



Aikido Association of New Zealand

Why become an incorporated society

What is an incorporated society?

- An incorporated Society is a group or association registered under the Incorporated Societies Act 2022.
- This gives the group a legal identity, separate to that of its members.
- This means that while the membership may change, the society's identity does not.
- It also means the members are not personally liable for the society's debts or other obligations, and cannot have a personal interest in any property or assets owned by the society.

Any group with 10 or more members can apply to become an incorporated society.

Becoming an incorporated society suits an organisation that is likely to be operating for a long period, and is NOT set up for the purpose of making a profit.

The advantages of becoming an incorporated society

- An incorporated society can lease, rent, buy and sell property, borrow money and sign contracts in its own name.
- The society's property (premises, money, training mats etc) is held by the society rather than by its members. No individual member can have a personal interest in any of the society's assets.
- An incorporated society maintains its own separate legal identity even when its membership changes.
- Members cannot be personally liable for the society's debts or other obligations unless:
 - they apply to activities undertaken to obtain money for profit that personally benefits those members
 - they relate to unlawful activities.In these cases, every member involved is personally liable.
- Because the society's rules must meet the minimum requirements set out in the Incorporated Societies Act 2022, there is certainty and consistency in the way the society is run.

An incorporated society may be entitled to an income tax exemption.



Aikido Association of New Zealand

What an incorporated society can do

Any activity carried out by an incorporated society must:

- be lawful
- be permitted by its own rules
- not make money for the benefit of individual members.

Obligations and responsibilities

- An incorporated society must comply with the laws of New Zealand.
- It must comply with the society's own rules
- There are restrictions on distributing money to members (the society cannot raise money and give it to its members to use as if it were their own).
- You will be required to file financial statements annually and keep the societies information (officers, address etc) up to date. This can be done online.
- You will be required to keep financial and membership records.

What if a society is not incorporated?

A society does not have to be incorporated in order to operate. So, before you decide whether to incorporate, you should consider the following issues of not doing so:

- A club or society does not have a separate legal identity to that of its members if it is not incorporated.
- Members of an unincorporated society can be held liable for the society's debts.
- An unincorporated society cannot sue or be sued in court. Any court action would be taken by, or against, the members individually.
- An unincorporated society cannot own property or enter into contracts.
- If a society is not incorporated, it is not required to have rules to govern it. This can become a problem if there are disputes about how the society is run.
- An unincorporated society cannot use the word 'Incorporated' at the end of its name.

How to get Started

You can go to <https://is-register.companiesoffice.govt.nz/> for more information

AANZ has members who can help you through the process.
[Contact Us](#)