



## COVERSHEET

<b>Minister</b>	Hon Erica Stanford	<b>Portfolio</b>	Immigration
<b>Title of Cabinet paper</b>	Changes to Active Investor Plus Settings to Support New Zealand's Prosperity	<b>Date to be published</b>	23 June 2026

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
8 May 2026	Changes to Active Investor Plus Settings to Support New Zealand's Prosperity	Office of the Minister of Immigration
13 May 2026	Changes to Active Investor Plus Settings to Support New Zealand's Prosperity ECO-26-MIN-0077 Minute	Cabinet Office
1 September 2025	Briefing: Active Investor Plus visa – Changes to the philanthropic investment class	MBIE
10 December 2025	Briefing: Active Investor Plus visa – Report back on options to incentivise philanthropy	MBIE

### Information redacted

**YES / NO** (please select)

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of Confidential advice to Government and Privacy of natural persons.



## BRIEFING

### Active Investor Plus visa – Report back on options to incentivise philanthropy

<b>Date:</b>	10 December 2025	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	0024397

Action sought		
	Action sought	Deadline
Hon Nicola Willis <b>Minister for Economic Growth</b>	<b>Note</b> the feedback received during targeted consultation  <b>Agree</b> to your preferred philanthropy settings  <b>Agree</b> to receive a draft Cabinet paper in January 2026  <b>Forward</b> a copy of this briefing to the Minister for the Community and Voluntary Sector	17 December 2025
Hon Erica Stanford <b>Minister of Immigration</b>		
Hon Todd McClay <b>Minister for Trade and Investment</b>		

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Stacey O'Dowd	Manager, Immigration (Border and Funding) Policy	Privacy of	✓
Michael Contaldo	Manager, Investment Policy	Privacy of	
Rian Walden	Policy Advisor, Immigration (Border and Funding) Policy	Privacy of	

The following departments/agencies have been consulted
<p><b>Government agencies/autonomous crown entity:</b> Department of Internal Affairs (DIA), Inland Revenue Department (IRD), Invest New Zealand, Ministry of Foreign Affairs and Trade, and the Treasury.</p> <p><b>Philanthropy sector:</b> 45 South Community Foundation (who did not respond), ANZ, Craigs Investment Partners, Forsyth Barr, JBWere, Philanthropy New Zealand, and The Gift Trust.</p> <p><b>Other:</b> The Minister of Immigration's Immigration Advisor Reference Group.</p>

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments



# BRIEFING

## Active Investor Plus visa – Report back on options to incentivise philanthropy

<b>Date:</b>	10 December 2025	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	0024397

### Purpose

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This briefing provides you with:

- a summary of the feedback received during targeted consultation on proposed changes to philanthropy settings under the Active Investor Plus (AIP) visa
- choices about settings for philanthropy, for which we seek your direction.

### Executive summary

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Under current AIP visa settings, philanthropy is an acceptable investment under the Balanced category. However, none have opted to do so since the visa was established in 2022. Between 4 and 28 November 2025, MBIE undertook targeted consultation on proposals to incentivise philanthropy as an acceptable investment option under the AIP visa.

The proposed objectives of the changes are to:

- diversify acceptable investment options under the Growth category, noting that most investor migrants (about 81 per cent) have opted for that category, and
- incentivise donations to be made as part of an AIP investor's holistic immigration investment to better support the funding of New Zealand charities.

While the majority of stakeholders were broadly supportive of changes to help incentivise the making of donations via the AIP programme, none were of the view that the changes proposed would result in a material increase in donations. Stakeholders consistently remarked that philanthropy is rarely a priority for investors at the time of applying for an AIP visa (as they are focused on gaining residence), and that donations are typically made after trust, networks, and a strong sense of community connection have formed.

As you are aware, changes to AIP's acceptable investment settings require agreement from the Ministers of/for Economic Growth, Immigration, and Trade and Investment (the joint ministers) [CAB-22-MIN-0162.01 and ECO-24-MIN-0290 refer].

MBIE therefore seeks direction from the joint ministers on key policy design choices to make philanthropy more attractive through:

- changes to Balanced category settings to either offer discounts to time in New Zealand (**recommended**) or length of investment requirements
- changes to Growth category settings to allow investors to make donations as part of their total investment, either with a 20 per cent cap on the total sum invested (**recommended**), or without a cap
- enhancements to acceptable investment criteria for philanthropic investments (BN7.10.5) that establish the necessary safeguards to ensure the attraction of high-quality and New Zealand-focused donations (**recommended**)

- enabling donations to be transferred to New Zealand via international intermediaries, such as donor-advised funds, to encourage larger donations to be made (**not recommended**).

