

Donation Tax Credits under the Income Tax Act 2007-Short Form

Fakamatala Nounou - Totongi Keleimi Kulētiti Tukupau 'o e ngaahi Tokoni Me'a'ofa, fakatatau ki ke Lao Tukupau Vāhenga 2007

General (Talateu)

This document is the short form of a long document that goes into all the detailed issues around donation receipts. If you require the long form version, then please ask the Connexional Office.

Ko e tohi fakanounou eni 'o e ngaahi fakamatala fakaikiiki fekau'aki mo e tohi talitotongi 'o e ngaahi me'a'ofā tokoni. Kapau 'oku ke fiema'u 'a e fakamatala kakatō pea ke fetu'utaki mai ki he 'ulu'i ofisi 'o e Siasi.

In the last two to three years the Inland Revenue Department have been taking a greater interest in donation tax credits lodged by individuals as part of their annual tax returns. During this time some people have had their donation tax credits rejected by the IRD.

Kuo 'i ai 'a e tokanga mavahe 'a e Potungāue Tukupau Vāhengá, 'i he ta'u 'e 2 pe 3 kuo toki maliu atú, ki he ngaahi keleimi kulētiti tukupau mei kakaī, ko e konga ia 'o 'enau fakamatala tukupau fakata'u. 'I he taimi tatau kuo 'i ai 'a e ngaahi keleimi kulētiti ni'ihī kuo 'ikai tali 'e he potungāue tukupau IRD.

This update is to address concerns of the IRD in order to minimise the possibility of donation tax credits being declined.

Ko e fakamatala eni ke fakamahino 'a e tokanga 'a e IRD ke fakasi'isi'i 'a hono ta'etali 'o e ngaahi totongi fakafoki 'o e ngaahi keleimi.

The Church takes very seriously that it is a charitable organisation and that its supporters are able to claim tax credits (if they choose to) for their ongoing support of the Church.

'Oku fu'u mahu'inga 'aupito ki he Siasi 'a e hono tu'unga ko e Kautaha Ngāue'ofa ia, pea ke malava 'e hono kau pou pou ke keleimi ('o ka nau fiema'u) 'enau ngaahi kulētiti tukupau ke kei hokohoko atu 'enau tokoni'i 'a e Siasi.

Church/Supporter/Donee View

Ko e vakai 'a e Siasi/Kau Pou pou/mo e Kautaha Ngāue'ofa

A Methodist Church entity may issue a donation receipt for donation tax credit purposes when a supporter makes a **“charitable or other public benefit gift”** to the Church of \$5 or more either as an individual donation or as a series of properly recorded donations over a year.

'Oku malava 'e ha kupu pē 'o e Siasi Metotisi ke ne tohi'i ha la'itohi talitotongi ki ha keleimi kulētiti tukupau 'i ha taimi 'e ma'u mai ha “me'a'ofa tokoni pē ko ha tokoni fakalūkufua kehe” 'oku \$5 pe lahi hake, ko ha tokoni fakatāutaha pē, pe ko ha ngaahi totongi tokoni hokohoko 'i ha ta'u 'e 1, ka kuo lēkooti lelei.

What is a “charitable or other public benefit gift”?

Ko e hā 'a e “me'a'ofa tokoni pē ko ha tokoni fakalūkufua kehe”?

The phrase “charitable or other public benefit gift” is defined in the Act. It means a *monetary gift* of \$5 or more paid to a donee organisation.

'Oku fakamatala'i 'a e “me'a'ofa tokoni pē ko ha tokoni fakalūkufua kehe” 'i he Lao. 'Oku 'uhinga eni ki ha me'a'ofa pa'anga \$5 pe lahi hake kuo totongi ki ha Kautaha Ngāue'ofa.

To qualify as a monetary gift, the gift needs to be money of \$5 or more. For example, payment may be by cash, cheque, direct debit, credit card or debit card.

Ke lau ko e me'a'ofa pa'anga, ko e me'a'ofa ko iā kuopau ko e \$5 pe lahi hake. Pea 'e lava pē ko ha pa'anga, sieke, fakahū totongi fakahangatonu, kulētiti kaati pē kaati totongi fakahangatonu.

For a payment to be a “gift” it must be made voluntarily and no material advantage may be received by the giver in return for the payment. A payment is voluntary even if made under a sense of moral obligation. A payment that places the Church under an obligation to do or provide something in return for the payment is not a gift.

