

- ☐ There are two tests of what is ‘substantial’ — an ‘expenditure test’ which provides a sliding scale of permissible expenditures capped at \$ US 1 million and a ‘substantial part test’ which looks at all the activities of the organisation;

Political organisations under section 527 of the Code can attempt to influence elections so they can engage in unlimited political campaign activity.

- ☐ The exemption from income tax for these organisations is more limited than other tax-exempt organisations because certain income, such as investment income is subject to income tax and contributions are not tax-deductible.

NEW ZEALAND

In New Zealand (NZ), the Charities Act 2005 (NZ) specifies that advocacy is a non-charitable purpose. However, the presence of this purpose does not prevent the entity from registering as a charity if this purpose is merely ancillary to a charitable purpose of the entity.

The NZ Charities Commission advises that examples of political activities that charities may carry out are:

- ☐ political campaigning such as public awareness and influencing and changing public attitudes or to influence government policy or legislation; and
- ☐ activities aimed at securing or opposing any change in the law or in the policy or decisions of a government.

Non-permissible activities include where the political activity is not aimed at achieving its purposes, for example supporting an individual political party or candidate or the focus on political activity is so great that it becomes a main purpose. A charity with exclusively charitable purposes may carry out political activities, provided they are a legitimate means of furthering their purposes.