There are ICT implications and changes could be made by approximately end of May 2026 (further details at **Annex One**).

Following confirmation of your preferred settings, MBIE will provide the Minister of Immigration with a Cabinet paper on 22 January 2026, for consideration by Cabinet Economic Policy Committee on 4 March 2026.

## Recommended action

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MBIE recommends that you:

- a **Note** that MBIE has undertaken targeted consultation with stakeholders on proposals to incentivise philanthropy under both the Balanced and Growth categories of the AIP visa; a summary of the key feedback received is set out at **Annex Two**

*Noted*

### Objectives

- b **Agree** that the objectives in changing philanthropy's visa settings are to:
- support the diversification of the acceptable investment classes available under the Growth category
  - incentivise donations to be made as part of an AIP investor's immigration investment
  - support the funding of charities and encourage charitable giving

*Agree / Disagree / Discuss*

### Changes to the Balanced category

- c **Note** that we consulted on two options to incentivise donations under the Balanced category, either through discounts to time in New Zealand or length of investment retention requirements

*Noted*

- d **Note** that the majority of stakeholders consider that discounting investors' time in New Zealand requirements would influence investor behaviour more

*Noted*

- e **Note** that permitting a discount to time in New Zealand requirements may discourage direct and managed fund investments, which offer the same discounts, and that MBIE considers this risk to be low as donations have had an historically low uptake

*Noted*

- f **Note** that both options have ICT implications and that discounting the time in New Zealand requirement is estimated to take less time to implement (**20 weeks**) than the option to reduce the length of the investment period (**26 weeks**)

*Noted*

- g **Agree** that donations are incentivised by **EITHER**

- Discounting time in New Zealand requirements as described in **Annex One**, where the discount is proportionate to the sum donated (**Recommended**), **OR**

*Agree / Disagree / Discuss*

- Reducing the investment period to four years, where a \$5 million (or greater) donation is made to at least one charity at the commencement of the investment period

*Agree / Disagree / Discuss*

### Changes to the Growth category

- h **Note** that MBIE consulted on making philanthropy an investment option under the Growth category, either with a 20 per cent cap on the total value of the investment made (eg \$1 million of the minimum \$5 million required), or no cap (as outlined at **Annex Two**) and there were divergent views  
*Noted*
- i **Note** that MBIE considers that permitting uncapped donations to be made under the Growth category would risk diluting the economic value of investments and conflicts with its aim to reward higher risk and more active investment behaviours  
*Noted*
- j **Note** that this proposal, irrespective of whether a cap is introduced, has ICT implications and is estimated to take **20 weeks** to implement  
*Noted*
- k **Agree** to make philanthropy an acceptable investment under the Growth category and **EITHER**
- i. cap donations at 20 per cent of the total sum invested by the investor migrant  
**(Recommended), OR**  
*Agree / Disagree / Discuss*
  - ii. have no cap on the maximum sum that can be donated  
*Agree / Disagree / Discuss*

### Updates to acceptable investment criteria (applying to donations under either investment category)

- l **Note** that the majority of stakeholders considered, and MBIE agrees, that the implementation of approved sector and/or exclusion lists would be operationally unworkable, and that it would be preferable to build on Immigration New Zealand's (INZ) existing criteria (BN7.10.5)  
*Noted*
- m **Agree** to introduce additional requirements in immigration instruction BN7.10.5 (philanthropy's acceptable investment criteria), as described at **Annex One (Recommended)**  
*Agree / Disagree / Discuss*

### Enabling donations to be transferred to New Zealand via international intermediaries

- n **Note** that the Minister of Immigration asked MBIE to consult on the risks and opportunities associated with enabling donations to be transferred to New Zealand via international intermediaries [0019413]  
*Noted*
- o **Note** that some stakeholders strongly supported allowing intermediaries to incentivise donations, primarily because these vehicles commonly provide tax advantages for investors in their home countries (particularly in the United States of America)  
*Noted*
- p **Note** that most stakeholders raised concerns about tracing funds through international intermediaries and equity issues, as smaller charities may lack the scale to establish required overseas investment structures (further details are provided in **Annex Two**)  
*Noted*
- q **Note** that MBIE does not consider that the risks identified in relation to the traceability of fund movements, nor equity concerns raised, can be satisfactorily mitigated  
*Noted*

r **Agree to EITHER:**

- i. introduce international intermediaries as an acceptable transfer vehicle under immigration instruction BN8.10 (allowing donations to be transferred to New Zealand via international intermediaries), with restrictions, **OR**