Ke lau ha totongi ko ha “me'a'ofa” kuopau ko e totongi fai tau'atāina pea 'ikai ke 'i ai ha monū 'e ma'u 'e he toko taha foakī mei he 'ene totongi. Ko e totongi ko iā, 'e lau ko e totongi fai tau'atāina neongo ko e fai 'i he angi fakamōlale. Ko ha totongi 'a ia 'oku fiema'u ai 'a e Siasi ke ne fai ha me'a koe'uhi ko e totongi ko iā, 'oku 'ikai ko ha me'a'ofa ia.

When will the Commissioner consider a payment is *not* a gift?

Ko e fē taimi 'e 'ikai lau ai 'e he Komīsonā ha totongi ko ha me'a'ofa?

The Commissioner considers a payment will not be a “gift” where:

'E 'ikai lau 'e he Komīsonā ha totongi pa'anga ko ha me'a'ofa kapau:

- the supporter's payment is made in return for a material benefit or advantage, or
- *ko e totongi mei he toko taha poupou ko e totongi 'o ha koloa pē 'o ha fa'ahinga monū, pēa*
- the Church is placed under a material obligation to do or provide something in return for the supporter making the payment.
- *Kapau 'oku fiema'u ke fai 'e he Siasi ha me'a, pē 'oange ha koloa ki he toko taha poupou koe'uhi ko e totongi.*

Donation Tax Credits – From the Supporters View Point

Keleimi Kulētiti Tukupau 'o e ngaahi Me'a'ofa Tokoni – Ko e vakai mei he Kau Poupou

The sum of charitable or other public benefit gifts made by an individual taxpayer in a tax year must not exceed their taxable income for that year.

Ko e fakakātoa 'o ha pa'anga me'a'ofa tokoni, pe ko ha tokoni fakalūkufua mei ha toko taha 'i ha ta'u faka-tukupau, kuopau ke 'oua na'a laka hake ia 'i he'ene pa'anga hūmai ke he'ene tukupau 'i he ta'u ko ia.

If the sum does exceed the taxpayer's taxable income, the Commissioner must reduce the total amount of charitable or other public benefit gifts so the taxable income is not exceeded (ss 41A (3) and (4) of the TAA).

'O kapau leva 'oku laka hake ia 'i he'ene pa'anga hūmai ki he'ene tukupau, kuopau ke hanga 'e he Komīsonā 'o fakasi'isi'i hifo 'a 'ene me'a'ofa tokonī, pē tokoni fakalūkufua kehe ko iā, koe'uhi ke 'oua na'a laka ia he'ene pa'anga hūmai ki he'ene tukupau. (ss 41A and (4) of the TAA).

Supporters of the Church need to be aware that the IRD exchanges information with other Government agencies and has access to your income position. If a supporter of the Church does indeed claim a tax credit of their taxable income or close to their taxable income, then the Commissioner will ask questions, such as “what are you living on if all your income has been given away?”

Kuopau ke mahino ki he kakai 'o e Siasi 'oku fevahevahe'aki 'a e IRD mo e ngaahi Potungāue

kehe 'a e Pule'angā, 'o lava ke nau 'ilo 'enau tu'unga pa'anga hūmai. Pea kapau kuo keleimi 'e ha taha ha kulētiti tukuhau 'o lahi tatau, pe ofi ki he'ene pa'anga hūmai, pea 'e fehu'ia leva 'e he Komīsonā, "pē na'a ne mo'ui fēfē kapau na'a ne foaki kotoa 'ene pa'anga hūmai".

Things to Note:

Ngaahi me'a ke Fakatokanga'i:

Here is a list of things to be aware of:

Ko e lisi ngaahi me'a ke mahino:

