



Inland Revenue  
*Te Tari Taake*

**Palmerston North Office**

Cnr Ashley & Ferguson Streets  
Private Bag  
Palmerston North  
New Zealand

Facsimile 06 953 0711  
06 953 0710

25 February 2008

Attention Andrew Mason  
President  
Operational Research Society of NZ Inc  
C-o Department of Engineering Science  
University of Auckland  
Private Bag 92019  
Auckland

Dear Mr Mason

**IRD Number** 55-449-481  
**Our Reference** PM/SERV/NG/SC

Thank you for your letter dated 14 January 2008.

I advise that the Operations Research Society of New Zealand Incorporated was approved in May 1992 as a non-profit body for the purposes of income tax.

This entitles the organisation to claim an exemption of up to \$1,000.00 against its 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.

**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.

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PERSONAL CUSTOMERS

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

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BUSINESS CUSTOMERS

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

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STUDENT LOAN CUSTOMERS

Student Loans 0800 377 778

## 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.

- 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:
  - The transactions are conducted on premises under the control of the particular non-profit organisation; and
  - the non-member transactions are indistinguishable from member transactions; and
  - 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 (that is 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 and advise that a return will not be filed.

## GOODS AND SERVICES TAX

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

- sale of donated goods, and
- unconditional gifts.

**Operational Research Society of New Zealand Inc**  
IRD Number            **60-226-628**

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 goods and services tax.

**Please retain this letter with your other official records.**

Your name has been added to our records as a nominated person to act in taxation matter

I would also point out that as a non profit organisation you are not required to register with the Charities Commission.

If you have any queries regarding this matter, please contact me on 06 953 3091.

Yours sincerely

A handwritten signature in blue ink that reads "Galley".

Mrs Norma Galley  
Services Officer  
Assistance