*Agree / Disagree / Discuss*

- ii. retain the status quo (donations cannot be transferred to New Zealand via international intermediaries) (**Recommended**)

*Agree / Disagree / Discuss*

**Next steps**

- s **Agree** that MBIE provide the Minister of Immigration with a draft Cabinet paper for consideration by Cabinet Committee in January 2026, Confidential advice to [REDACTED]

*Agree / Disagree*

- t **Agree** to forward a copy of this briefing to the Minister for the Community and Voluntary Sector for her information

*Agree / Disagree*



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**Manager, Immigration (Border and Funding) Policy**  
Employment, Skills and Immigration Policy,  
MBIE

10 / 12 / 2025



Michael Contaldo  
**Manager, Investment Policy**  
Technology and Innovation, MBIE

10 / 12 / 2025

Hon Nicola Willis  
**Minister for Economic Growth**

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Hon Erica Stanford  
**Minister of Immigration**

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Hon Todd McClay  
**Minister for Trade and Investment**

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## Background

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1. INZ is aware of one applicant across Investor 1 and 2 categories (the predecessor visas to AIP) who nominated a philanthropic donation to meet visa criteria since 2009 (when those categories were established). INZ is not aware of any philanthropic donations being made under the AIP visa since it was established in 2022.
2. MBIE understands that given current cost of living pressures, there is also a higher demand from charities for funding to support the continued delivery of services. Incentivising donations is one way the Government can support this gap and continue to encourage charitable giving.<sup>1</sup> MBIE understands that high-net-worth individuals tend to favour causes including higher education, medical research, arts, and the environment.<sup>2</sup>
3. On 1 September 2025, at her request, the Minister of Immigration was provided with advice on options to incentivise donations to be made under the Balanced category of the AIP visa alongside options to tighten the acceptable investment criteria for philanthropy to ensure donations align with the visa's objectives and benefit domestic causes [0019413 refers]:
  - a. **Balanced category** – reduce the investor migrant's investment period (currently five years) to four years if they make a \$5 million (or greater) donation to at least one New Zealand charity
  - b. **Implement an approved sector list** – capital can be donated to charities supporting one or more sectors on an approved list
  - c. **Implement an exclusion list** – capital cannot be donated to charities supporting any sectors or causes included in an exclusion list
  - d. **Implement both an approved sector and exclusion list**
  - e. **Enable donations to be transferred to New Zealand from overseas using international intermediaries**, such as donor-advised funds (DAF).<sup>3</sup>
4. This briefing summarises the feedback received during consultation and sets out proposed options for change. We seek direction on your preferred approach to key settings.

## Report back on targeted consultation

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5. MBIE consulted with the following targeted stakeholders between 4 and 28 November to seek their feedback on the proposed changes:
  - a. **Government agencies/an autonomous crown entity:** Department of Internal Affairs, Inland Revenue Department, Invest New Zealand, Ministry of Foreign Affairs and Trade, and the Treasury.
  - b. **Philanthropy sector:** 45 South Community Foundation (who did not respond), ANZ, Craigs Investment Partners, Forsyth Barr, JBWere, Philanthropy New Zealand, and The Gift Trust.
  - c. **Other:** Members of the Minister of Immigration's Immigration Advisor Reference Group (IARG).

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<sup>1</sup> In December 2024, the Minister for the Community and Voluntary Sector launched the *Twelve Days of Giving campaign* alongside Philanthropy New Zealand to encourage charitable giving.

<sup>2</sup> *The New Zealand Support Report: The current state and significance of giving in New Zealand and the outlook for recipients* (JBWere in collaboration with Philanthropy New Zealand, February 2020).

<sup>3</sup> DAFs allow investors to place capital into a fund, receive tax deductions for doing so, and then distribute the capital when the donor advises and/or recommends a charity to receive some or all of that capital.

6. **Annex Two** provides a summary of the themes raised during consultation on the proposed changes to philanthropic visa settings. Key feedback received is set out below.
7. While the majority of stakeholders were broadly supportive of changes to help incentivise the making of donations via the AIP programme, none were of the view that the changes proposed would result in a material increase in the volume of donations being made. Stakeholders consistently remarked that philanthropy is rarely a priority for investors at the time of applying for an AIP visa (as they are focused on gaining residence), and that donations are typically made after trust, networks, and a strong sense of community connection have formed.

## **Key themes from the consultation**

### *Incentivising philanthropic investments under Balanced category*

8. The majority of stakeholders consulted stated that offering a one-year reduction in the time taken to achieve permanent residence represented a marginal benefit and that the reducing the time in New Zealand requirement would be more significant in terms of influencing investor behaviour (investors are seen as 'global citizens', preferring not to be tied down).

