

SENATE INQUIRY SUBMISSION  
PUBLIC BENEFITS TEST FOR CHARITIES  
AND NOT-FOR-PROFIT ORGANISATIONS

I am in support of the proposed public benefits test for any charity or not-for-profit organization operating within Australia.

There are hundreds of fantastic charities that clearly benefit the general public and there are small minorities that take this status as a means to disguise their commercial interests and avoid the general tax and corporate laws.

I believe it is prudent of the Australian Government in conjunction with the Australian Taxation Office to monitor the status of not-for-profit or charity organisations to ensure that the Australian public taxes are supporting organisations that do provide a clear public benefit.

As this matter has been brought to the attention of the Australian public by a very small minority of groups and specifically the Church of Scientology Australia Inc., I feel that it is important that legitimate charities, religions and not-for-profit organisations are not impeded in their efforts by onerous reporting and extensive compliance measures.

There are some simple tests that could be included and these points could be examined once a year when each organisation lodges their returns or as necessary based on public concern:  
I would be dubious of any organisation that collected funds in Australia that would then send funds overseas, unless of course the stated purpose of that organisation was to provide relief to people in need overseas. If an organisation "charged" for services and restricted who could access their services by ways of monetary obligations, I would suggest this organisation was acting in a commercial capacity and not in the interest of the public. If an organisation received formal complaints through Fair Work, Fair Trading, criminal reports or general public unrest and protests I believe they should be investigated as to their status and asked to provide further information clearly outlining their charitable actions. A public benefits test would help screen out such organisations however it would not eliminate their existence and should be the first preventative step but certainly not the last.

There could be a benchmark test (similar to that used in a commercial capacity) whereby religions or not-for-profit organisations are compared to similar organisations and large differences such as gross revenue collected be isolated and further explored. They could be compared based on membership levels and the types of public benefit they provide.

Their activities must benefit the community at large and should not be limited to those people who directly contribute financially to the organisation. In addition to this, any community aide provided by that organisation should be funded with portions of the organisation's gross revenue and represent a substantial percentage of that revenue, an appropriate percentage to be deemed by the ATO.

It is not fair that the Australian public and government should support organisations that are acting in their own interests by offering them tax exemption. The majority of organisations are legitimately for the public benefit, however if a specific organisation comes under the spotlight then I feel the organisation in question, namely the Church of Scientology Australia Inc. in this instance, should be investigated with regards to its tax-exempt status and any other investigations via appropriate channels.

This test is an important first step but should not be deemed as being the complete solution to organisations fraudulently claiming tax exemption.

Cassandra Kelsey