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24 March 2025

Submitted to: Deputy Commissioner, Policy – Inland Revenue Department

Via: policy.webmaster@ird.govt.nz

Submission: Taxation and the Not-for-Profit Sector Consultation

Introduction

The New Zealand Speech-language Therapists' Association (NZSTA) is the national professional body representing speech-language therapists in Aotearoa New Zealand. Established in 1946, we represent over 1,100 registered members—approximately 95% of the registered workforce.

Speech-language therapists (SLTs) support communication and swallowing across the lifespan, working in diverse sectors, including health, education, disability, and justice. Our members hold recognised qualifications at the bachelor's or master's level and must meet ongoing requirements for registration, ethics, continuing professional development, and clinical practice.

As a self-regulating body, NZSTA operates as an incorporated society. We reinvest all revenue directly into activities that support our members and deliver public benefit through high-quality, equitable speech-language therapy services.

Overview of Submission

NZSTA welcomes the opportunity to respond to Inland Revenue's consultation on taxation and the not-for-profit sector. While many of the questions are framed around charitable organisations, we submit that it is critical the review also considers the broader impact on incorporated societies and other membership-based organisations that operate for the public good, even if they are not registered charities.

Responses to Questions 1–9: Charities and the broader NFP landscape

We advocate for a balanced approach that upholds the integrity and sustainability of the not-for-profit sector without imposing disproportionate compliance burdens.

NZSTA submits that:

- Taxation settings for charitable business income must not discourage reinvestment in public benefit initiatives.
- Donor-controlled charities play a valuable role in local communities and should not be constrained by excessive regulation.
- Simplification and integrity measures must be designed to support, not restrict, legitimate not-for-profit activity.

- Incorporated societies and professional associations—such as NZSTA—should continue to benefit from existing exemptions, as we reinvest all income into member services, sector development, and activities with clear public value.
 - Compliance costs should be proportionate to the size and function of each organisation. Rising obligations risk diverting limited resources away from community and sector impact.
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Question 10: Income deduction threshold for small not-for-profits

NZSTA supports increasing the income deduction threshold for non-charitable NFPs from \$1,000 to \$10,000.

This change would:

- Reduce unnecessary administrative requirements for small and medium-sized incorporated societies with low revenue.
- Enable these organisations to focus more fully on their member and community contributions rather than tax compliance.
- Reflect the actual costs and realities of operating sustainably while generating a modest surplus income through membership fees or sponsorships.

This threshold adjustment would better recognise the purpose and function of these organisations and support their ongoing contribution to Aotearoa New Zealand.

Question 11: Tax concessions for friendly societies and credit unions

We support the continued tax-exempt status of friendly societies and credit unions, recognising their alignment with the values of the not-for-profit sector.

Removing their exemptions could create uncertainty for other mutual and membership-based organisations, including professional associations like NZSTA. These organisations operate without a profit motive, instead prioritising reinvestment into member and public benefit initiatives.

Any policy shift in this area must be carefully considered to avoid undermining the financial sustainability of organisations that serve the public good.

Question 12: Exemptions for industry, science, and research bodies

NZSTA strongly supports maintaining tax exemptions for not-for-profit entities engaged in sector development, research, innovation, and professional education.

Many incorporated societies contribute to national and regional development through evidence-based practice, workforce support, and the advancement of knowledge—activities that benefit the public, even if not structured as formal research.

Tax exemptions recognise these contributions and allow such organisations to continue playing a vital role in strengthening Aotearoa’s professional and economic systems.

Question 13: Fringe benefit tax settings

NZSTA supports the simplification of the fringe benefit tax (FBT) framework. However, any changes must be carefully assessed to avoid unintended impacts on incorporated societies that provide modest benefits to staff or volunteers in recognition of their service.

Removing exemptions could reduce the ability of professional bodies to attract and retain skilled staff, particularly where salary budgets are limited, and may increase the burden on volunteer-driven organisations.

Question 14: Reducing tax compliance for volunteer-driven organisations

NZSTA supports extending the Fire and Emergency New Zealand (FENZ) tax simplification approach to other NFPs and introducing further measures to support volunteer participation.

We recommend:

- Simplifying reporting requirements for volunteer reimbursements.
- Introducing a clear tax-free threshold for volunteer expenses to reduce compliance costs and support the vital role of volunteers in our sector.

Our association, like many others, relies on the work of volunteers—from governance to policy development and competency framework creation, as well as raising public awareness. Minimising barriers to participation is key to sustaining this contribution.

Question 15: Donation tax concessions

While most incorporated societies do not qualify for donation tax concessions, many—like NZSTA—engage in sector-wide initiatives with significant public benefit.

We recommend:

- Retaining current donation tax concessions for entities delivering educational, workforce, or sector development initiatives.
 - Recognising the contributions of professional associations that advocate for quality and equitable service delivery and build capacity across the system.
 - Ensuring any regulatory changes support, rather than restrict, these contributions.
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Conclusion

NZSTA appreciates the opportunity to provide feedback on this important review. We urge Inland Revenue to continue recognising the value of membership-based and incorporated societies within the broader not-for-profit ecosystem. These organisations are essential to New Zealand’s professional landscape and make a meaningful contribution to public well-being.

We are open to further dialogue and would welcome opportunities to contribute constructively to any ongoing policy development.

Ngā mihi nui,

Siobhan Molloy

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