### *Allowing philanthropy under the Growth category*

9. A number of stakeholders consulted argued there should be no cap on this investment as donations are a permanent capital transfer, cannot be repatriated or liquidated, and often have intergenerational impact.
10. Others noted that a cap could complicate the policy and discourage genuinely philanthropic investors at a time when donations are greatly needed. However, several stakeholders noted that a cap was a useful mechanism to ensure the majority of AIP investment continues to be economically productive.

### *Updates to acceptable investment criteria to specify which sectors investors can donate to*

11. Stakeholders were sceptical of options to either endorse or exclude certain sectors or causes as acceptable philanthropic investments. This was because of operational challenges likely to be associated with their implementation, their subjectivity, and a perception that they might inadvertently undermine existing regulations that most stakeholders considered sufficient to keep New Zealand's charitable sector in good order.
12. Many noted that while the existing acceptable investment criteria (BN7.10.5) are sufficient, they could be further enhanced with additional requirements related to the disclosure of donor-affiliations, provision of support to exclusively domestic causes, and the status of charities (registration, annual returns, tier).

### *Enabling donations to be transferred to New Zealand via international intermediaries*

13. Stakeholders raised a number of benefits associated with enabling donations to be transferred to New Zealand via international intermediaries. For example, that allowing them would make the investment process simpler/more familiar to investors experienced in giving and potentially provide tax advantages for them in their home countries.
14. However, a number of concerns were expressed about the traceability of fund movements via these intermediaries, and the possibility that smaller charities might receive less investment as it is generally larger charities that have both the size and scale to establish overseas investment structures.
15. The primary concerns expressed about enabling donations to be transferred to New Zealand via international intermediaries were that it would add significant complexity to the visa process and give rise to a number of risks. For example, IRD expressed concern that

permitting donor-advised funds could potentially facilitate the eventual repatriation of any funds donated. INZ Risk and Verification considered that enabling this transfer method could undermine the integrity of existing methods permitted under BN8.10 (Transfer of the nominated funds or funds from the sale of nominated assets) and the legitimacy of the existing transfer and investment process.

## **Proposed changes to philanthropy settings and key choices**

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16. MBIE has identified several key choices regarding the proposed changes to philanthropy settings and seeks to determine your preferred approach. **Annex One** summarises the options and notes MBIE's recommendation.
17. The proposed changes could have the following three objectives, subject to your direction:
  - a. **to support the diversification of the acceptable investment classes under the Growth category**, ensuring that investors have a variety of investment options available that can increase the flow of foreign capital into a variety of areas that align with the Government's economic strategy
  - b. **to incentivise donations to be made as part of an AIP investor's immigration investment** (preserving the integrity of philanthropy as an acceptable investment option under the AIP visa), and
  - c. **to support the funding of charities and to encourage charitable giving.**

### **Incentivising philanthropy under the Balanced category**

18. One option is to discount the investor's time in New Zealand requirements (from the base 105 days required) as set out in **Annex One**. The discount would be proportionate to the sum donated, allowing the time required to be reduced by up to 42 days. MBIE recommends this option as it is simpler to implement and would be more attractive to investors.
19. There is a risk that this may disincentivise Balanced category investors from making more economically productive investments (in direct investments and managed funds), which offer the same discounts. MBIE considers this risk low given feedback from stakeholders that interest in philanthropic investments is likely to remain relatively low.
20. The alternative is to reduce the investor's investment period (currently five years) to four years, if they make a \$5 million (or greater) donation to at least one New Zealand charity. The discount would only apply where the investment is made at the beginning of the investment period (to ensure operational efficiency).
21. Both options have ICT implications, and the former would take less time to implement (20 weeks compared to 26 weeks).

### **Allowing philanthropy under Growth category**

22. If you agree to allow philanthropy under Growth, you could choose to either set the cap at 20 per cent of the total sum invested by the investor migrant (eg \$1 million where the minimum required sum of \$5 million is invested), or have no cap.
23. MBIE recommends the implementation of a 20 per cent cap to ensure the majority of Growth category investments continue to be made in active investments (direct investments and managed funds). These investments are generally considered to be of greater economic value and better align with the policy intent of the AIP visa (to attract active investors who wish to make a significant contribution to New Zealand's economy).
24. MBIE also considers that uncapped donations under the Growth category would conflict with the category's aim to reward higher risk and more active investment behaviours with discounted time in New Zealand, investment period, and investment threshold requirements.

25. While making philanthropy an option under the Growth category has ICT implications and is expected to take 20 weeks to implement, imposing a cap (or not) has no time consequence.

