



Income Tax Concessions for Charities

UNDER THE
NEW TAX SYSTEM



Current at January 2000

THE NEW TAX SYSTEM Make it your business



Australian Taxation Office

Apply for endorsement now

If you are a charity that receives tax deductible gifts and/or is income tax exempt, you need to know how The New Tax System will affect you.



The current system of self-assessment or confirmation by the Australian Taxation Office (ATO) of charities' gift deductibility and income tax exempt status ceases on 30 June 2000. Charities must now seek endorsement as a deductible gift recipient and/or an income tax exempt charity to receive these concessions. Charities that are not endorsed by 1 July 2000 will lose their deductible gift recipient and/or income tax exempt charity status.

What is a charity?

A charity is an institution or fund whose main purpose is to benefit the community or a section of it through:

- **the relief of poverty or sickness or the needs of the aged**
- **the advancement of education**
- **the advancement of religion, or**
- **other purposes beneficial to the community.**

What is not a charity?

An institution or fund established for the following purposes is *not* considered to be a charity:

- **sporting, recreational and social clubs**
- **organisations run for the profit of their members**
- **organisations run for their members' common interest (this includes professional or trade groups)**
- **community service organisations that have a significant membership purpose, such as traditional service clubs**
- **political parties and lobbying groups, or**
- **commercial or business enterprises operating for fundraising.**

How do you obtain endorsement?

To be endorsed, your organisation must first have an Australian Business Number (ABN). You can register for an ABN, the goods and services tax (GST) and other elements of The New Tax System on the same application. You can apply for an ABN without registering for GST but if your annual turnover is \$100 000 or more you *must* register for GST.

If your threshold is lower, you *may choose* to register.

Your organisation may have received a package in the mail inviting you to register for The New Tax System. If not, you can request one from the ATO by phoning

13 24 78

The registration application asks you to indicate whether you are a charity or consider your organisation to be a deductible gift recipient. If you answer 'yes' you will be sent the relevant endorsement application, which you should complete and return to the ATO as soon as possible. Separate applications will be required for endorsement as a deductible gift recipient and endorsement as an income tax exempt charity.

If your charity is part of a regional, State or national organisation that is already registered, you will need to check with your parent organisation whether you should use its ABN or apply for your own.



Who is entitled to be endorsed?

Organisations that come within the categories listed in the gift provisions of the income tax law are entitled to be endorsed as deductible gift recipients. Australian institutions and funds that are regarded as charities and satisfy certain special conditions are entitled to be endorsed as income tax exempt.



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More information

For more information about how income tax exemption and gift deductibility will apply to charities and other non-profit organisations from 1 July 2000, you can request a *CharityPack*, *GiftPack* or *ClubPack* from the business Tax Reform Infoline on

13 24 78

You can also download information from the ATO website at **www.taxreform.ato.gov.au** or write to us at PO Box 9990 in your capital city.

If you do not speak English and need help from the ATO, phone the Translating and Interpreting Service (TIS) on

13 14 50

People with a hearing or speech impairment can phone the Telephone Typewriter Service (TTY) on

1300 130 478

Registration applications for The New Tax System are also available from most newsagents.

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