



What can a charitable trust do?

A trust can operate in almost exactly the same way as an individual person can. A trust can hold property, raise mortgages, hold bank accounts and generally hold all types of assets and investments as long as it operates according to the powers set out in the trust deed.

To be registered under the Charitable Trust Act 1957, a trust must exist principally or exclusively for:

- a charitable purpose according to the law of New Zealand, or
- any purpose that is religious or educational whether or not such purpose is charitable according to New Zealand law.

A charitable purpose may be the object of a trust or the purpose for which a society is formed. The following purposes may be the basis of registration as a charitable trust:

- the promotion of education
- the promotion of religion
- the relief of poverty
- other purposes of benefit to the community.

It is also charitable to establish facilities for recreation and other leisure-time activities if those facilities are provided in the interests of social welfare and are of public benefit.

Charitable trusts are normally formed to undertake charitable activities and are less suitable for commercial activities. A charitable trust may make profits on their trading activities but the profits must be used for their charitable purposes and cannot be distributed to members.