### Enhance existing acceptable investment criteria

26. Given the strong opposition to the implementation of approved sector and/or exclusion lists (as set out in paragraphs 11 and 12), MBIE now considers those options to be unworkable and instead recommends that the existing acceptable investment criteria for philanthropy (BN7.10.5) are enhanced with additional requirements, including:
- a. that investors disclose to INZ whether they have pre-existing affiliations with the receiving charity, to prevent misuse and ensure genuine philanthropic intent
  - b. stating in immigration instructions, for avoidance of doubt, that charities must be registered in New Zealand
  - c. increasing the year requirement for annual returns to five years (from two)
  - d. that donations are to be wholly applied within New Zealand in support of domestic causes (with written agreement between the investor and the charity confirming this)
  - e. that donations can only be made to charities within Tiers 1 to 3, currently accounting for about 45 per cent of all New Zealand charities.<sup>4</sup>
27. MBIE seeks your agreement to the requirements above in principle and will continue to work with Charities Services within DIA to ensure final options are operationally feasible. There are no ICT implications.

### Enabling donations to be transferred to New Zealand via intermediaries

28. You could add international intermediaries as an acceptable transfer vehicle under immigration instruction BN8.10(c)(iii). However, MBIE does not recommend this option as the systemic risks identified by INZ, in addition to the risk of funds being repatriated during the investment period (identified by IRD), cannot be sufficiently mitigated.
29. MBIE also agrees with stakeholders that permitting these intermediaries would likely give rise to equity concerns because smaller charities are less likely to have the resources required to establish the necessary structures overseas.

### Next steps

30. Subject to direction, we will provide the Minister of Immigration with a draft Cabinet paper in January 2026, for consideration by Cabinet Committee in March 2026 (as outlined in **Table 1** below). This paper will also outline further proposed changes related to the expansion of acceptable investment options under the Growth category, including those related to **Confid** [0024009 refers] and **Confidential** [0024170 refers].

**Table 1: Timeline for key Cabinet milestones**

Milestone	Date (2026)
Draft Cabinet paper to Minister of Immigration	22 January
Agency consultation	26 – 30 January
Ministerial consultation	2 – 13 February
Updated Cabinet paper to Minister of Immigration	19 February
Lodge Cabinet paper	26 February
ECO	4 March
Cabinet	9 March

<sup>4</sup> This would exclude Tier 4, representing about 55 per cent of New Zealand charities (noting a charity's tier may change from year-to-year, depending on its annual expenditure). Broadly, the tier system is based on charities' methods of accounting, annual expenses or operating payments, and public accountability.

## **Annexes**

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Annex One: Proposed changes to philanthropy settings and MBIE recommendations

Annex Two: Previously proposed changes to philanthropy settings and summary of stakeholder feedback

