

## Special deals for Charities

*What's in a name? Well, possibly quite a lot if that name is that your organisation is classified as a charity. Recent times have seen what appears to be a growing number of commercial organisations kindly recognising the value that charities provide by offering their commercial goods or services at discounted prices to charitable organisations.*

This is great to see. Especially noticeable in recent times has been special discount offers on software products and services by such large multi-national organisations like [Microsoft](#) and [Google](#). These are products and services used by the vast majority of entities and hence the discounted rates for charities are really appreciated.

### So far so good.

However, one of the challenges is that the most popular "de facto qualification filter" for these organisations to qualify for the special deals or discounts appears to be registered charity status. Use of such a filter makes some sense for the commercial organisations as registered charity status is now a reasonably robust measure of charitable status. Hence the commercial organisations don't need to worry about investing lots of time and effort in ensuring that entities qualify. All they have to do is request their charity registration number and if they want to check they can then go online to the Charities Services website [www.charities.govt.nz](http://www.charities.govt.nz) and search the relevant charity. This should give them some assurance of the bona fide nature of the entity applying for the discount.

My issue is that by using registered charity status as a de facto filter this in turn raises an equity or "fairness" question in that charities represent only a subset of the wider Not-For-Profit sector. While many numbers are bandied about, the consensus seems to be that we have somewhere in the vicinity of 100,000 NFP entities in New Zealand. Of these only approximately 27,680 are registered charities. (On that score we do have an accurate number thanks to the publicly available register, albeit that the number of registered charities, which is already high on a per capita basis compared to peer countries, still appears to be growing...an issue for another article and more discussion needed!).

Let's take a NFP entity that is not a registered charity as a real life example. Triathlon New Zealand Incorporated is a national sports organisation. It is the peak body for the sport of triathlon in New Zealand, a sport which has seen our small country of New Zealand achieve and shine on the highest international stage with Olympic medal wins.

As a body promoting amateur sports, as well as a membership organisation, it has no need to comply with the additional compliance requirements of gaining and maintaining registered charity status, as for tax purposes it is already exempt from income tax. Hence gaining registered charity status would be an additional compliance burden, and should ideally not be necessary. It is only for the benefit of public perception purposes for those in the general public that did not already understand its nature and taxation status.

My personal view is that ideally we should not be promoting organisations to comply with a status that should not be needed. i.e. NFPs should be recognised as such, and many, such as most sports entities, should not also have to seek registered charity status.

You could argue, and I do, that Triathlon NZ Inc. is to all intents and purposes the same as a registered charity as regards its nature in that it is a NFP organisation. It exists to provide the service of promoting the sport in New Zealand and not for any pecuniary gain. It operates and has to compete in the same market for sponsorship, grants, donations etc. to run their NFP services.

Should it not therefore be eligible to the same generous discounts and special deals being offered by some large commercial organisations to registered charities?

## Summary

We applaud the generosity of large commercial entities offering discounts to worthy social good organisations such as registered charities if they are able to do so. We also would not want to raise potential impediments to greater encouragement of this. However, using registered charities as a de facto filter risks disadvantaging a large number of equally worthy NFP organisations that do not have, and do not need, registered charity status.

I believe we need to encourage the application of such corporate generosity to all NFP organisations rather than just to the sub-section of those with registered charity status. Logically most NFP entities should be equally worthy recipients for such corporate generosity.

However, this may require a little more understanding and effort on the part of the corporate entities in their application criteria.

It also may require some more effort on the part of the non-registered charity NFPs to clearly demonstrate their purpose and NFP nature. One solution to this could be voluntary adoption by them of the PBE accounting standards.



### About the Author

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