

## INCORPORATED SOCIETY

Incorporation of an association or club means that it becomes a legal identity in its own right, separate from the individual members. Put another way, the association is considered by law to have a distinct identity that continues regardless of membership.

There is no legal necessity for a sport or recreation organisation to become incorporated. However, becoming incorporated is something all clubs should seriously consider. It can protect individual members in certain situations and give your organisation the right to sign contracts, lease premises, operate bank accounts and apply for government grants. It should be remembered, however, that incorporation does not prevent actions for negligence against individual members in all circumstances.

### Why Incorporate?

The major features of becoming incorporated are:

- The association acquires the powers of a body corporate with perpetual succession and a common seal;
- The association may sue or be sued;
- The association may enter into contracts and acquire, hold and dispose of property;
- Members or officers of the association are generally not liable to contribute towards the payment of debts or liabilities of the association;
- The name of the association concludes with the word 'Incorporated' or the abbreviation 'Inc.' as part of its name;
- If members or office bearers of the association incurred liabilities or obligations on behalf of the association prior to incorporation, those liabilities and obligations can be exercised against the incorporated association.

For more information on Incorporation contact the Department of Internal Affairs -

[http://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Community-Resource-Kit-Index?OpenDocument#B3](http://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Community-Resource-Kit-Index?OpenDocument#B3) or telephone (04) 495-7200.

## Follow these steps to set up an Incorporated Society

Meet and:

- Decide on a name of the group.
- Draft the rules which include your group's aims, rules and powers.

Ring 0508 COMPANIES or go to [www.societies.govt.nz](http://www.societies.govt.nz) click on "Library"), and request the following:

- Application form (two copies needed) and a statutory declaration form.
- The guide: *Registering an Incorporated Society*.
- Any other relevant material from the website.

The Companies Office sends you all the documents you have requested.

Call a meeting of at least 15 people. At this meeting your group should:

- Approve the constitution
- Complete the application for Incorporation documents.
- Complete the statutory declaration form.

Send the completed documents back to the Companies Office:

The Application for Incorporation document (two copies).

- Two copies of your rules.
- Statutory declaration.
- Initial set up fee.

The Companies Office informs your group that it is now an Incorporated Society.

You are sent:

- A certificate of incorporation and a stamped copy of your rules.

Send a copy of your certificate and a stamped copy of your Rules to IRD requesting formal approval for the appropriate tax exemption. Also send a copy of your draft Constitution – IRD will need to approve this draft. You may need to make changes to it to meet IRD's approval.

Your Incorporated Society is informed by IRD that it has had its tax exemption approved. To maintain your registration you will need to file the following documents with the Companies Office each year:

- Annual Financial Statement.
- Rule changes (including any name changes).
- Address changes.