**Annex One: Proposed changes to philanthropy settings and MBIE recommendations**

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Proposal	MBIE recommendation	Implementation timeframe
<p><b>Reduce Balanced category investors' investment period</b> (currently five years) to four years if they make a \$5 million (or greater) donation to at least one New Zealand charity. This discount would apply only where the investor migrant makes the investment at the beginning of their immigration investment period (i.e. they could not seek to gain this benefit by making a donation two years into their investment period).</p> <p><b>OR</b></p> <p><b>Discount Balanced category investors' time in New Zealand requirements</b> (from 105 days). The same conditional discounts given to Balanced investors who choose Growth category investments would apply:</p> <ul style="list-style-type: none"> <li>\$11 million nominated (with at least \$1 million donated) = 91 days</li> <li>\$12 million nominated (with at least \$2 million donated) = 77 days</li> <li>\$13 million nominated (with at least \$3 million donated) = 63 days.</li> </ul>	<p><b>MBIE recommends discounting the investors' time in New Zealand requirements</b> for the following reasons:</p> <ul style="list-style-type: none"> <li>it is simpler to implement at an operational level (taking 20 rather than 26 weeks) as it leverages off the existing discount system already applying to Balanced category investors who opt to invest in direct investments and managed funds</li> <li>stakeholders strongly considered that this option would be more attractive to investors</li> <li>while there is a risk that this may disincentivise Balanced category investors from making more economically productive investments (in direct investments and managed funds), MBIE considers this to be mitigated by the assumption that interest in donating would remain relatively low.</li> </ul>	<p>Both options have ICT implications - discounting the time in New Zealand requirement is estimated to take less time to implement (<b>20 weeks – by May 2026</b>) than the option to reduce the length of the investment retention period (<b>26 weeks – by August 2026</b>).</p> <p><b>Note:</b> Implementation of the option to discount time in New Zealand requirements (recommended) can occur concurrently with the proposed changes to Growth category settings below (ie both are implementable together by approximately end of May 2026).</p>
<p><b>Philanthropy becomes an investment option under the Growth category</b> (in addition to being available under the Balanced category) <b>with EITHER:</b></p> <ul style="list-style-type: none"> <li><b>A cap</b> (set at 20 per cent of the total sum invested, eg \$1 million where the minimum \$5 million required under the Growth category is invested)</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li><b>No cap</b> on the maximum sum able to be donated.</li> </ul>	<p><b>MBIE recommends the implementation of a 20% cap on donations made under the Growth category</b> for the following reasons:</p> <ul style="list-style-type: none"> <li>this will ensure the majority of Growth category investments continue to be made in active investments (direct investments and managed funds). These investments are generally considered to be of greater economic value and therefore better align with the policy intent of the AIP visa (to attract active investors who wish to make a significant contribution to New Zealand's economy).</li> <li>uncapped donations under the Growth category would conflict with that category's aim to reward higher risk and more active investment behaviours with discounted time in New Zealand, investment period, and investment threshold requirements.</li> </ul>	<p>This proposal, irrespective of whether a cap is introduced, has ICT implications and is estimated to take <b>20 weeks</b> to implement (<b>by May 2026</b>).</p>
<p><b>Enhance the existing acceptable investment criteria for philanthropy</b> (BN7.10.5) with additional requirements, including:</p> <ul style="list-style-type: none"> <li>that investors disclose to INZ whether they have pre-existing affiliations with the receiving charity, to ensure genuine philanthropic intent</li> <li>stating in immigration instructions, for avoidance of doubt, that charities must be registered in New Zealand</li> <li>increasing the year requirement for annual returns to five years (from two)</li> <li>that donations are to be wholly applied within New Zealand in support of domestic causes (with written agreement between the investor and the charity confirming this)</li> <li>that donations can only be made to charities within Tiers 1 to 3 (excluding Tier 4 only).</li> </ul>	<p>Given the strong opposition to the implementation of approved sector and/or exclusion lists initially proposed, <b>MBIE considers those options to be unworkable and instead recommends (in principle) that the existing acceptable investment criteria for philanthropy (BN7.10.5) are enhanced with the additional requirements specified under the 'Proposal' column.</b></p> <p>MBIE acknowledges that feedback on these requirements gave rise to minor concerns about how they could be implemented. We will continue to work with INZ and DIA to ensure they are operationally feasible.</p>	<p>This option has no ICT implications.</p>
<p><b>Add international intermediaries</b> (e.g. DAFs) <b>as an option</b> under BN8.10(c)(iii) <b>to facilitate the transfer of investors' capital from overseas to New Zealand, with strict requirements</b> around the traceability of the funds through the banking system.</p>	<p><b>MBIE does not recommend this option be implemented</b> as the systemic risks identified by INZ, in addition to the risk of funds being repatriated during the investment period, cannot be sufficiently mitigated.</p> <p>MBIE also agrees with stakeholders that permitting these intermediaries would likely give rise to equity concerns because smaller charities are less likely to have the resources required to establish the necessary structures overseas.</p>	<p>This option has no ICT implications.</p>

