

Charities need to be endorsed as income tax exempt charities

A new system of endorsement of charities for income tax exemption commenced on 1 July 2000.

What is endorsement about?

Endorsement is the new approval process for charities that are seeking income tax exemption.

Why introduce endorsement?

This new process will limit concessions so that they are only available to endorsed charities. Only charities that are endorsed will maintain funding levels from trust distributions or be able to be income tax exempt.

Charities will also benefit from increased community confidence in the charitable sector.

Who can be endorsed?

Australian organisations are entitled to endorsement if they are regarded as charities and satisfy certain specific conditions.

Is endorsement compulsory?

From 1 July 2000, endorsement is compulsory for a charity to become, or continue to be, income tax exempt.

Do currently exempt charities need endorsement?

Endorsement replaces current self-assessment and confirmation arrangements for income tax exemption which ceased to operate from 1 July 2000.

Do you need an Australian Business Number (ABN)?

A charity seeking endorsement must first obtain an ABN.

You should lodge your application for an ABN as soon as possible, unless you will use the ABN of your parent organisation.

Do you need to register for GST?

You do not need to register for GST to apply for (or to obtain) endorsement or an ABN.

How do you apply for endorsement?

Applications for endorsement will be sent out to organisations that indicate on their ABN application that they are a charitable institution or a trustee of a charitable fund.

THE NEW TAX SYSTEM



Need more information?

The ATO has a range of materials to help you understand and become part of The New Tax System. You can obtain them by:

- phoning the business Tax Reform Infoline on **13 24 78**
- downloading information from the website at **www.taxreform.ato.gov.au**
- obtaining *A Fax From Tax* on **13 28 60**
- phoning the TTY service on **1300 130 478** if you have a hearing or speech impairment, or
- writing to us at PO Box 9935 in your capital city.

Taxpayers who do not speak English and need help from the ATO can phone the Translating and Interpreting service on **13 14 50**.

Guarantee

Businesses can rely on the information presented in this publication, which provides advice from the Commissioner of Taxation on the operation of the GST system.

Under the GST law, any written ruling or advice given or published by the Commissioner protects taxpayers who have followed the information provided. Rulings or advice can be issued in the form of fact sheets, information booklets, advice manuals and bulletins.

In the event that there is a change in the law or the Commissioner's position on a particular matter, you will be protected in respect of what you have done up to the date of that change. This means that if you have relied on a ruling which has later been changed and, in reliance on the earlier ruling, you have underpaid an amount of GST, you will not be liable for the shortfall prior to the later ruling. Similarly, you will not be liable to repay an amount overpaid by the Commissioner as a refund in these circumstances. Equally, no penalties or interest will apply.

You should take care to ensure that the information in this publication is the latest advice from the Tax Office. Where a change occurs, the Tax Office will be taking all steps to alert taxpayers to that change.

The information in this publication is intended to explain how the GST System will work. It may not apply fully to your circumstances. You can always get help from the Tax Office or consider using a professional tax practitioner.

The information in this publication is current at 6 July 2000.

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Australian Taxation Office