



**Inland Revenue**  
Te Tari Taake

*Palmerston North Office*

*Cnr Ashley & Ferguson Streets  
Private Bag  
Palmerston North  
New Zealand  
Facsimile 06-351 2040  
06-351 2001*

21 September 2004

Attention Mr Martin Forest  
Director  
Society for Creative Anachronism (New Zealand) Incorporated  
179 Pembroke Road  
Wilton  
Wellington 6005

Dear Mr Forest

**IRD Number** 88-704-274  
**Our Reference** PM/SERV/JP/SK

Thank you for your application for an exemption from Resident Withholding Tax on Interest and Dividends dated 9 August 2004 for the above named organisation.

I wish to advise that the Society for Creative Anachronism (New Zealand) Incorporated has been approved for non-profit status under section DJ 17 of the Income Tax Act 1994.

This entitles the above named organisation to claim an exemption of up to \$1,000.00 against taxable income derived. In effect this means that it is only liable to pay Income Tax if its net income, after expenses, exceeds \$1,000.00.

**INCOME TAX**

**What Income is Liable to Tax?**

The following types of income are liable to tax and should be taken into account in calculating the net income of the organisation:

- Transactions with non members (unless indistinguishable from members' transactions - see below)
- Rental income
- Interest received.

Any costs directly related to deriving this income can be claimed as a deduction.

**What Income is NOT Liable to Tax?**

The following types of income are **not** liable to tax and should not be included when calculating the net income of the organisation:

**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 377 775

**STUDENT LOAN CUSTOMERS**

Student Loans 0800 377 778

**200872124700S4**

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## Society for Creative Anachronism (New Zealand) Incorporated

IRD Number 88-704-274

- Income gained from the sale of unmodified donated goods or services.
- Income derived from "within the circle of membership", for example subscriptions, raffles and fundraising activities within the circle of membership.
- Income derived from transactions with non members **but only** when the following criteria is met:
  1. The transactions are conducted on premises under the control of the particular non-profit organisation; and
  2. The non-member transactions are indistinguishable from member transactions; and
  3. The relevant activities are conducted substantially for the enjoyment and participation of members.

In practice this policy is limited to non-members who are bona fide guests, members of other organisations enjoying reciprocal rights, and potential members being introduced to the facilities.

This policy recognises the practical problems of differentiating between member and non-member transactions.

Examples of the type of transactions to which the policy applies are bar and kitchen takings, raffles and other fundraising conducted primarily with members and proceeds from gaming machines after allowing for Gaming Machine Duty. Generally, these transactions meet the criteria listed above.

### Filing of an Annual Taxation Return (IR 9)

1. If the organisation's taxable income in any year exceeds \$1,000.00 (for example prior to the offset of the \$1,000.00 exemption) you must furnish an Income Tax return no later than 7 July.
2. If the taxable income is less than \$1,000.00 you are not required to file a return. However if you receive a tax pack or a request for a return you will need to contact Inland Revenue 0800 377 774 and advise them accordingly.

### GOODS AND SERVICES TAX (GST)

The Goods and Services Tax Act 1985 only provides for two exemptions for clubs and societies, for example:

- Sale of donated goods, and
- Unconditional gifts.

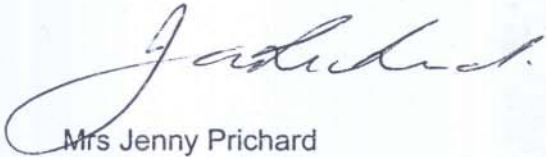
If the annual turnover, excluding these, exceeds \$40,000.00 (including all income received from members) then the organisation is liable to register and account for GST.

A Certificate of Exemption from Resident Withholding Tax on Interest and Dividends has been issued under separate cover which you will receive within 10 working days.

Society for Creative Anachronism (New Zealand) Incorporated  
IRD Number 88-704-274

Please retain this letter with your other official records. You may need to provide a copy when applying for future funding.

Yours faithfully

A handwritten signature in cursive script, appearing to read 'Jenny Prichard', written in dark ink.

Mrs Jenny Prichard  
Officer  
Services