**Annex Two: Previously proposed changes to philanthropy settings and summary of stakeholder feedback**

Proposal	Summary of key feedback
<b>Initial Options</b>	
<p><b>Reduce Balanced category investors' investment period</b> (currently five years) to four years if they make a \$5 million (or greater) donation to at least one New Zealand charity. This discount would apply only where the investor migrant makes the investment at the beginning of their immigration investment period (i.e. they could not seek to gain this benefit by making a donation two years into their investment period).</p>	<p>The majority of stakeholders consulted stated that offering a one-year reduction in the time taken to achieve permanent residence represented a marginal benefit and that reducing the time in New Zealand requirement would be more significant in terms of influencing investor behaviour (as many see themselves as 'global citizens', preferring not to be tied down).</p>
<p><b>Philanthropy becomes an investment option under the Growth category</b> (in addition to being available under the Balanced category). <b>A cap</b> (20 per cent, i.e. \$1 million of the total \$5 million investment required) <b>would be imposed</b> on any donations made.</p>	<p>A number of stakeholders consulted argued there should be no cap on this investment as donations are a permanent capital transfer, cannot be repatriated or liquidated, and often have intergenerational impact. It was also argued that donations can have a strong economic impact when charities use them to employ people, commission work, buy goods and services to conduct their work, and make investments so they can do more work in the future.</p> <p>Others noted that a cap could complicate the policy and discourage genuinely philanthropic investors at a time when donations are greatly needed. However, several stakeholders noted that a cap was a useful mechanism to ensure the majority of AIP investment continues to be economically productive.</p>
<p><b>Update philanthropy's acceptable investment criteria</b> by implementing one or more of the following options:</p> <ul style="list-style-type: none"> <li>• <b>Option 1 [Implement an approved sector list]</b> – Funds can be donated to charities supporting one or more of the following sectors: <ul style="list-style-type: none"> <li>○ arts, culture and heritage</li> <li>○ care and protection of animals</li> <li>○ child, youth and family services</li> <li>○ education, training and employment</li> <li>○ environment and conservation</li> <li>○ health (e.g. disability, aged care, mental health)</li> <li>○ human services (e.g. community development, emergency relief, housing, food)</li> <li>○ justice</li> <li>○ sport.</li> </ul> </li> <li>• <b>Option 2 [Implement an exclusion list]</b> – Funds cannot be donated to charities supporting any of the following sectors or causes: <ul style="list-style-type: none"> <li>○ political parties</li> <li>○ religious organisations.</li> </ul> </li> <li>• <b>Option 3 – Implement both an approved sector <u>and</u> exclusion list.</b></li> </ul>	<p>Stakeholders were sceptical of all three options proposed, primarily due to the operational challenges likely to be associated with their implementation, their subjectivity, and a perception that they might inadvertently undermine existing regulations that most stakeholders considered sufficient to keep New Zealand's charitable sector in good order. In particular:</p> <ul style="list-style-type: none"> <li>• DIA noted that a list would be difficult to operationalise, contentious, and require immigration officers to exercise a large degree of discretion relying only on publicly available information about the charities (self-reported).</li> <li>• Wealth management firms noted that lists create rigidity and are highly subjective. They may also inadvertently exclude worthy charities that do not neatly fall into a list and add administrative complexity without substantial benefit.</li> </ul> <p>Many stakeholders noted that while the existing acceptable investment criteria for philanthropy (BN7.10.5) are sufficient, they could be built on with additional requirements that do not substantially disrupt the existing framework.</p>
<p><b>Add international intermediaries</b> (e.g. donor-advised funds) <b>as an option</b> under BN8.10(c)(iii) <b>to facilitate the transfer of the investor's capital from overseas to New Zealand.</b></p>	<p>Stakeholders raised a number of benefits associated with enabling donations to be transferred to New Zealand via international intermediaries, namely that allowing them would make the investment process simpler and more familiar to investors experienced in giving, and potentially provide tax advantages for them in their home countries.</p> <p>However, concerns were expressed about the traceability of fund movements via these intermediaries, and the possibility that smaller charities might receive less investment as it is generally larger charities that have both the size and scale to establish the necessary investment structures overseas.</p> <p>A banking stakeholder stated that it would be challenging to ensure transfers into New Zealand from offshore entities are properly documented, traceable, and transparent as this would rely on a foreign entity to verify the transactions (e.g. a DAF). The advantage of using the New Zealand banking system is its emphasis on AML compliance and requirements related to verifying the source of wealth, which may be compromised if a DAF is used.</p>
<b>Revised Options</b>	
<p><b>Discount Balanced category investors' time in New Zealand requirements</b> (from 105 days). The same conditional discounts given to Balanced investors who choose Growth category investments would apply:</p> <ul style="list-style-type: none"> <li>• \$11 million nominated (with at least \$1 million donated) = 91 days</li> <li>• \$12 million nominated (with at least \$2 million donated) = 77 days</li> <li>• \$13 million nominated (with at least \$3 million donated) = 63 days.</li> </ul>	<p>There was strong support for this proposal as it was widely regarded to be simpler to implement and a stronger incentive to donate.</p>
<p><b>Philanthropy becomes an investment option under the Growth category</b> (in addition to being available under the Balanced category), <b>with no cap</b> on the maximum sum able to be donated.</p>	<p>Feedback remained mixed, with stakeholders reiterating their initial views.</p>

