

19 February 2023

Director, Personal and Indirect Tax
Charities and Housing Division
The Treasury
Langton Cres
Parkes ACT 2600

Via email: charitiesconsultation@treasury.gov.au

PO Box 4093
Ainslie ACT 2602
T (02) 6230 1775
F (02) 6230 1704
anglicare@anglicare.asn.au
www.anglicare.asn.au

Dear Director,

Re: Deductible Gift Recipient Registers Reform

Anglicare Australia welcomes the opportunity to provide a submission to the consultation on Deductible Gift Recipient (DGR) Registers Reform.

Anglicare Australia supports the Exposure Draft, which will bring the four DGR registers under the purview of the Australian Taxation Office. This change is likely to reduce red tape and create a more consistent approach for charities seeking DGR status. It will also reduce the administrative burden on charities in those categories who currently have additional reporting requirements, which can lead to longer waiting times for organisations seeking endorsement as a DGR in those categories.

We particularly welcome proposed reforms to limit the scope for Ministers to exercise undue political influence by granting or revoking DGR status, which has been used to silence charities in the past. This has been a long-standing call from Anglicare Australia and we welcome the current Government's swift move to reform these powers.

However, fundamental issues within the DGR system remain. In 2010, the Productivity Commission noted that Australian tax deductions appear to be generous, but in fact, the scope of organisations that are eligible for these deductions is narrow by international standards.ⁱ The Commission went on to say that this distorts charitable giving to favour those who are eligible for DGR status, which is fewer than half of all charities. Anglicare Australia shares the Commission's view that tax deductibility should be expanded.

Regulation of DGR status is also complex. While the Government's proposed reforms are welcome, there remain over 50 categories of recipient. Despite the complexity and confusion that navigating these categories causes the sector, the current system does not capture the diversity of modern Australian charities and the issues we work on. As a result, charities struggle to understand a key element of our operating environment. This is a particular obstacle to emerging charities and those with fewer resources. The regime also disadvantages charities who work centres on advocacy, which members of the current Government have sought to protect.

To this end, Anglicare Australia supports calls from the Stronger Charities Alliance's call for more holistic DGR reform by simplifying and extending the availability of DGR status to all charities registered with the ACNC. At a minimum, Anglicare Australia believes that DGR provisions should be reviewed and made consistent with charity laws on advocacy, and with High Court precedents relating to freedom of political communication for charities. There have been previous warnings that any restriction on the ability of a charity to exercise its right to advocate, including through exclusionary DGR regulations, is potentially unconstitutional and could be subject to legal challenge.ⁱⁱ

Anglicare Australia is pleased to see the Government taking the first steps of its reform agenda for the charity sector. We look forward to working with the Government on further reforms.

We would welcome the opportunity to discuss the matters raised in this letter further, or answer any questions that you may have.

Yours sincerely



Kasy Chambers
Executive Director

ⁱ Productivity Commission (2010) [Contribution of the Not-for-Profit Sector](#).

ⁱⁱ Ibid.