



Wednesday, 28 October 2020

**Re: Resolution 1: Not-for-Profit status.**

Generally Clubs and Societies are liable for Income Tax but will receive a deduction of \$1000. Clubs or Societies established to promote an amateur game or sport can apply for a full exemption from Income Tax and the Mountain Turk Club did so by letter on 18 August 2020. The IRD responded on 23 September and requires the following amendments to the Club's Rules to achieve not-for-profit status.

Club Rule 16 addition of the following paragraphs:-

**Personal Benefit**

"The organisation does not have the purpose of making a profit for any member and prohibits a distribution of property in any form to a member and has a constitution that prohibits a distribution of property in any form to a member.

No member of the organisation or any person associated with a member, shall participate in or materially influence any decision made by the organisation, in respect of the payment to or on behalf of that member or associated person of any income, benefit or advantage whatsoever. Any such income shall be reasonable and relative to that which would be paid in an arms-length transaction (being open market value)."

Club Rule 19 addition of the following paragraph:-

"No addition to or alteration of the aims, personal benefit clause or the winding up clause shall be made which affect the tax exempt status/ non-profit body status. The provisions and effect of this clause shall not be removed from this document and shall be included and implied into any document replacing this document."

**Proposal**

It is proposed the Club amends Rules 16 & 19 by the additions above as a step towards achieving an Income Tax exemption.

Regards

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