

10 February 2009

Telephone 0800 377 774

MOUNT VICTORIA RESIDENTS ASSOCIATION
PO Box 19056
Courtenay Place Wellington 6149

IRD Number 55-408-130

Dear Sir/Madam

Donee organisation status

Your charitable organisation was recently registered by the Charities Commission and indicated in its application that it will receive donations.

I advise that your organisation meets the qualifying criteria under LD 3 of the Income Tax Act 2007. This means that individuals can claim a donation tax credit and Maori Authorities and certain companies can claim a deduction for donations to your organisation.

The tax credit and deductions are allowable under the following provisions effective from 1 April 2008:

- **Section LD 1 of the Income Tax Act 2007**

An individual can claim a tax credit for income tax purposes for cash donations of \$5 or more made to your organisation. The overall maximum tax credit allowable is:

- a sum equal to a third of the aggregate of all donations made by the individual, up to their annual taxable income.

To qualify for the tax credit the individual must produce a receipt from your organisation that:

- is officially stamped with the name of your organisation
- shows the date the donation was received
- is signed by a person in your organisation authorised to accept donations.

- **Section DB 41 of the Income Tax Act 2007**

A company can claim a deduction for donations of money made to your organisation.

The deduction available to the company for donations made to all charitable organisations in that income year can't exceed the amount that would be the company's net income in the corresponding tax year.



- **Section DV 12 of the Income Tax Act 2007**

A Maori Authority can claim a deduction for donations of money made to your organisation.

The deduction available to the Maori Authority for donations made to all charitable organisations in that income year can't exceed the amount that would be the Maori Authority's net income in the corresponding tax year.

Note: Donee status doesn't imply any form of income tax exemption or donors' relief from gift duty.

Tax credit or deduction limited to New Zealand use

A tax credit or deduction will only apply where funds are used by your organisation for charitable, benevolent, philanthropic or cultural purposes wholly or principally within New Zealand.

If you use funds for those purposes outside New Zealand, you're required to maintain a separate account that clearly identifies those funds.

Record keeping

Your organisation must keep all records for seven years. They must be in English, unless approval has been given to use another language.

Your organisation must also keep records showing:

- the source of donations received, and
- how its funds have been used, whether in New Zealand or overseas.

For further enquiries please visit our website www.ird.govt.nz or call us on 0800 377 774.

Yours faithfully

Mrs Norma Galley

Services Officer, Assistance