

# SECURING NEW ZEALAND'S FUTURE



**BUDGET  
2026**

**Hon Louise Upston  
Minister for the Community and Voluntary Sector**

**Hon Simon Watts  
Minister of Revenue**

**28 May 2026**

## **Improving tax rules for charities**

The Government is improving tax rules for the charitable and not-for-profit sector to ensure fairness and resilience, Revenue Minister Simon Watts and Community and Voluntary Sector Minister Louise Upston say.

Simon Watts says it's important the tax rules ensure the system remains fair, credible and trusted for charities and not-for-profits.

"Last year, Inland Revenue released an Issues Paper on how the not-for-profit sector is taxed. The paper attracted huge public interest with submitters noting that the rules lacked clarity and could undermine credibility.

"The Government has listened to this feedback and is introducing a range of measures to ensure the charitable and not-for-profit sector is strong, fair, and has integrity."

Key changes include:

- Increasing the amount of net income a not-for-profit organisation can earn without paying tax from \$1,000 to \$10,000.
- Ensuring the donation tax credit scheme remains financially sustainable by capping eligible donations at \$100,000 per year. This will also limit tax planning risks that can arise when a donor makes a gift to a charity they control themselves.
- Allowing donors to receive their donation tax credit refunds throughout the year in certain circumstances, rather than waiting until the end of the tax year.
- Allowing donors to gift their donation tax credit to a charity.
- Ensuring that membership subscriptions and levies received by not-for-profits remain non-taxable.

"These changes are about striking the right balance between simplification, fiscal sustainability and ensuring the system has integrity," Simon Watts says.

Louise Upston says the charitable sector does a lot for the community, especially in tough economic times, so it is important the rules that guide it are robust and resilient.

“Over 53 per cent of adult New Zealanders volunteer, many of them through charities and not-for-profits - 89 per cent of community organisations are volunteer run. Formal volunteering is worth \$6.4 billion to the economy. When you add people who volunteer directly, it’s even more - \$14.4 billion.

“That makes it even more vital the tax rules relating to charities are enduring and work for New Zealand.”

The changes will take effect at various times between 2027 and 2028. Detailed information on the changes will be published by Inland Revenue when the legislation is introduced.

“In 2025, the Government examined options for limiting access to charitable tax concessions. That work is now complete.”

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