

CHARACTERISTICS OF DIFFERENT LEGAL FORMS

	UNINCORPORATED GROUP	INCORPORATED SOCIETY CHARITABLE TRUST	BOARD (TRUST-BASED)	CHARITABLE TRUST BOARD (SOCIETY-BASED)	COMPANY	INDUSTRIAL AND PROVIDENT SOCIETIES	MĀORI LAND TRUSTS
<i>Relevant legislation</i>		Incorporated Societies Act 1908	Charitable Trusts Act 1957	Charitable Trusts Act 1957	Companies Act 1993	Industrial and Provident Societies Act 1908	Te Ture Whenua Act 1993
<i>Operates for benefit of</i>	Members and/or community issue	Members and/or community	Education, religion, poverty relief or other community benefit	Education, religion, poverty relief or other community benefit	Shareholders	Members and/or community	Landowners and descendants
<i>Minimum number of people required</i>	2 individuals	15 individual members or 5 corporate bodies at all times	2 trustees	5 individual members	1 or more shareholders/directors	7 individual members	Trustees
<i>Tax status</i>	Income not taxable if approved as charitable by Charities Commission Can also operate under a range of exemptions from Inland Revenue	Income taxable unless Charities Commission tax exemption applies Can also operate under a range of exemptions from Inland Revenue	Income not taxable if approved as charitable by Charities Commission Can also operate under a range of exemptions from Inland Revenue	Income not taxable if approved as charitable by Charities Commission Can also operate under a range of exemptions from Inland Revenue	Charitable status possible	Tax paid on profits over wages and expenses	Charitable status possible
<i>Decision-making</i>	By members at general meetings and by committee	By members at general meetings and/or by committee (one member – one vote)	By trustees	By members at general meetings and/or by committee	By directors generally Shareholders at AGM in proportion to shares held	By members at general meetings and by committee (one member – one vote)	Trustees
<i>Members</i>	Made up of members with oral or written agreement between members	Membership rules around joining or leaving organisation	May have members of trusts with some power such as election of trustees Ultimately power is in hands of trustees	Members' role can be defined by constitution	No members, just shareholders	Membership rules around joining and leaving organisation	One trustee-one vote Shareholders in some circumstances
<i>Liability of committee/trustees</i>	Personal individual and joint liability for debts, torts, and statutory obligations and offences	Limited liability provided decision-makers act prudently, within objects, legally and not for personal gain	Likely to be limited liability provided decision-makers act prudently, within objects, legally and not for personal gain	Likely to be limited liability provided decision-makers act prudently, within objects, legally and not for personal gain	Limited liability provided directors act prudently, within objects, legally and not for personal gain – specific legislative provisions for company directors	Limited liability provided decision-makers act prudently, within objects, legally and not for personal gain.	Limited liability provided directors act prudently, within objects and the law, and not for personal gain – specific legislative provisions for trustees
<i>Reporting requirements</i>	None except that required by Charities Commission if applicable	Annual financial statement, register of members, change of rules and office to Registrar of Incorporated Societies or Charities Commission (if applicable)	Changes of rules, name and office, trustees (if trust owns land) to Registrar of Incorporated Societies. Same plus annual return to Charities Commission (if applicable)	Changes of rules, name and office, trustees (if trust owns land) to Registrar of Incorporated Societies. Same plus annual return to Charities Commission (if applicable)	Annual accounts, change of rules, name and office, list of directors to Companies Office and Charities Commission (if applicable)	Annual financial return to Registrar of Industrial and Provident Societies	Annual financial statement to Registrar of Maori Land Court
<i>Assets on liquidation</i>	Surplus assets can be distributed among members unless charitable status applies	Surplus assets can be distributed among members unless charitable status applies	Surplus assets must be passed to other charitable organisations	Surplus assets must be passed to other charitable organisations	Surplus assets distributed among shareholders unless charitable status applies	Surplus assets distributed among members unless charitable status applies	As the Court directs or to beneficial owners or successors
<i>Best suited for</i>	One-off situations	Not-for-profit groups who do not want more out of business than wages	Member-based not-for-profit bodies operating for benefit of education, religion, poverty relief or other community benefit	Member-based not-for-profit bodies operating for benefit of education, religion, poverty relief or other community benefit	Keeping control in a few hands but enjoying limited liability and ease of transferring all or part of ownership	Non-profit organisation for the purpose of industry, business or trade.	Only for Māori land owners or shareholders of corporations