

SIDS and Kids ACT Response to the Not for Profit Tax Concession Working Group Paper

**To: Manager
Charities Unit
Indirect, Philanthropy and Resource
Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600**

**From: Elizabeth Tobler
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**For: The Not for Profit Tax Concession
Working Group Submission**

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Introduction

SIDS and Kids ACT compliments the Australian Government on its commitment in working towards reforming the tax system to maximise social good.

Our organisation provides free bereavement and safe sleeping education services. Our free bereavement services support families of children who die suddenly and unexpectedly from conception through to six years of age regardless of the cause.

We know that many of our culturally and linguistically diverse, at risk and low social economic clients within our service delivery area which is an overlay of the NSW-ACT Government's regional health agreement would not be able to access our services if we did not provide these services for free and if we did not travel to their households to provide them.

Tax Exempt Status and DGR

The discussion paper indicates that it is very likely that a charity such as SIDS and Kids ACT that we will retain both our tax exempt status and our status as a DGR. It is imperative for the continued viability of our charity that the Government commits to maintaining the tax exempt status and the DGR for our charity.

Proposal to Expand the DGR Status

The proposal to expand the DGR status to all charities may raise a revenue issue for our organisation as having twice the number of charities will increase competition for the charity dollar Australia wide. This increased competition will further erode our revenue raising capacity and lead to pressure to reduce necessary services

within our service delivery area within the ACT and Southern NSW region.

This coupled with other pressures including increasing population and birth-rates in the ACT and Southern NSW region and difficulties in meeting the health and wellbeing needs of our communities in Southern NSW will most certainly result in a reduction to overall service delivery.

We would strongly urge the Government to only expand the DGR status to organisations that truly will benefit the community through their social good.

Donations and Tax Returns of Individuals

SIDS and Kids ACT support's the Government in its approach to standardising the tax incentives available for donations across all individuals to ensure we elicit a higher average level of donations from the Australia community.

We support the following options in particular:

- A lower % tax benefit to apply to donations up to a certain dollar figure, with deductions over this amount to attract a tax benefit at a higher rate (e.g. the top marginal rate);
- A standard percentage tax offset for all deductions. This would mean that donations would not reduce taxable income but would instead reduce tax payable on income earned by a set percentage of the donation amount; and
- Increasing the minimum tax deductible donation threshold from \$2 to \$25.

Online Clearing House for Donations to DGRs

SIDS and Kids ACT have some reservations about the proposed establishment of an online clearing house for donations to DGRs. Under this model,

the Australian Charities and Not-for-profits Commission, would register charities and establish and maintain an online Australian Charities and Not-for-profits Register (ACN Register).

Charities with high public profiles and regular, positive media exposure may benefit most from this approach. As a small not-for-profit with a limited budget we believe we would be enormously disadvantaged due to our limited financial capacity to purchase advertising to enhance our market position and due to our limited online fundraising facilities. The Government needs to carefully consider the impact of such a clearing house and the inability of small not-for-profits such as ours to finance the necessary information technology infrastructure upgrades to compete with big budget larger social good organisations.

FBT Concessions Available to Employees

Firstly, the Government must pledge never to remove the FBT and PBI status for charities as this would mark the abolition of our organisation. SIDS and Kids ACT considers any reduction in benefits available to employees potentially detrimental to our organisation as it would impact on our ability to attract and retain staff to our organisation.

The ability of SIDS and Kids ACT being able to provide incentives to recruit and retain employees is vital in order for us to continue to deliver our highly quality and vital services to Australians in need.

We do not support the inclusion of meal and entertainment expenses within the relevant concession cap as this will erode benefits and it will affect our ability to attract and retain staff in a competitive employee marketplace.

There are clearly unintended consequences of the Government's proposal to remove the multiple caps. Many of our services due to financial constraints are not able to employ full time staff; as such we employ staff who work across several PBI's and Charities. The removal of the multiple caps will affect small entities such as us in being able to recruit and retain competent employees.

Input Tax Credits for Volunteers Reimbursement

We seek assurances for the Government that they will retain our ability to reimburse volunteers for expenses incurred that directly relate to their activities as a volunteer of SIDS and Kids ACT. Imposing extra burdensome expense on our organisation and our volunteers in providing our services will restrict our ability to continue to provide high quality free bereavement services.

Opt-in Arrangements for GST

We support the Government's attempts to reduce the cost of compliance via the opt-in arrangements for GST treatment of non-commercial supplies and we support the principles based approach to the fundraising concessions.

In Conclusion

SIDS and Kids ACT supports the Government in working towards reforming the tax system to maximise social good.

We commit this submission for your consideration and we look forward to working with you on producing an optimal outcome for not for profit social good organisations and taxpayers.

Who we are

SIDS and Kids ACT was formed in 1978 by a group of Canberra parents whose children had died through Sudden Infant Death Syndrome. Since 1999 SIDS and Kids ACT has been expanding its services to include free bereavement services to support families of children who die suddenly and unexpectedly from conception through to six years of age regardless of the cause. We also provide free safe sleeping education services to health professionals; childcare centres and the general public to prevent Sudden Infant Death Syndrome.

Further Information

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This submission is endorsed and supported by SIDS and Kids National who can be contacted on telephone: 03 9819 4595.