

14 December 2012

NFP Sector Tax concession Working Group Secretariat  
The Treasury  
Langton Cres  
Parkes ACT 2600

Dear Sir/Madam

**Re: Submission to Fairer, simpler and more effective tax concessions for the not-for-profit sector Discussion Paper, December 2012**

The RSPCA supports ongoing reform of tax concessions for the charitable sector in order to improve efficiency, effectiveness and equity across the charitable and NFP sectors.

The RSPCA pleased to provide the attached submission that provides comments on the recently released discussion paper.

Yours sincerely



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## **RSPCA Australia submission on**

### **Fairer, simpler and more effective tax concessions for the not-for-profit sector Discussion Paper, December 2012**

This submission by RSPCA Australia is made on behalf of its members: RSPCA ACT, RSPCA Darwin, RSPCA NSW, RSPCA QLD, RSPCA SA, RSPCA TAS, RSPCA VIC and RSPCA WA.

The submission follows the format of the Discussion Paper and provides comment on selected issues, reform options and consultation questions only.

#### **1. Income tax exemptions and refundable franking credits**

##### *Eligibility - Consultation questions 1 - 4*

The RSPCA supports the continuation of the current income tax exemptions currently received by it.

If the eligibility for exemptions was to be extended, in order to maintain public confidence and their ongoing support for taxation concessions, the RSPCA supports the application of the public benefit test to these proposed entities.

The RSPCA generally supports reforms to the system that will streamline processes, increase efficiency and increase transparency of

##### *Refunds of franking credits - Consultation questions 5 - 7*

Refunds from franking credits are an important source of revenue for the RSPCA and so any decrease or limitations applied will directly impact our revenue and therefore potentially services.

Given the envelope of funding available for the NFP sector and the importance of donor gifts via shares and responsible investment across a diverse portfolio by charities, the RSPCA supports the current eligibility criteria and administrative processes for refunds of franking credits remaining in place.

#### **2.7 Creating a clearing house for donations to DGRs**

##### *Consultation questions 19-20*

The RSPCA supports activities to promote and simplify the ability for Australians to make donations to the charity of their choice. We do not see the clearing house as the best way of doing this.

The RSPCA likes to get to know our donors and provide the opportunity for them to hear more about the good work we do with their support. We also know that if you have donated to us in

the past, you are more likely to do so in the future. Therefore, with the permission of the donor, we keep the contact details of donors for future contact.

The clearing house proposed potentially limits the ability for charities to make these connections and so would prefer the estimated \$25m to be reallocated and subsequent operational expenditure to other concessions for DGRs in the funding envelope.

The discussion paper suggests that financial institutions may be able to eliminate credit card and other charges for this purpose. We would prefer the Government use its influence to achieve this aim for DGRs for all transactions. Financial institution transaction fees are a significant cost.

If however the clearing house was to proceed, the RSPCA makes the following recommendations:

- Clear information about the amount of donation that will be received by the DGR must be available. For example, is the donor charged say \$50 for the donation plus transaction fees or is it \$50 but the transaction fees are incorporated into it, which may mean a say \$45 donation to the DGR.
- Money must be transferred regularly by the ATO and any interest gained on the donation added to the amount transferred.
- It must be clear in the ATO information to donors that their donations given through the clearing house will go to the general activities of the DGR and not any specific activity area.
- Donor details must be provided to the DGR regularly as the default, with individuals being able to 'opt out' if they choose.

Regular giving via workplace/payroll systems remains an easy way for donors to support the charity(ies) of their choice, either directly or via a third party. Unfortunately it remains a much underutilised mechanism. The RSPCA would like to see leadership by the Australian Government so that all government departments have this method of giving available and promoted to their employees.

Any reforms that may influence individual donations must be measured against any impact that it could have on workplace giving.

### **Option 2.10 Increase the threshold for a deductible gift from \$2 to \$25**

#### *Consultation question 26*

The RSPCA receives many donations below \$25 and therefore any increase in the threshold for a deductible gift from the current \$2 may discourage donors and is therefore likely to have an adverse impact on the RSPCA's revenue.

### **3.2 Current fringe benefits tax concessions**

#### *Consultation questions 28 - 42*

The RSPCA believes that the FBT benefits available to a charity need to be the same across all charities and the achievement of this objective must be the focus for the reforms.

The current system where employees of PBIs, health promotion organisations and ambulance services are entitled to access additional taxation concessions than other charities creates an uneven field between organisations that have all been determined to have public benefit.

Any FBT system that is in place must ensure that any benefits that can be accessed will be seen by the majority of the Australian community as reasonable, appropriate and accountable. Further, that these benefits can be accessed only to the total value available, whether this is from one employer or multiple, so there is no 'double or triple dipping'. One mechanism to facilitate this process is via adding an additional question to the employment forms completed when commencing a position.

The RSPCA supports a general direction away from the current FBT administration and payment systems to a direct tax offset for the employee so that the transaction is between the ATO and the employee. This will increase efficiency through reduced administration and therefore reduce costs for charities.