

New Zealand is Getting a New Incorporated Societies Act

NZ's Incorporated Societies Act 1908 has stood the test of time for 114 years but is now replaced by the Incorporated Societies Act 2022. Incorporation makes a club or society a separate legal entity from its members and gives the members limited liability.

Existing incorporated societies will need to reregister under the new act. Reregistration will run from 5 October 2023 to April 2026. Societies will have to rewrite their constitutions but MBIE will have an up to date constitution builder to help them through this process. A club or society that does not reregister will legally cease to exist. All societies will need to have a committee of at least three persons. Each member of a committee will need to be qualified, elected or appointed under section 47.

There will be a new requirement to file an annual return. The details to go into the annual return have yet to be announced.

The new act will require all incorporated societies to comply with XRB accounting standards. There will be an exception for small societies. At the moment, unless it changes, a small society is one that has operating payments of less than \$50,000 and current assets less than \$50,000 and is not a donee organization.

Small societies will still have to provide basic financial information, as they do now.

The minimum number of members for incorporation has been reduce from 15 to 10. Members must consent to be a member and this will probably be done in writing.

For further reading the following web links will be useful.

Incorporated Societies Act 2022:

<https://www.legislation.govt.nz/act/public/2022/0012/latest/LMS100809.html>

MBIE Law changes for incorporated societies:

<https://isregister.companiesoffice.govt.nz/law-changes-for-societies/>

Financial Reporting Requirements For Incorporated Societies

<https://www.xrb.govt.nz/standards/accountingstandards/incorporated-societies/>

By Paul Sheehan

You should contact your chartered accountant or financial advisor before committing to any particular course of action.

- Paul Sheehan is a chartered accountant. Phone 355 2636 for enquiries.