

		Incorporated Society		Charitable Trust
Best suited for.....		Not-for-profit membership-based organisations.		Not-for-profit bodies operating for charitable purpose
Legislation	✓	Incorporated Societies Act 2022	✓	Charitable Trusts Act 1957 and Trusts Act 2019
Operates for the benefit of...		Members and/or community		Charitable purpose (education, relief of poverty or other community benefit)
Governance	✓	By officer that are elected. Must have a committee of at least 3 members	✓	By Trustees that are appointed (usually by existing trustees)
Minimum number of people required	✓	10 – and all new members must consent to be members	✓	Charitable Society – 5 members Charitable Trust – 1 trustee (or usual to have 2)
Decision Making		By members/committee in accordance with constitution		By trustees in accordance with Trust Deed.
Annual General Meetings & Elections	✓	AGMs are required to be held in accordance with the Act and the society's constitution. Election of officers, which takes place according to the society's constitution	✗	AGMs are not required. Trustees meet regularly to make decisions as required by the trust deed. No Elections. Trustees are appointed as set out in the Trust Deed.
Reporting requirements	✓	Annual financial statement, register of members, changes of rules and office – to the Register of Incorporated Societies.	✓	Annual financial statement, register of members. Annual report to Charities Services.
Stability	✗	Can be less stable owing to the annual election of officers	✓	Trustees can remain in office for several years providing more stability.
Flexibility	✗	Less flexible structure, as the society is accountable to its members.	✓	More flexible structure, as the trustees must comply with the trust deed.
Democracy	✓	Decisions such as amendments to the constitution and the election of officers are made by members.	✗	Decisions are made by the trustees according to the trust deed.
Efficiency	✗	Can be inefficient governance structure, as bigger decisions need to be made by members.	✓	Efficient governance structure, as decisions are made by a select few.
Liability of management etc		Limited liability unless members run the society to make profit for themselves		No liability unless the trustee does not comply with the Trust Deed and the Trusts Act 2019.
Charities registration	✓	An incorporated society can register as a charity	✓	A Charitable trust can register as a charity
Taxation		Taxed unless registered with Charities Services & IRD. Can also apply for a range of exemptions from IRD.		Income not taxed if registered with Charities Services and IRD.