- Please do not use correction fluid or cross out details and write corrections on donation receipts. Please cancel or destroy the receipt and prepare/print another receipt.
- *Kātaki 'oua 'e ngāue'aki ha vai-tohi fakatonutonu, pē te ke kolosi tāmāte'i mo fakatonutonu ha la'itohi talitotongi. Kaniseli ia pē li'aki, pea ke toe tohi ha la'itohi talitotongi fo'ou.*
- The Officers listed as people who are approved to sign the donation receipt SHOULD NOT authorise/sign their own receipts or those relating to their immediate family.
- *Ko kinautalu e kau ngāue kuo fakamafai ke nau fakamo'oni hinga ki he tohi talitotongi 'o e ngaahi totongi me'a'ofa tokoni, 'oku 'ikai totonu ke nau fakamo'oni hinga ki he 'enau tohi talitotongi totonu 'a nautolū, pē, ko honau fāmili.*
- As Inland Revenue has difficulty at times contacting authorised persons from certain organisations or parishes when trying to verify receipts, please ensure the contact details of authorised persons are updated regularly with DIA-Charities Services and Inland Revenue.
- *'Oku fa'a faingata'a'ia 'a e IRD he fetu'utaki kiate kinautolu kuo fakamafai 'i he ngaahi ngāue'anga mo e ngaahi peulisi ni'ihī, ke fakapapau'i ha ngaahi la'itohi talitotongi. Kātaki fakapapau'i 'oku fakatonutonu ke totonu ma'u pē ki he Potungāue Ngaahi Ngāue'ofa, mo e Potungāue Tukuhau Vāhenga, 'a e ngaahi fakaikiiki ki he fetu'utaki, 'o kinautolu kuo fakamafai'i.*
- The donation receipt given by the Church to an individual must reflect that individuals donations to support the work of the Church. In the event of family members giving a parent or other family member cash to give to the Church and the parent hands that money onto the Church, the donation receipt should be made out to the family member, not the parent.
- *Ko ha la'itohi talitotongi kuo tohi ange 'e he Siasi ki ha taha, kuopau ke tatau ia mo 'ene me'a'ofa tokoni pa'anga ki he ngāue 'a e Siasi. Ko ha taimi 'e 'oange ai 'e ha taha ha'ane tokoni pa'anga ki he'ene mātu'ā, pē ha taha kehe 'o e fāmili, ke 'ave ki he Siasi, pea kuo lava hono totongi atu ia ki he Siasi, 'oku totonu ke tohi 'a e la'itohi talitotongi ki he toko taha ko ia na'ane foaki 'a e me'a'ofā, kae 'ikai ki he mātu'a.*
- If a family or congregation member has a fund raising event for a Parish and those funds are passed onto the Parish, they are NOT classified as a "donation" to the Parish and therefore no donation receipt is issued, it is fund raising.
- *Kapau kuo fai 'e ha fāmili, pe ko ha fai'angalotu ha fa'ahinga ngāue kumi/tānaki pa'anga ma'ae peulisi, pea kuo 'oatu e pa'anga ko ia ki he peulisi, 'oku 'IKAI lau e pa'anga ko ia ko e "me'a'ofa tokoni pa'anga", pea ko ia ai 'oku 'ikai 'ai hano tohi talitotongi me'a'ofa, ko e pa'anga ia mei he kumi/tānaki pa'anga.*
- If a parish parishioner loans money to the Parish and then later "forgives" the loan so that either part of or all of the loan does not have to be repaid, that is not considered a donation for the purposes of the Income Tax Act and the IRD will ask questions.

- *Kapau kuo nō 'e ha peulisi ha pa'anga mei ha mēmipa 'o e peulisi, pea kuo loto 'a e mēmipa ko ia ke tāmata'e'i ha konga, pe kotoa, 'o e nō ko ia, 'oku 'ikai lau ia ko ha me'a'ofa tokoni pa'anga 'i he Lao Tukupau Vāhenga, pea 'e fahu'ia ia 'e he IRD.*

Appendix A

Fakamatala Tānaki A

Donations and Receipts for Donations

Ngaahi Me'a'ofa Tokoni mo honau ngaahi Tohi Talitotongi

The Methodist Church has a standard form of receipt which should be issued to people providing donations to the Church. The Inland Revenue Department has set requirements for these receipts and these requirements should be followed at all times.

'Oku 'i ai 'a e sīpinga tohi talitotongi 'a e Siasi Metotisi 'oku totonu ke ngāue'aki pea 'oange ki he toko taha kuo ne fai mai ha me'a'ofa tokoni pa'anga ki he Siasi. Pea kuo 'osi tuku mai mei he Potungāue Tukupau Vāhenga 'a 'ene ngaahi fiema'u fekau'aki mo e ngaahi tohi talitotongi pehē nī, pea 'oku totonu ke fai e muimui ki ai.

