

# Marae PGF Funding – GST and employer impacts

The Provincial Growth Fund (PGF) package includes an allocation of funds for the renovation of town halls, war memorials, Marae and Pasifika churches. This factsheet explains GST and employer impacts for Marae receiving these funding payments.

## Do we need to register for GST? Our Marae do not provide goods and/or services.

No. Receiving the funding itself does not mean the marae has to register for GST.

The marae will use the funding to employ individual whānau members, contractors and suppliers of materials to renovate the marae. At no time will the marae provide goods and/or services during the renovation project.

## Do we need to register for GST if our Marae provides goods and/or services under \$60,000?

No. GST registration is not compulsory where you carry out a taxable activity and your sales of goods and services were less than \$60,000 in the last 12 months, and you expect them to be less than \$60,000 in the next 12 months.

**Example:** A marae receives or invoices MBIE for its PGF funding and the amount is over \$60,000. The marae will not have to register for GST if the funding is the only reason the marae income exceeds \$60,000 in the 12 month period.

## How does the PGF funding affect us? Our Marae are already GST-registered and provide goods and/or services.

Marae who are already GST registered need to consider whether their taxable activities include the property that is being renovated. If that is the case, the property that is being renovated will form part of the assets of the taxable activity and the funding will be subject to GST. That means that they will be liable to return GST on the funding received, but will also be able to claim GST deductions if the funding is spent on purchases from GST registered suppliers.

**Example:** PGF funding is used to upgrade wharekai and wharepaku. The marae continues to lease the wharenui, wharekai and wharepaku out for wānanga and other events where GST is charged. The PGF funding is subject to GST that will need to be returned as "sales and income" in the marae's GST return. The marae uses the funding to buy services from a GST-registered builder and materials from a hardware store which they claim as a deduction of "purchases and expenses" in the marae's GST return.

## A 3rd party representative has applied and received the funding on behalf of our Marae, do we need to do anything?

Where the funding is paid through a representative, each marae will need to consider whether it has a GST liability. This means that the representative and the individual marae will need to liaise about any potential GST liability for the representative to provide the correct information to MBIE.

## Employing whānau and/or contractors

Where marae employ individuals or individual contractors they will have to register as an employer and file Employment Information returns. This is to account for wages and/or payments made to individuals and contractors for work completed under the PGF Funding scheme.

As an employer, you are required to make deductions from your employees earning a wage, salary or schedular payments. This is known as PAYE (pay as you earn). You must deduct and pay PAYE tax to Inland Revenue on your employees' behalf by the due dates. All employees must fill in either a **Tax code declaration - IR330** (for employees) or a **Tax rate notification - IR330C** for contractors receiving schedular payments.

## Where can I find more answers or get help?

### Kaitakawaenga Māori

Our Kaitakawaenga Māori officers are here to help. We understand there may be further questions and can give clear advice and direction on a case by case basis. To make contact use this link available here on our website: [ird.govt.nz/contactus/kaitakawaenga-maori](https://ird.govt.nz/contactus/kaitakawaenga-maori)

Ngā mihi