

As of 29 May 2014

Taxation Bill- main clauses relating to Community Housing Entities. For full detail visit:
http://www.parliament.nz/en-nz/pb/legislation/bills/00DBHOH_BILL12926_1/taxation-annual-rates-employee-allowances-and-remedial

Clause 29

CW 42B. Community housings trusts and companies

“Exempt income

(1) An amount of income derived by a community housing entity is exempt income.

“Definition

- (2) In this section and section LD 3 (Meaning of charitable or other public benefit gift), **community housing entity** means a trust and its trustees, or a company (as applicable, the **entity**), that carries on the business, and—*
- (aa) the trust and its trustee or the company, as the case may be, are a registered community housing provider under the Housing Restructuring and Tenancy Matters Act 1992; and*
 - (a) the business is not carried on for the private pecuniary profit of any individual; and*
 - (b) all profit is retained by the entity, or distributed or applied to—*
 - (i) community housing entities that meet the requirements to derive exempt income under this section:*
 - (ii) beneficiaries or clients of the entity:*
 - (iii) tax charities:*
 - (iv) persons to whom distributions would be in accordance with charitable purposes; and*
 - (c) no person with some control over the activities is able to direct or divert, to their own benefit or advantage, an amount derived from the activities.*

“Definition: exception

(2B) Despite subsection (2), community housing entity does not include a trust and its trustees, or a company (as applicable, the entity) if—

- (a) less than 85% of the beneficiaries or clients of the entity are, at the time of first becoming beneficiaries or clients, persons, or classes of persons, described in regulations made under section 225D of the Tax Administration Act 1994 (the regulations):*
- (b) the provision of housing to beneficiaries or clients who, at the time of first becoming beneficiaries or clients, are persons, or classes of persons, described*

*in the regulations (the **regulated people**) is substantially different from the provision of housing to beneficiaries and clients who, at the time of first becoming beneficiaries or clients, are not regulated people.*

“Control over activities

*“(3) For the purposes of **subsection (2)(c)**, for an income year, a person is treated as having some control over the activities, and as being able to direct or divert amounts from the activities to their own benefit or advantage if, in the tax year, they are described in section CW 42(5)(a) and (b) and (6) (Charities: business income).*

“No control

*“(4) For the purposes of **subsection (2)(c)**, a person described in section CW 42(7)(a) and (b) is not treated as having some control merely because of the factors in section CW 42(7)(a) and (b).*

“Benefit or advantage

*“(5) For the purposes of **subsection (2)(c)**, a benefit or advantage to a person includes a benefit or advantage included under section CW 42(8).*

Clause 159

New section 225D inserted (Regulations: community housing trusts and companies). After section 225C, insert:

“225D Regulations: community housing trusts and companies

*“(1) The Governor-General may, from time to time, by Order in Council make regulations, on the combined recommendation of the Minister of Revenue and the Minister for Housing, specifying persons or classes of person, using all, some, or a combination of all or some, of the factors listed in **subsection (2)**, that are counted as beneficiaries or clients, as the case may be, of entities for the purposes of section CW 42B(2B)(a) of the Income Tax Act 2007.*

*“(2) The factors that may be used to specify persons or classes of persons for the purposes of **subsection (1)** are:*

“(a) geographic location of persons in New Zealand:

“(b) the composition of households persons live in:

*“(c) the income of persons or households relative to a maximum set by taking into account the lower quartile of household income based on household economic survey data published by Statistics New Zealand (the **income maximum**) and adjusting the income maximum by any appropriate economic factor, geographic, household composition, or otherwise:*

“(d) assets of persons relative to a maximum.

“(3) Regulations made under this section are treated as coming into force on a day specified for that purpose in the Order in Council, but that day must not be earlier than 14 April 2014. ”