PO Box 65503, Mairangi Bay, Auckland
0754, New Zealand

W: www.speechtherapy.org.nz

P: 09 475 0214

New Zealand
Speech-language
Therapists' Association
Te Kāhui Kaiwhakatikatika
Reo Kōrero o Aotearoa

Submission to Inland Revenue: Mutual Transactions of Associations (ED0265)

Submitted by: New Zealand Speech-language Therapists' Association (NZSTA)

Date: 4 June 2025

Contact:
Siobhan Molloy
Executive Director
New Zealand Speech-language Therapists' Association
Email: executivedirector@speechtherapy.org.nz
Website: www.speechtherapy.org.nz

Introduction

The New Zealand Speech-language Therapists' Association (NZSTA) is the national body representing speech-language therapists in Aotearoa. Our members work across the health, disability, education, and justice sectors, supporting individuals and whānau with communication and swallowing needs. As a self-regulatory body, we are entrusted with protecting the public by upholding professional standards, providing continuing education, and promoting culturally safe, evidence-informed practice.

We appreciate the opportunity to provide feedback on ED0265: Mutual Transactions of Associations. While we acknowledge the importance of clarity in tax law, we are deeply concerned about the proposed changes and their likely impact on professional and membership-based associations like ours.

Summary of NZSTA Position

NZSTA urges Inland Revenue to:

1. **Maintain the tax-exempt status of mutual membership subscriptions** unless tied to commercial services. Core membership fees that fund governance, professional standards, and public protection functions should not be treated as taxable income.
2. **Maintain the circle of membership tax exemption with professional development:** Maintaining the tax-exempt status of membership and event income helps sustain affordable professional development, supports government workforce investment, and strengthens services that benefit the public.
3. **Lift the non-profit deduction threshold (section DV 8 of the Income Tax Act 2007) from the current $1,000 to at least $100,000**. This would better reflect the operational reality of small- to medium-sized associations and reduce compliance costs.
4. If the changes proceed, implement a phased transition over at least 3–5 years, with clear guidance, education, and support to ensure associations can adapt responsibly and sustainably.

1. Membership Subscriptions Fund Public Good, Not Private Profit

Our voluntary member subscriptions are not payment for commercial services. They enable us to carry out critical regulatory and public interest functions, including setting professional standards, assessing overseas qualifications, managing a complaints process, ensuring ongoing competence, and promoting safe and effective practice across diverse communities. Subscriptions also fund essential support for our members — including continuing professional development, peer networks, and access to resources — which in turn strengthens service delivery for the people we serve.

The proposed reinterpretation of mutuality—suggesting such core income might be taxable—would fundamentally alter how we budget, plan, and deliver services. For NZSTA and many peer associations, this would:

- Undermine financial sustainability;
- Erode our ability to protect the public and support our members; and
- Divert resources away from mission-critical mahi into compliance activities.

This would not improve fairness—it would penalise professions that have voluntarily taken on regulatory responsibilities for the benefit of New Zealanders.

2. Professional Development Supports Public Good, Not Private Gain

Like many associations, NZSTA delivers conferences, symposia, and workshops that are core to the professional growth and safe practice of our members. These events are not commercial ventures — they are member-driven, often subsidised, and designed to meet regulatory and sector development needs. Income from registration fees typically covers venue costs, speaker fees, and resource production, with little to no surplus.

If such revenue were captured as taxable income, associations would be forced to raise prices or scale back these important sector events. The knock-on effect would be a reduction in access to continuing professional development, particularly for early-career practitioners or those in rural areas — ultimately impacting service quality and workforce sustainability across Aotearoa.

3. Raise the DV 8 Threshold to Reduce Burden and Preserve Services

The $1,000 exemption for retained earnings is no longer fit for purpose. Like NZSAE and BusinessNZ, we support raising this to at least $100,000. Most professional associations are not-for-profit by nature and reinvest any surplus into professional development, public education, and strategic projects.

Raising the threshold would:

- Simplify compliance for small organisations;
- Preserve capacity for member and public-facing services; and
- Reduce low-value tax administration for Inland Revenue.

4. Support the Sector Through a Phased Transition

Should Inland Revenue proceed with its proposed changes, we strongly advocate for a phased implementation period of 3–5 years. Many associations—especially those with volunteer governance and lean infrastructure—would struggle to meet new obligations without this grace period.

A transition period would:

- Provide time to adjust financial systems and budgets;

- Allow Boards to assess and manage risk;
- Prevent unintended non-compliance; and
- Ensure continuity of public service during a major change.

Conclusion

NZSTA supports fairness, good governance, and clear rules. However, the current proposals would create disproportionate hardship for many associations delivering vital services across the motu.

We urge Inland Revenue to:

- Retain the principle that membership subscriptions for mutual benefit are not taxable;
- Raise the DV 8 threshold to reduce compliance pressure on small associations and
- Provide a clear, supported transition path if any changes are implemented.

We would welcome further consultation and are happy to contribute to practical implementation resources for the sector.

Ngā mihi nui,

Siobhan Molloy
Executive Director
New Zealand Speech-language Therapists' Association (NZSTA)
Te Kāhui Kaiwhakatikatika Reo o Aotearoa
executivedirector@speechtherapy.org.nz