

Charities need to be endorsed as deductible gift recipients

A new endorsement process now operates for organisations seeking or wishing to maintain deductible gift recipient (DGR) status.

What is endorsement about?

Endorsement is the new approval process for organisations applying to the Australian Taxation Office (ATO) for DGR status.

Why introduce endorsement?

The Government wanted to ensure that only those organisations that the law intended to have DGR status receive that status.

Who is entitled to endorsement?

Organisations are entitled to endorsement if they qualify under one or more of the categories set out in the gift provisions of the income tax law.

Is endorsement compulsory?

From 1 July 2000, endorsement is compulsory for an organisation that wishes to obtain (or continue to hold) DGR status.

Do current DGRs need endorsement?

Generally, organisations that have current DGR status need to be endorsed from 1 July 2000. Endorsement replaces current DGR confirmation arrangements. These arrangements cease to operate from 1 July 2000.

Do all DGRs have to apply?

No. Organisations specifically mentioned by name in the income tax law do not have to apply for endorsement. They do not need an ABN for gift deductibility, however most will have an ABN for other reasons.

Do you need an Australian Business Number (ABN)?

An organisation 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) an ABN or DGR status.

How do you apply for endorsement?

Applications for endorsement will be sent out to organisations that indicate on their ABN application that they are (or consider themselves entitled to be) a DGR.

Does DGR endorsement cover income tax exempt charity status?

No. Endorsement as an income tax exempt charity is a separate process. Organisations that consider themselves to be a charity as well as a DGR should indicate this on their ABN application.

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Australian Taxation Office

Can you streamline endorsement?

Where your organisation previous DGR status has been confirmed by the ATO, you can streamline the endorsement process by quoting its current 900/DGR number on its application. If an organisation does not know its 900/DGR number, the organisation should make a written request to the ATO for the number.

What are the benefits of endorsment?

- DGRs will benefit from increased community confidence in the deductible gift arrangements.
- Endorsement will prevent organisations that are not DGRs from unfairly competing for funds.

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 7 July 2000.

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