

31 March 2025



Taxation and the not-for-profit sector
Inland Revenue Department
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WELLINGTON 6140

By email: policy.webmaster@ird.govt.nz

Kia ora

Taxation and the not-for-profit sector

Tourism Industry Aotearoa welcomes the opportunity to submit on IRD's issues paper on Taxation and the not-for-profit sector.

TIA is the peak body for the tourism industry in Aotearoa New Zealand. With around 1,200 member businesses, TIA represents a range of tourism-related activities including hospitality, accommodation, adventure activities, attractions, retail, airports and airlines, transport, as well as related-tourism services.

Tourism is a major part of our society and economy. It is 17.2% of our exports, 7.5% of GDP and 10.7% of employment. Given this, tourism is an important component of Aotearoa New Zealand, as it is for regions across the country.

As an industry association, we are not tax experts. However, we are aware that many entities across tourism will be potentially impacted by changes to taxation arrangements in the not-for-profit sector. And, as a mutual association ourselves, we may be directly impacted by proposed changes.

For these reasons, we support the submission of Business New Zealand, and we are a co-signatory of Business New Zealand's letter to the Ministers of Inland Revenue and Finance that specifically addresses concerns that subscription income would be taxable for many not-for-profits viewed as mutual associations.

In assessing the issues paper with a tourism lens, it was difficult to get a handle of the scale of the issues in terms of the value of the not-for-profit sector, the likely impact of changes and the level of increased taxation that would be expected. With this analysis not set out at a national level, it was not possible for TIA to distil the tourism implications. We submit that further work should include such data-driven specificity.

Sections 4.12 to 4.14 set out that exemptions for 'local and regional promotion bodies' may no longer be fit for purpose. At current tourism settings, most of the regional tourism organisations (as they are generally known) are council owned and operated and therefore we are uncertain around the tax implications of this section and whether there would be impacts on the tourism system.

If you have any questions relating to this submission, please contact Bruce Bassett on 021 609 674 or bruce.bassett@tia.org.nz.

Ngā mihi,

A handwritten signature in blue ink, appearing to read 'Rebecca Ingram', followed by a period.

Rebecca Ingram
Chief Executive