

# AbaF

## Gifts and tax

### **What is a gift?**

Gifts have the following characteristics:

- there is a transfer of money or property
- the transfer is made voluntarily
- the transfer arises by way of benefaction, and
- no material benefit or advantage is received by the donor.

### **How can people get a tax deduction for their gift?**

To receive a tax deduction for the gift, the donor cannot expect any tangible benefit in return, and the organisation must be endorsed as a deductible gift recipient (DGR) by the Australia Taxation Office (ATO). Visit [www.ato.gov.au](http://www.ato.gov.au) for further information.

### **What is DGR?**

A deductible gift recipient (DGR) is an entity or fund that can receive tax deductible gifts. There are two types of DGR:

- an entity that has DGR endorsement in its own right
- an entity that is only a DGR in relation to a fund, authority or institution it operates. In this instance, only gifts to the fund, authority or institution are tax deductible.

### **Can I be endorsed as a DGR?**

Individual artists cannot be endorsed with DGR. However AbaF is able to use its DGR to receive gifts on behalf of individual artists and arts organisations or groups that do not have DGR through the Australia Cultural Fund.

### **Can my organisation be endorsed as a DGR?**

To be endorsed as a DGR your organisation must be either:

- a public fund on the Register of Cultural Organisations (ROCO)
- a public library, a public museum or a public art gallery
- an institution consisting of a public library, public museum and public art gallery or of any two of them.

### **What are the requirements for the Register of Cultural Organisations (ROCO)?**

To be on ROCO your organisation must:

- be a body corporate, a trust or an unincorporated body established for a public purpose by the Commonwealth, a state or a territory
- have as your principal purpose the promotion of literature, music, a performing art, a visual art, a craft, design, film, video, television, radio, community arts, Aboriginal arts or movable cultural heritage
- not give any of your property, profits or financial surplus to your members, beneficiaries, controllers or owners
- maintain a public fund to receive gifts for your principal purpose
- agree to provide information on donations at six monthly intervals, and
- agree with the Office for the Arts of the Department of Prime Minister and Cabinet (OFTA) that, if included on the Register, you will participate in periodic reviews of eligibility.

For further information and application forms for the Register of Cultural Organisations and Endorsement as a Deductible Gift Recipient visit

[www.arts.gov.au/tax\\_incentives/register\\_of\\_cultural\\_organisations](http://www.arts.gov.au/tax_incentives/register_of_cultural_organisations)

### **What is Tax Concession Charity (TCC) endorsement?**

Organisations that are charities must be endorsed by the ATO if they want to access tax concessions under the income tax, goods and services (GST) and fringe benefits (FBT) laws.

### **Can my organisation obtain TCC endorsement?**

To be endorsed as a TCC your organisation must be a charity and have an Australian business number (ABN). A charity is an institution or fund established and operated for altruistic purposes that the law regards as charitable. The characteristics of a charity are:

- it is an entity which is also a trust fund or an institution
- it is non-profit
- it exists for the public benefit or the relief of poverty
- its purposes are charitable within the legal sense of that term, and
- its sole or dominant purpose is charitable.

Not-for-profit entities that operate for the public benefit to advance the arts or educate the public in the arts are charities. Below are some examples of cultural organisations which are charities:

- arts societies that encourage and promote cultivation and appreciation of the fine arts
- ballet foundations to promote and encourage interest in ballet
- bodies promoting culture and the arts in schools
- choral and orchestral societies
- friends of public museums and art galleries
- opera companies that are non-profit
- public art galleries
- public libraries
- public museums, and
- trust funds distributing solely to charities that promote the arts.

For further information on TCC endorsement visit

[www.ato.gov.au/nonprofit/content.asp?doc=/content/46636.htm](http://www.ato.gov.au/nonprofit/content.asp?doc=/content/46636.htm)

### **Having the right tax status to apply to philanthropic foundations**

Most foundations require applicants to have DGR and TCC. If you want to check your organisation's DGR and TCC visit the [Australian Business Register](#) and type in your organisation's name on the ABN lookup.

To find out more contact your local AbaF office or email [acf@abaf.org.au](mailto:acf@abaf.org.au).