The evidence of the donation needs to be in the form of either a letter, on letterhead or a receipt with the church name clearly identified as being linked to the Methodist Church;

Ko e fakamo'oni 'o ha me'a'ofa tokoni pa'anga 'oku fakahā ia 'i ha tohi 'oku hā ai e Potungāue, pē ko ha la'itohi talitotongi 'oku hā mahino ai e hingoa 'o e Siasi, pea lava 'o fakafehokotaki mai ki he Siasi Metotisi; ke 'asi ai:

- The church names is shown in full, including their address;
- ***Hingoa kakato 'o e Siasi, pea mo hono tu'asila;***
- The name of the taxpayer for whom the receipt/letter is for;
- ***Hingoa 'o e toko taha 'oku 'oange ki ai 'e la'itohi talitotongi/tohi;***
- The amount of the donation;
- ***Lahi 'o e pa'anga me'a'ofa tokoni;***
- The year ending date.
- ***'Aho ngata'anga 'o e ta'u fakapa'anga.***

A copy of the standard form of receipt is available as a PDF form from the Connexional Office. Before issuing a receipt, please make sure that you have an audit trail which you and others will be able to follow in the event that the Inland Revenue Department ask for proof or confirmation of the donation. The donation must be detailed in the cash book and accounting system noting the person giving the donation, the date it was received and the amount of the donation. This must be able to be followed through to a deposit in the bank account of the parish. If a deposit in the bank account is made up of more than one donation, each donation must be able to be proved to be banked to a deposit into the parish bank account.

'Oku lava ke ma'u atu mei he 'Ulu'i Ofisi Pule 'o e Siasi ha sīpinga lelei 'o e tohi talitotongi. Pea kimu'a pea tohi'i ha la'itohi talitotongi, ke fakapapau'i 'oku tauhi ke matauhi lelei 'a e ngaahi lēkooti kotoa 'o e ngaahi me'a'ofa tokoni, ke lava hano 'aotita'i mo fakatotolo'i 'e ha ni'ihi kehe 'ō ka fiema'u mai mei he Potungāue Tukupau Vāhengā hano fakamo'oni'i. Kuopau ke hiki fakaiiki he tohi lēkooti fakapa'angā 'a e Siasi, 'a e hingoa 'o e toko taka foaki, 'aho na'e ma'u mai ai, mo e lahi 'o e pa'anga me'a'ofa. Kuopau foki ke toe lava hano muimui'i 'e pa'anga me'a'ofa kotoa 'o a'u ki hano tipōsiti ki he 'akauni pangikē 'a e peulisi. Pea kapau 'oku tokolahi 'a e kakai 'oku kau kiote kinautolu 'a e tipōsiti, kuopau ke lava hano fakamo'oni'i fakatautaha 'a e tipōsiti ko ia.

Example:

Sīpinga mo hono fakamatala atu 'i lalo:



**THE METHODIST CHURCH OF NEW ZEALAND
TE HAAHI WETERIANA O AOTEAROA**

Receipt Number

Parish Name and Address

Charities Services Number: _____

IRD Number: 10-836-166

This is to certify that donations were received from (donor):

Rev/Mr/Mrs/Miss/Ms _____

Address _____

For the period of twelve months ending 31st March _____ \$ _____

Amounting to _____ Dollars
_____ Cents

Envelope Number _____
OR
Nature of Gift _____

Signed / / Date

(Parish Steward/Treasurer/Recorder)



**THE METHODIST CHURCH OF NEW ZEALAND
TE HAAHI WETERIANA O AOTEAROA**

Receipt Number

2017/1567

ABC Methodist Parish, 15 Sunny Street, Auckland. Parish Name and Address

Charities Services Number: CC1234

IRD Number: 10-836-166

This is to certify that donations were received from (donor):

Rev/Mr/Mrs/Miss/Ms Peter Wood

Address 33 Wacker Street
Newburn, Auckland

For the period of twelve months ending 31st March 2017 \$ 3,527.00

Amounting to Three thousand five hundred and twenty seven Dollars
_____ Cents

Envelope Number 1567
OR
Nature of Gift Envelope giving on a weekly basis - This is the annual receipt

Peter van Hart - Treasurer Signed 5 / 5 / 2017 Date

(Parish Steward/Treasurer/Recorder)

