



09 FEB 2005

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Private Bag
Palmerston North
New Zealand
Facsimile 06 351 2040
06 351 2001

7 February 2006

Attention Beverley Pearce
Wellington Community Law Centre
P O Box 24005
Wellington 6015

Dear Ms Pearce

Wellington Circus Trust

IRD Number **Not Allocated**
Our Reference **PM/SERV/NG/SC**

I advise that the Wellington Circus Trust has been approved for a charitable exemption and qualifies for the following:

1 Income Tax on Non-Business Income

An exemption from income tax on income other than business income derived by the organisation provided that such income is applied for the charitable purposes as set out in the founding document, under section CW 34 of the Income Tax Act 2004.

2 Income Tax on Business Income

An exemption from income tax on business income derived by the organisation for charitable purposes in New Zealand, under section CW 35 Income Tax Act 2004. Approval under this section is conditional upon the provisions of the subsection being met each year. Some policing of these provisions will be undertaken on a sample basis. Your organisation may be selected for test checking occasionally.

Sufficient records must be maintained to enable the Commissioner of Inland Revenue to ascertain, at any time, the sources of all income received and how funds of the organisation have been applied.

3 Gift Duty

An exemption from gift duty in relation to gifts to the organisation, under section 73(1), Estate and Gift Duties Act 1968.

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PERSONAL CUSTOMERS

Overdue tax & returns 0800 227 771
Family Assistance 0800 227 773
Income Tax
& general enquiries 0800 227 774

BUSINESS CUSTOMERS

Overdue tax & returns 0800 377 771
Employers 0800 377 772
Income tax
& general enquiries 0800 377 774
GST 0800 377 776

STUDENT LOAN CUSTOMERS

Student Loans 0800 377 778

IR 220A 9/03

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4 Donee Status

Rebate for Donations by Individuals

A rebate for income tax purposes for donations of \$5.00 or more by an individual taxpayer to the organisation, under section KC 5, Income Tax Act 2004.

The overall maximum rebate allowable is the smaller of:

- a sum equal to 33 1/3 percent of the aggregate of all gifts and/or donations made by the taxpayer
- the sum of \$630.00

To qualify for the rebate the taxpayer must produce a receipt from the organisation that meets the following criteria:

- be officially stamped with the name of the organisation; and
- show the date the gift and/or donation was received; and
- state the amount of the donation (NZ\$)
- be signed by a person authorised by the organisation to accept donations.

Note that approval for the section KC 5 rebate is conditional each year upon the donations being principally applied within New Zealand by the organisation.

Deduction for Donations by Companies

A deduction from income tax in respect of cash donations made by a company in any income year may not be more than 5% of the company's net income in the year. A close company may not have a deduction unless it has its shares quoted on the official list of a recognised exchange.

Under section 32 of the Tax Administration Act 1994, all donee organisations must keep in New Zealand sufficient records in the English language to enable the Commissioner to determine both the sources of donations made to them and the application of their funds. If the organisation wishes to keep records either outside New Zealand or in a language other than English, written application must firstly be forwarded to the Commissioner for authorisation.

General

If in the future there is any change to the organisation's character, purpose, method of operation, founding documents, name or address, details of the changes are to be advised to this office.

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Please note that this exempts your organisation from the above and does not extend to:

- goods and services tax
- PAYE and ACC on employees' earnings
- fringe benefit tax relating to benefits provided to employees where your society is carrying out a business activity
- other responsibilities as an employer, for example student loan and child support deductions.

This approval is conditional upon the organisation restricting its activities to those which have been established as charitable at law and following the terms of its governing documents. It is noted that clauses 2 and 3 from the draft constitution have now been deleted and you are reminded that the public benefit criteria must be met. If at any time the department was to do an audit, this would be something that would be looked at.

I note an IRD number has not yet been applied for and accordingly enclose the necessary application form IR 596. Once this is returned to me I will issue the certificate of exemption from resident withholding tax.

Please retain this letter with your other official records.

You may be aware that a Charities Commission is in the process of being established in New Zealand. Once the Charities Commission is established, your organisation will be required to register with it in order to retain its income tax exemptions and donee status. The Charities Commission will maintain a register of charitable entities and a register for approved donees. The register is expected to open in the first half of 2006. If your organisation does not register with the Charities Commission, its income tax status may be affected at some time 12 months after the register opens. The Ministry of Economic Development has developed a website, www.charities.govt.nz containing information about the new Charities Commission. *Information is also available by calling freephone 0508 CHARITIES (0508 242 748).*

Yours sincerely



Mrs Norma Galley
Officer
Services

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