



Supplementary Submission on the
Taxation (International Taxation, Life Insurance, and Remedial Matters) Bill

From

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Introduction

This supplementary submission covers two points, updating Volunteering New Zealand's position on these points. The first point relates to visitors to New Zealand volunteering while in New Zealand and receiving reimbursements. The second point relates to tax treatment of honoraria in light of National Party policy on this issue.

Volunteer visitors and reimbursements

In our principal submission we noted that Subsection 4(a) of the Bill limited the application of the provisions in the Bill to a person who is resident in New Zealand under subpart YD (Residence and source in New Zealand). Inland Revenue have advised us that a person is a resident of NZ for tax purposes after they have resided here for 183 days in a 12-month period.

This does not include visitors to New Zealand who stay here only for six months or less. VNZ has been concerned that if they choose to volunteer while here, they should be able to reimbursed for out-of-pocket expenses without it being considered income. They are not permitted to work and be paid for that work on a visitor's permit but any reasonable reimbursements should not be considered income.

We have been informed by the Department of Labour (Immigration Service) that reimbursements would be not be considered 'gain or reward' in terms of the definition of work in the Immigration Act. However there is a need for the Department to state this explicitly in its policy documents. We have been aware of differing interpretations within the Immigration Service on this issue even to the extent of statements that visitors cannot volunteer at all. Recently we became aware of the following statement on the advisory section of the Immigration Service's website

*"Holders of visitor permits cannot work in New Zealand. If you wish to work, you must first obtain a work visa/permit. This applies to **volunteer work** as well."*

We have been informed that this statement will be corrected but it is concerning that it appeared at all and demonstrates the need for an explicit policy statement which is consistent with the intention of what is contained in the Bill the Committee is now considering.

VNZ asks that the Committee draws attention to this matter when it is reporting on the Bill.

Treatment of honoraria

The Bill as written will require any honoraria payments to be subject to the appropriate rate of income tax. Any reimbursements currently made and included within or described as honoraria payments will need to be identified and reimbursed as separate payments.

In our principal submission we reported the strong level of support from within the community and voluntary sector for smaller honoraria payments to be made tax exempt. VNZ submitted the Committee should consider providing for such an exemption with the limit of at least \$500 and desirably \$1000.

We noted in the principal submission that it was National Party policy to allow honoraria payments up to \$500 to be tax exempt.

VNZ would now submit that this policy position be endorsed by the Select Committee and a limit of \$500 be set for tax exempt honoraria payments.