on Inland Revenue's Tax Policy website by searching for "Taxation and the not-for-profit sector" (www.taxpolicy.ird.govt.nz). Additionally, I am withholding the speaking notes attached to this document under section 9(2)(g)(i) of the OIA, to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown for members of an organisation or officers and employees of any public service agency or organisation in the course of their duty.

I am withholding the first draft of the officials' issues paper attached to document *BN2025/035 Taxation and the NFP sector – official issues paper* under section 9(2)(g)(i) of the OIA.

A final version of the officials' issues paper is publicly available on Inland Revenue's Tax Policy website by searching for "Taxation and the not-for-profit sector" (www.taxpolicy.ird.govt.nz).

As required by section 9(1) of the OIA, I have considered whether the grounds for withholding the information requested is outweighed by the public interest. In this instance, I do not consider that to be the case.

Right of review

If you disagree with my decision on your OIA request, you have the right to ask the Ombudsman to investigate and review my decision under section 28(3) of the OIA. You can contact the office of the Ombudsman by email at: info@ombudsman.parliament.nz.

Publishing of OIA response

We intend to publish our response to your request on Inland Revenue's website (ird.govt.nz) as this information may be of interest to other members of the public. This letter, with your personal details removed, may be published in its entirety. Publishing responses increases the availability of information to the public and is consistent with the OIA's purpose of enabling more effective participation in the making and administration of laws and policies and promoting the accountability of officials.

Thank you again for your request.

Yours sincerely



Charles Ngaki
Policy Lead



Briefing note

Reference: BN2025/030

Date: 29 January 2025

To: Revenue Advisor, Minister of Finance – Emma Grigg
Revenue Advisor, Minister of Revenue – Angela Graham
Private Secretary, Minister of Revenue – Helen Kuy

cc: Peter Mersi, Commissioner
David Carrigan, Deputy Commissioner
Graeme Morrison, Policy Director
Maraina Hak, Policy Director
Phil Whittington, Policy Director
Joanne Petrie, Executive Support Advisor to the Commissioner
Jill Compton, PA to Deputy Commissioner
Governance, Ministerial & Ministerial Services

From: Stewart Donaldson
Philip Marshall

Subject: Proposed content and timing of “Taxation and the not-for-profit sector: officials’ issues paper”

Background

1. Not in scope [redacted] officials were briefed on a new Government timeline for the officials’ issues paper “Taxation and the not-for-profit sector”. We were asked to provide an update of proposed content and timing for that paper.

Proposed issues paper content and timing

2. A summary of possible content and timing of that officials’ issues paper is attached. The key points are:
 - The officials’ issues paper would contain three substantive chapters:
 - charity business income exemption
 - donor-controlled charities, and
 - integrity and simplification measures.
 - The chapter on integrity and simplification measures would include the substantive charities and not-for-profits matters relating to integrity, compliance costs and fairness that have been raised in previous reports.

- The timeline assumes that the officials' issues paper would not require Cabinet approval. However, if one is required, we would have to revise the timeline. We would work with Ministers' advisors over the next two weeks and there would be quick turnaround for Ministers' approval prior to public release.
- Ministers could make a public statement ahead of the release of an officials' issues paper which would invite public comment on tax policy matters affecting charities and not-for-profits.
- A 5-week consultation would start on 19 February and end on 26 March.
- Officials will report to Ministers on 3 April before the expected Budget Moratorium beginning on 7 April.

Next steps

3. Not in scope
4. Officials will provide the first draft of the officials' issues paper and proposed consultation questions to Ministers' advisors on Tuesday 4 February.
5. Officials recommend that a media statement be released on or around Wednesday 5 February.

Consultation with the Treasury

6. The Treasury was informed of this briefing note.

9(2)(a)

Stewart Donaldson
Principal Policy Advisor
9(2)(a)

Appendix

Proposed content for "Taxation and the not-for-profit sector - officials' issues paper"

Chapter	Chapter heading	Section	Section heading
1.	Introduction		
2.	Charity business income tax exemption	(i)	Policy framework and a case for change
		(ii)	Business definition
		(iii)	De minimis
		(iv)	Accumulated business profits
3.	Accumulation within donor-controlled charities	(i)	Policy framework and a case for change
		(ii)	Donor-controlled charity definition
		(iii)	Minimum distribution
		(iv)	Investment restrictions
4.	Integrity and simplification	(i)	Volunteers
		(ii)	IR Donation tax credit stewardship review
		(iii)	Exemptions that may not be fit for purpose
		(iv)	Not-for-profit member transactions and related matters

Proposed timeline for “Taxation and the not-for-profit sector - officials’ issues paper” (IP)

February 2025		
4	Tue	First draft of IP to MoR/MoF’s offices for advisors’ comment (Briefing Note)
5	Wed	Media statement from Ministers confirming there will be public consultation (proposed)
11	Tue	Second draft of IP to MoR/MoF’s offices for advisors’ comment (Briefing Note)
13	Thu	Final draft of IP to MoR and MoF (subject to minor editorial/formatting changes)
18	Tue	MoR and MoF approval
19	Wed	IP published for consultation (5 weeks to 26 March)
March 2025		
26	Wed	IP consultation ends
April 2025		
3	Thu	Officials’ report to MoR / MoF summarising public submissions
7	Mon	Final Cabinet meeting before Budget / Budget Moratorium begins (unconfirmed)
May 2025		
22	Thu	Budget

Briefing note

Reference: BN2025/035

Date: 4 February 2025

To: Revenue Advisor, Minister of Finance – Felicity Barker
Revenue Advisor, Minister of Revenue – Angela Graham
Private Secretary, Minister of Revenue – Helen Kuy
Private Secretary, Minister for the Community and Voluntary Sector – Jess Watt

cc: Peter Mersi, Commissioner
David Carrigan, Deputy Commissioner
Graeme Morrison, Policy Director
Maraina Hak, Policy Director
Phil Whittington, Policy Director
Joanne Petrie, Executive Support Advisor to the Commissioner
Jill Compton, PA to Deputy Commissioner
Governance, Ministerial & Ministerial Services
Jayne Beggs, Director, Department of Internal Affairs

From: Stewart Donaldson
Philip Marshall

Subject: Taxation and the not-for-profit sector: Proposed officials issues paper and timeline

Background

1. The first draft of the officials' issue paper "Taxation and the not-for-profit sector" is attached, along with a proposed timeline for the approval and consultation process.
2. Inland Revenue officials plan to discuss these documents with Minister advisors at 1pm this afternoon.

Consultation with the Treasury

3. The Treasury was informed of this briefing note.

9(2)(a)



Stewart Donaldson
Principal Policy Advisor
9(2)(a)

Taxation and the not-for-profit sector: Draft timeline for public consultation

M	T	W	T	F
3 Feb	4 Draft consultation document to Ministerial advisors	5 Draft consultation document to RIS QA panel for same-day feedback	6 Waitangi Day	7
10 Feb Discuss 2 nd draft with 3 Ministerial advisors.	11 Final consultation document and draft Cab paper provided to Ministers	12	13 Cabinet paper lodgement	14
17 Feb Cabinet decision on release of paper Consultation begins	18	19	20	21
24 Feb	25	26	27	28
3 Mar	4	5	6	7
10 Mar	11	12	13	14
17 Mar	18	19	20	21
24 Mar Consultation closes	25	26	27	28
31 Mar Cabinet paper (and RIS) on business income to Ministers	1 Apr	2	3 Cabinet paper lodgement	4
7 Apr Final Cabinet B25 decisions	8	9	10	11
14 Apr	15	16	17	18