

FIG TREE POCKET EQUESTRIAN CLUB INC

ABN: 62 890 485 900

717 Fig Tree Pocket Road

Fig Tree Pocket Qld 4069

Submission to the taxation working group

In response to the discussion paper 2 November 2012

BACKGROUND

Fig Tree Pocket Equestrian Club Inc (FTPEC) is a not for profit based in the Western Suburbs of Brisbane. FTPEC offers training and competition events for a wide range of skill grade with both senior and junior grades. Equestrian is one of the few sports where men and women of all ages compete on equal footing.

FTPEC competitions start at the basic level and currently have five levels, culminating in two star (three star is World Cup level and four stars Olympic). FTPEC is currently upgrading the facilities with the objective of achieving three star competition events.

INCOME TAX EXEMPTION

Income tax exemption is provided to NFP's under two broad headings-

- Those organisations whose activities are within the specific exemption categories contained in the Income tax legislation.
- Those organisations who are required to apply for income tax exemption (ITEC)

FTPEC has specific exemption under the category of furthering sport

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FTPEC generates income from various sources including:

- New facilities and equipment funded in part by State government and local council grants through a competitive tender / grant application process
- Activities where it can generate income such as equestrian events
- Interest
- Sponsorships
- Fundraising activities

FTPEC applies 100% of the funds generated to further the objects of the organisation.

To do this it is submitted that this cannot be measured in a single year. In fulfilling its objectives FTPEC uses assets that are held more than one year of time and includes fixed assets such as buildings, equestrian competition jump, ground improvements and similar assets. FTPEC does not incur any expenditure on salaries and wages.

FTPEC has been providing equestrian sport for athletes for 15 years after taking over the facilities and activities of an antecedent organisation. Those competing on the grounds include current Olympians and those aspiring to be Olympians in the future.

FTPEC receives no regular government funding but does receive discounted land rent and rates from the landlord, the Brisbane City Council. All surplus funds generated are reinvested into the equestrian facilities and resources on the grounds. By way of example, right now FTPEC is upgrading the sand arena used for dressage and showjumping, and establishing an area that can be used for polo and other equestrian and non-equestrian activities. FTPEC has had zero government funds for this project. It has been a couple of years of fundraising and events to save the \$90,000 funds required to do this work

A NFP can only source capital from borrowings and accumulated reserves and does not have a shareholder base that it can go to for capital. Whilst a club can ask its members for support for a particular project, this is difficult unless all members contribute equally.

If the FTPEC was required to pay income tax, this amount would diminish the amount of reserves retained and would immediately restrict the ability to reinvest into the facilities on the grounds. If the FTPEC was required to pay income tax, upgrades of facilities such as those outlined above will be more difficult to implement and may not occur at all.

FTPEC understands that ultimately it is intended be part of the role of the ACNC to monitor the ongoing accountability of all NFPs who continue to enjoy the income tax exemption.

The introduction of the ACNC will over time provide the regulatory structure for the Federal Government as the controller of the income tax legislation, to be satisfied that those who have access to the income tax exemption remain qualified to receive access to that tax concession.

This process will protect the integrity of the tax concession.