

GOVERNMENT 2.0 TASKFORCE REPORT

Recommendation 13

Australian policy-makers should minimise obstacles to info-philanthropy being treated as an eligible activity to qualify for deductible gift recipient and other forms of legal status which recognise charitable or philanthropic purposes. Some of the most successful experiments in Government 2.0 have been fuelled by not-for-profits in leading countries such as the UK and the US. As part of their policy approach to recognise volunteers in the community, they should also ensure that online volunteers are appropriately recognised.

Treasury comments

- Recommendation 13 suggests that the tax laws be amended to provide organisations undertaking info-philanthropy activities with deductible gift recipient (DGR) status. As outlined in the Taskforce report, this could be achieved through a change to the general categories of organisations eligible for DGR status, or through specifically listing a Foundation to support the development of info-philanthropy.
 - Taxpayers may claim an income tax deduction for gifts to DGRs.

Should be considered in the context of the AFTS and PC reports

- This recommendation should not be considered outside of the comprehensive reviews of the tax system and the not-for-profit sector already under consideration by the Government.
 - The Australia's Future Tax System (AFTS) Review, established by the Rudd Government in 2008 to review our tax and transfer system, delivered its final report to the Government at the end of 2009. The Government is currently considering the review's recommendations and will release the report and its initial response in early 2010.
 - The Productivity Commission's final report into the contribution of the not-for-profit sector has been delivered to the Government, and will be publicly released on Thursday, 11 February 2010. Tax concessions for the not-for-profit sector are within the scope of this report – which recommends changes to both the DGR and charitable tax concessions.
- The tax recommendation of the Government 2.0 Taskforce Report will be considered in the light of the not-for-profit taxation recommendations of the Productivity Commission's report and the AFTS review. Any not-for-profit tax changes should be brought forward within this broader process.

Provision of further publically accessible information on the not-for-profit sector is likely to be considered by the Government

- In addition to tax recommendations, both the AFTS and PC reports consider the regulatory structure for not-for-profits in Australia, including the provision of public information relating to the not-for-profit sector.
- The PC report notes, inter alia, that '*there is scope to develop a national portal for key corporate and financial data for public and government access*'.

- The Government will be considering the not-for-profit sector in light of the recommendations of both the Productivity Commission's report and the AFTS review.

DGR support is a tightly targeted tax concession

- DGR status is deliberately restricted to a closely targeted subset of organisations, ensuring the sustainability of the tax concession for areas of government policy priorities.
- DGR status is generally reserved for activities with broad and widely available public benefits.
 - Many info-philanthropy activities would arguably have a broad public benefit.
- However, DGR support is generally provided to organisations that provide hands on, direct services to the community. Activities eligible for DGR support include the direct relief of poverty, sickness, and suffering, the provision of overseas aid, or operating a not-for-profit hospital.
- While the contributions of info-philanthropy to improve democratic engagement, and make information more accessible, are valuable and for the public benefit, they are less direct and targeted activities than those generally supported through DGR status.
- There are a range of organisations across Australia which promote, develop and represent valuable sectors of the community, such as the welfare sector, and these organisations do not receive the benefit of DGR status

Difficult to distinguish between encouraging democratic engagement and interest group lobbying

- On a practical level, it may be difficult to distinguish between activities undertaken in the public benefit – encouraging democratic engagement and providing accessible information – and advocacy and lobbying by particular interest groups for private benefit.
 - These difficulties raise concerns for the integrity of the tax system.

Offsetting savings would need to be sought

- Extending the DGR categories to provide explicit support to info-philanthropy activities would have a cost to revenue. As you are aware, Government policy is that any new policy proposals that have a negative budgetary impact will need to be fully offset by savings from within the relevant portfolio.