

Incorporated Societies (NZ)

A comparison between the [Incorporated Societies Act 1908](#) and the [Incorporated Societies Act 2022](#)

Topic	1908 Act	2022 Act
Membership		
Minimum number of members	15 (section 4)	10 (section 74)
Consent to membership	No requirements	A person must consent to become a member of the society (section 76)
Governance		
Committee	No requirements	Must have a committee of at least 3 members, and the majority must be society members (unless regulations prescribe otherwise) (section 45)
Concept of an officer	Not explicitly defined	Includes all committee members, as well as others, for example, treasurer, CEO (section 5)
Officers' duties	Not clearly articulated	Six broadly expressed duties modelled on directors' duties in the Companies Act 1993 to: <ol style="list-style-type: none"> 1. Act in good faith and in the best interests of the society 2. Exercise powers for proper purposes only 3. Comply with the Act and the constitution 4. Exercise reasonable care and diligence 5. Not create a substantial risk of serious loss to creditors 6. Not incur an obligation the officer does not reasonably believe the society can perform (sections 54—59)
Criminal offences	Generic offences set out in the Crimes Act 1961	Six offences that target egregious conduct including: <ol style="list-style-type: none"> 1. Making false statements 2. Fraudulent use or destruction of property

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		3. Falsification of documents 4. Defrauding of creditors 5. Improper use of 'incorporated' or its Te Reo version 'manatōpu' 6. Breaching of a banning order (sections 154—159)
Reporting and audit		
Preparation of financial statements	No requirement to apply XRB accounting standards (unless it is registered as a charity)	Only a ' small society ' is exempt from using XRB accounting standards (unless it is registered as a charity) (section 102(2))
Audit of financial statements	No requirement to have financial statements audited (unless it is registered as a charity)	A society (unless it is registered as a charity) must have its financial statements audited by a Qualified Auditor if, in each of the 2 preceding years, its total operating expenses are ≥\$3m (Regulation 16)
Financial statements filed with Registrar	Must be filed annually (section 23)	Must be filed within 6 months of the society's financial year end (section 102(3))
Annual return	No requirement to file an annual return	Must be filed annually (section 109)
Annual General Meeting (AGM)	No guidance	Must be held within 6 months of the society's financial year end (section 84)
Other		
Internal dispute resolution procedures	No requirements	A society must have adequate dispute resolution procedures, and these must be specified in its constitution (sections 38—44)
Amalgamations	No legislative framework for amalgamations of 2 or more societies	Amalgamations can take place as outlined in the Companies Act 1993, but follow a more simplified process (sections 191—206)
Distribution of surplus assets after winding up	Can be given to any party	Must be given to one or more not-for-profit entities, and these must be specified in its constitution (section 216)

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