Notes

Ke noui

- The Parish or Methodist entity name and address must appear on the top line. The name should be the same or very similar to the name that appears on the Charities Services website as this is what the IRD use as its default.
- *Kuopau ke 'asi e hingoa 'o e peulisi, pe ko e kupu 'o e Siasi, he laine taupotu ia ki 'olungā, pea ke 'asi foki mo e tu'asila. Ko e hingoā, kuopau ke tatau, pē fakaofiofi ki he hingoa 'oku mā'u 'i he Potungāue Ngāue'ofa, he ko 'enau uepisaiti 'e ngaūe'aki 'e he IRD 'ō ka fiema'u.*
- If at all possible issue a receipt number which is unique to the person who you are issuing the receipt to. In this case I have used the year end date and the envelop number.
- *Ka 'oka ala lava, ke 'i ai ha fika talitotongi fakafō'ituituiu mā'ae toko taka 'oku tohi mā'ana 'a e talitotongi. 'I he sīpinga fakatātā ko enā, 'oku ou ngāue'aki e ngata'anga 'e ta'ū, mo e Fika Sila (toko taha ko ia).*
- The correct Charities Services registration number for the entity must be included.
- *Kuopau ke 'asi mo e Fika Lēsisita totonu 'o e peulisi he Potungāue Ngāue'ofa*
- The full name of the taxpayer/supporter/donor must be included as well as their residential address
- *Ke 'asi e hingoa kakato 'o e toko taha foaki, pea mo hono tu'asila nofo'anga*
- Both the numeric and written amounts should be included on the annual receipt. This is the amount that should agree with the donations received in the cash book/accounting system and bank deposits.
- *Ke 'asi 'a e fika kakato ki he ta'u ko ia, mo hono fakamatata fakafō'ilea. Ko e fo'i fika eni 'oku fiema'u ke tatau tofu pē mo e ngaahi lēkooti 'i he fakamatata fakapa'angā mo e ngaahi tipōsitī.*
- If the supporter has an envelope number, provide it here or under the “Nature of Gift” write clearly:
- *Kapau 'oku 'i ai ha Fika Sila, pea fakā'asi ia, pē 'i he kongā “Nature of Gift” hiki ai ha taha 'o e ngaahi me'a ko eni:*
 - Offerings made on a Sunday to the Parish, or Misinale Annual Donation
 - *Ngaahi lī pa'anga he Sāpate pē Misinale fakata'u*
 - Offerings by direct debit
 - *Ngaahi me'a'ofa tokoni totongi fakahangatonu fakapangkē*
 - Payroll giving
 - *Ngaahi tokoni to'o mei he totongi vahe*
 - Donation for building renovations
 - *Me'a'ofa tokoni ki ha ngaahi ngāue fakalelei*

Please Note: If you make an error in completing the form, a new form must be issued. Do not white-out the error and correct or make other corrections.

Fakatokanga'i: *Kapau kuo 'i ai ha fehālaaki hono tohi 'o e talitotongi, kuopau ke ke tohi ha la'i talitotngi fo'ou. 'Oua 'e ngāue'aki ha vaitohi fakatonutonu, fakatonua pe fai hano fakatonutonu.*

One of the following people are authorised to sign the receipts (in order of preference):

Ko e ni'ihe eni ke fakamafai'i ke nau fakamo'oni he ngaahi la'itohi talitotongi:

- The Recorder (if you have one)
- *Ko e toko taha hiki lēkooti ('o ka 'oku 'i ai)*
- The Treasurer
- *Tauhi Pa'anga*
- One of the Parish Stewards
- *Ha taha 'o e ongo Sētuaata*
- Print the name of the person, their position and then sign and date it.
- *Ke Hiki Matalalahi 'a e hingoa mo e lakanga, fakamo'oni hingoa ki ai, pea fokotu'u mo e 'aho.*

Please Note: The person who is completing the form **MUST NOT** sign their own or a family member's donation receipt.

***Fakatokanga'i ange:** Ko e toko taha 'oku ne tohi e ngaahi tohi talitotongi, 'oku 'IKAI NGOFUA ke ne tohi ha la'itohi talitotongi ki he me'a'ofa tokoni a'ana tonū pē, pē, ki hano fāmili.*

If the Connexional Office receives a call from the IRD and can NOT identify the Methodist entity, the Charities Services registration number and the name of the person who has signed the receipt, the Connexional Office will NOT validate the receipt and will ask the IRD to return it to the taxpayer for clarification.

Ka ma'u mai ha telefoni, pea ka 'IKAI LEVA KE LAVA 'e he 'Ulu'i 'Ofisi Pule 'o e Siasi ke nau fakamo'oni'i pe ko fē kupu 'o e Siasi, pē ko e fika lēsiita he Potungāue Ngāue'ofa, pē ko e hingoa 'o e toko taha kuo fakamo'oni ki he la'itohi talitotongi, 'e fakafisi leva e 'Ulu'i Ofisi ke nau fakamo'oni'i 'a e la'itohi talitotongi, pea 'e fakafoki leva ia ki he toko taha 'oku 'a'anā ke ne toe toki fai hano fakamo'oni'i.