Proposal	Summary of key feedback
<p><b>Enhance the existing acceptable investment criteria for philanthropy (BN7.10.5)</b> with the following additional requirements:</p> <ul style="list-style-type: none"> <li>require that the charity receiving a donation disclose to Immigration New Zealand whether it has any pre-existing affiliation with the donor (e.g. if the donor has a trustee or governance role or a family link) to prevent potential misuse and ensure genuine philanthropic intent.</li> <li>lift the requirement for annual returns from two years to five years.</li> <li>stating in immigration instructions, for avoidance of doubt, that the charity must be registered in New Zealand.</li> <li>requiring that the donations must be wholly applied within New Zealand (i.e. 100 per cent of the funds are used for domestic causes). An assessment of this could take place as part of existing compliance checks at the two/final year marks.</li> <li>require that donations can only be made to 'Tier 1' and 'Tier 2' charities (as determined in the Charities Register under the annual returns tab).</li> </ul>	<p>Stakeholders were mostly supportive of enhancements being made to the existing acceptable investment criteria under BN7.10.5, though a small number of operational concerns were raised about how they would be implemented (MBIE will continue to address these concerns as this work progresses).</p> <p><b>[Regarding the requirement to have donations wholly applied within NZ - IRD]</b> To qualify for Inland Revenue donee status, charities must apply their funds wholly or mainly to charitable, benevolent, philanthropic, or cultural purposes within New Zealand. Inland Revenue's safe harbour threshold for meeting this requirement over a three-year period is satisfied if a charity applies at least 75% of its funds to these purposes on a rolling three-year cumulative basis. However, some funds can still be spent overseas, particularly in relation to donor-advised funds.</p> <p><b>[Regarding the requirement to have donations wholly applied within New Zealand – DIA/Charities Services]</b> This may prove problematic in principle and practice by regulating the conduct of the recipient charity after a donation is made, as opposed to limiting what donations are eligible. Charities are self-governing entities and therefore entitled to hold reserves and accumulations in the manner that they consider is consistent with advancing their charitable purpose. There is currently no legal requirement for a charity to distribute a minimum percentage of its funds. Instead, the intent could be given effect to by limiting qualifying donations to charities that only fund domestic causes, or by requiring donations to carry legal conditions requiring that they be used for domestic causes.</p> <p><b>[Regarding lifting the annual returns requirement to five years - IRD]</b> This could help reduce the likelihood of bad actors establishing a foundation to receive donations and ensure funds are being actively applied to charitable purposes.</p> <p><b>[Regarding the requirement for charities to disclose affiliations with donors – DIA/Charities Services]</b> This would impose additional requirements on the charities and should be the donor's responsibility.</p> <p><b>[Regarding the tier requirement – DIA/Charities Services]</b> Immigration instructions could discriminate by the size of the charity, using this as a proxy for proven longevity, support and the ability to meet compliance requirements. One option would be to limit approved donations to tier 1 and 2 charities only, as smaller charities may not have the infrastructure or capability to handle large lump sum donations. A charity's reporting tier may change from year to year as it is defined by the charity's annual expenditure. Currently, Tiers 1 and 2 only constitute a combined 7% of those charities on the register, while tier 3 represents about 38%.</p>
<p><b>Add international intermediaries (e.g. DAFs) as an option under BN8.10(c)(iii) to facilitate the transfer of the investor's capital from overseas to New Zealand, with strict requirements</b> around the traceability of the funds through the banking system.</p>	<p>The primary concerns expressed were that it would add significant complexity to the visa process and give rise to a number of risks, as outlined below:</p> <ul style="list-style-type: none"> <li><b>[IRD]</b> Under current rules, investors likely cannot receive a tax benefit in their home country for donations to the New Zealand charity. They also cannot claim a donation tax credit in New Zealand until they become a New Zealand tax resident, and the amount they can claim is limited to a third of their taxable income in New Zealand.</li> <li><b>[IRD]</b> There is a risk that such changes could undermine the objectives of the AIP visa if the funds are subsequently transferred offshore. For instance, a US donor-advised fund (DAF) could donate to an NZ DAF, as NZ DAFs are typically held within registered charities that have donee status. The "wholly or mainly" test for Inland Revenue donee status applies to the registered charity but not to the individual DAF. Therefore, an NZ DAF could send some funds overseas while the registered charity continues to meet the test if other DAFs within the charity apply most of their funds domestically.</li> </ul> <p><b>INZ feedback:</b></p> <ul style="list-style-type: none"> <li>INZ doesn't have visibility and knowledge of how intermediaries operate (including how they transfer funds).</li> <li>The transfer mechanism could be exploited and used as a method to circumvent currency restrictions or for money laundering.</li> <li>Enabling this transfer method risks undermining the integrity of those methods allowed under instruction BN8.10 and the legitimacy of the current transfer process.</li> <li>There have been cases of charitable organisations being (allegedly) used to fund terrorist organisations and any potential allegations of intermediaries being involved would pose significant reputation risks.</li> <li>Donor-advised funds can be leveraged for self-serving investments, donor deception, or administrative misconduct.</li> <li>501(c)(3) charities are vulnerable to mismanagement, embezzlement, and misuse.</li> </ul>