

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

TREASURY

Australian Taxation Office

(Additional Estimates 15 February 2006)

Topic: Constitutional Education Fund Australia and DGR status
AT75 Written Question on Notice: Senator Sherry

Senator Sherry asked:

The following questions relate to the Constitutional Education Fund Australia (CEFA) which has Deductible Gift Recipient (DGR) status?

I understand CEFA's finances to be as follows.

85 per cent of CEFA's outgoings in 2003-04 was spent on wages, rent and office administration. A mere \$14,400 was spent on direct activities for which CEFA was supposedly established, namely the Governor-General's prizes. Things weren't much different for 2004-05. 81 per cent of total outgoings of \$456,589 was spent on wages, rent and office administration. Expenditure on direct activities rose, but to a still very meagre \$62,600.

On the face of it it appears that CEFA does not meet the DGR requirements under the Tax Act?

- (a) Is this correct?
- (b) Can the Australian Taxation Office (ATO) advise what processes are in place to police, review and ultimately withdraw such tax deductibility arrangements?
- (c) Can the ATO examine the accounts of the Australians for Constitutional Monarchy and CEFA to see that CEFA's tax deductibility status is immediately withdrawn? If not, why not?

Answer:

The Constitution Education Fund is specifically listed in the tax law as gift deductible – refer subsection 30-25(2), Item 2.2.30, *Income Tax Assessment Act 1997*.

The listing is for gifts made after 20 June 2003.

Typically, organisations are only specifically listed after meeting the public fund requirements – see Taxation Ruling TR 95/27. However, the requirements in the tax laws that apply to deductible gift recipients endorsed by the Tax Office do not apply to specifically listed organisations.

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The Tax Office position on specifically listed deductible gift recipients is that the use of any donated moneys must conform with the purpose or objectives for which the Government agreed to its being granted tax deductible gift status.

The Tax Office reviews specifically listed organisations where intelligence or other information indicates that such a course is warranted. However, it would not be appropriate to comment on review of any specific organisation.

Where a specifically listed organisation was found by the Tax Office to be acting in a manner potentially inconsistent with its gift deductible status a report would be made to Treasury. It is the role of Treasury to advise Government on such matters.