



Sport NZ

Sport Volunteer Payments

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Taxation treatments

Generally, amounts derived by a person from voluntary activities are taxable income to that person, unless the amounts received are a reimbursement payment for expenditure incurred by the volunteer.

Volunteers are defined as “people who freely undertake activity in New Zealand that has been chosen either by them or the group of which they are a member”. The activity must provide a benefit to a community or to another person, with no intention of private pecuniary gain on the part of the volunteer.

Schedular payments

Provided volunteers are not employees, payments to volunteers for services provided by the volunteer are taxed as a “schedular payment”. The payer is required to deduct withholding tax from the payment. The default withholding rates are:

- 20% if the recipient has provided a "[Tax Rate Notification](#)" form; or
- 45% if no tax rate notification form is provided.

The recipient can elect to use a different rate on their "Tax Rate Notification" form, as long as it is not less than 10%. In their personal tax return, they can claim expenses against this kind of income.

Reimbursing expenses

Payments, (including vouchers) made to a volunteer to reimburse them for expenses that they incur in relation to the games/events that they are involved in may be treated as exempt income and not taxable. For a reimbursement payment to be treated as tax-exempt the following must be met:

- The payment must be based on actual expenditure incurred by the volunteer in undertaking the voluntary activity, or
- If based on an estimate of the expenditure incurred, the organisation has a process in place for making a reasonable estimate of the amount of expenditure likely to be incurred by the volunteers for whom reimbursement is payable. A similar process should be followed for per diem allowances as well.

Non-cash reimbursements such as petrol vouchers or meal vouchers still qualify for the exemption.

If a payment to a volunteer exceeds the actual cost incurred, the payer must treat the excess as an honorarium, and deduct tax at a rate of 33%, (unless the volunteer has not elected another rate and is not subject to a special or prescribed rate).

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An honorarium is an amount a person receives for providing services that is paid at a rate less than the market rate for providing the services, and is an amount for which, in the normal course, no payment is fixed for the services provided.

Mixed payments

If a payment is partly a reimbursement of expenses and partly for services provided, and if the portions of the payment are clearly identified and recorded, the reimbursement portion will be tax-exempt income and the rest will be treated as a schedular payment. If the portions of the payment are not clearly identified, the entire payment is treated as a schedular payment.

Gift or koha payments

Generally, a gift will not be subject to tax, if it meets all of the following:

- Made voluntarily;
- Provides a material benefit to the recipient without imposing a countervailing detriment.
- Be for no consideration; and
- Provides no material benefit or advantage to the giver in return.

The difference to a volunteer payment vs a gift/koha is that there cannot be any benefit or advantage gained by the giver, i.e., they cannot have received anything in return from the recipient of the gift that would of material benefit or advantage to the giver.

Generally, a gift/koha to a volunteer will usually be because of something that the person has done. However, unless the gift is quite large or valuable or happens regularly, it is unlikely to have the nature of income in the hands of the recipient. Each instance should therefore be assessed with reference to the nature of the gift in the hands of the recipient.

It may be difficult to distinguish whether a payment for volunteer services falls within the definition of a gift/koha payment or a taxable schedular payment. If unsure we recommend seeking advice from your tax advisors ahead of making any payment.



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