

Senior Advisor
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4 August 2017

Dear Senior Advisor

Submission on the Tax Deductible Gift Recipient Reform Opportunities

The Benevolent Society welcomes the opportunity to comment on Treasury's Discussion Paper on Deductible Gift Recipient (DGR) tax arrangements.

The Benevolent Society is Australia's first charity. We're a not-for-profit and non-religious organisation and we've helped individuals, families and communities achieve positive change since 1813. We help families, older people and people with a disability live their best life, and we speak out for a just society.

The Benevolent Society welcomes efforts to simplify and streamline the DGR process. The current process, as outlined in the Discussion Paper, is overly complex and administratively inefficient. The proposal to centralise the registration process so that DGRs have to first be registered as a charity with the Australian Charities and Not for Profits Commission (ACNC) and to standardise governance arrangements by requiring compliance with ACNC's registration and reporting requirements appears sensible. The proposal to transfer the administration of the four registers to the ATO rather than remaining with four separate government departments also appears sound.

The Discussion Paper includes general statements about concerns over the advocacy activities of charities and DGRs but does not explicitly state what these concerns are and which individuals or organisations hold these concerns (other than referring to the parliamentary inquiry into environmental organisations). Without understanding the nature of the perceived problem, it is difficult to comment on the proposed solution. The ACNC currently provides clear guidance on permissible advocacy activities for charities. It is not clear from the Discussion Paper that the current arrangements under the ACNC are not working and therefore additional reporting on advocacy is required, or that they are unlikely to work when applied to a wider range of organisations including environmental organisations.

The need for annual certification of DGR status and an ongoing review process is raised in the Discussion Paper. The Benevolent Society currently provides annual certification of DGR status based on self-assessment as per ATO requirements and expects that this process should continue and extend to all registered charities with DGR status. We would suggest that the process be updated and a standard template self-assessment form be developed for all registered charities to ensure consistent reporting by all organisations with DGR status regardless of their size. Whilst we recognise that in some cases, the nature of an organisation may change over time, we would recommend that the need for ongoing investigation of DGR

status be conducted on an exception basis- through spot checks rather than all charities being subject to ongoing regular external DGR review.

The Benevolent Society does not support any proposals which stipulate what a given percentage of a DGR's annual expenditure should be directed towards, whether they are an environmental organisation or another type of charity. This proposal imposes an additional regulatory burden which is at odds with the overall aim to simplify the administration and regulation of the system. It also places undue restriction on the autonomy of a registered charity which must already comply with a raft of existing laws and regulations to be registered as a charity and receive DGR status in the first place.

In order for the proposed reforms to work, the ACNC will need significant additional resources to meet its expanded role. It was not long ago that the future of the ACNC was under a cloud. The proposal includes the ACNC as an integral part of the proposed new system and therefore requires ongoing commitment from all major political parties to the ACNC to ensure its ongoing role in this space.

If you require any further information please do not hesitate to me at Kirsty.Nowlan@benevolent.org.au .

Sincerely

A handwritten signature in black ink, appearing to read 'Kirsty Nowlan', written in a cursive style.

Kirsty Nowlan
Executive Director, Strategic Engagement, Research and Advocacy