

Submission to the Senate Economics Committee Regarding
Tax Laws Amendment (Public Benefit Test) Bill 2010
by Julian Moller

To Whom It May Concern:

I am seeking to lend my support to there being a public benefit test (PBT) for an organisation to gain tax-free status.

An organisation that operates tax-free is effectively subsidised by the taxpayer, since vital taxes must be levied against other things, or at higher levels to make up the shortfall. It is therefore right that the taxpayer should be assured that there is genuine public benefit from each such organisation – particularly at a time when money is tight for many families.

The PBT will need to be applied to all organizations now receiving tax-free status, to identify private clubs, bogus charities and the like. The test would then be used on all new applications for tax-free status, throughout Australia. If it is felt that this would introduce too much bureaucracy, I suggest that an organisation applying for tax-free status would encounter a different series of 'hurdles' depending upon how much tax (absolute \$ value in a year) the organisation wishes to be exempted from. Thus, a small outfit that costs the state \$50,000 in lost tax revenue gets 'light touch' paperwork, while a large one involves a full hearing, and occasional re-evaluation.

This has wider implications, since a tax-exempt charity status awarded in Australia has in some cases enabled organizations to claim tax-free status elsewhere in the Commonwealth. I'm thinking in particular of the 'Church of Scientology', a complex network of some fifty businesses that pay no tax at all, on an income of many millions. This is directly as a result of the current Australian decision. Meanwhile, recent documentaries on ABC and elsewhere have shown that Scientology offers anything but a public benefit.

I hope you will decide that there should be a PBT for tax-free status, in the interests of fairness.