Deductible gift recipient eligibility

You must meet certain requirements to be endorsed as a deductible gift recipient (DGR).

Last updated 4 July 2025

Types of DGR endorsement

Check if your not-for-profit (NFP) organisation is eligible to be endorsed as a deductible gift recipient (DGR).

Meeting the 'in Australia' condition

All deductible gift recipients (DGRs) must meet the 'in Australia' condition, established and operated in Australia.

Endorsement as a whole

NFP organisations must transfer certain surplus assets to a DGR, authority or institution when wound up or revoked.

Endorsement for the operation of a fund, authority or institution

How to be endorsed as a deductible gift recipient (DGR) for the operation of a fund, authority or institution.

Winding up and revocation of a DGR

What to do when endorsed deductible gift recipients (DGRs) are wound up or their endorsement is revoked.

DGRs required to be a registered charity

All general DGR categories are now required to be registered as a charity. Transitional periods may apply.

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Types of DGR endorsement

Check if your not-for-profit (NFP) organisation is eligible to be endorsed as a deductible gift recipient (DGR).

Last updated 4 July 2025

There are 2 types of deductible gift recipient (DGR) endorsement:

- where a not-for-profit organisation as a whole falls within a DGR category
- where a fund, authority or institution that is operated by a not-for-profit organisation falls within a DGR category.

If an organisation as a whole falls within a DGR category, donors may claim an income tax deduction for gifts and deductible contributions to the entity.

If a fund is legally owned by an organisation or an authority or institution within an organisation, the organisation can be endorsed, but only for that particular fund, authority or institution.

Only gifts and deductible contributions to the fund, authority or institution can be deductible.

If an organisation operates more than one fund, authority or institution, it will need a separate endorsement for each one.

Each DGR category has additional eligibility requirements specific to that category. These categories are set out in the **DGR table**.

From 14 December 2021, non-government DGRs are required to be a registered charity, except for ancillary funds or DGRs that are specifically listed in tax law. A transitional period applies for eligible not-for-profits. For more information, see **DGRs required to be a registered charity**.

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Meeting the 'in Australia' condition

All deductible gift recipients (DGRs) must meet the ‘in Australia’ condition, established and operated in Australia.

Last updated 9 July 2025

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DGRs being 'in Australia' condition

The ‘in Australia’ condition requires all deductible gift recipients (DGRs) to be in Australia. This means that all DGRs must be **established and operated** in Australia.

The purposes and beneficiaries of a DGR do not have to be in Australia, unless the DGR is one of the following public funds:

- a public fund for providing religious instruction in government schools
- a Roman Catholic public fund for religious instruction in government schools

- a public fund for ethics education in government schools
- an Australian disaster relief fund
- a necessitous circumstances fund
- an Australian war memorial fund
- a public fund for family counselling or family dispute resolution
- a marriage guidance fund
- a public fund for providing money for scholarships.

Examples of 'in Australia' condition

The following examples describe when the In Australia condition is met or not met.

Example 1: in Australia condition met – public benevolent institution

An institution is set up in Australia as a charity whose main purpose is for the relief of poverty. The institution is a registered public benevolent institution.

The institution’s controlling board, its donors, and most of its assets are in Australia.

Less than half of the money provided by the institution is sent to beneficiaries overseas. The remainder of the money is given to beneficiaries in Australia.

The institution is established and operated in Australia. It meets the ‘in Australia’ condition.

Example 2: in Australia condition met – public benevolent institution

Assume the same facts as Example 1 except that all of the money provided by the institution is sent to beneficiaries overseas.

The institution is established and operated in Australia. The institution is not required to have its purposes and beneficiaries in Australia. It meets the ‘in Australia’ condition.

Example 3: in Australia condition not met – public fund

A public fund is set up in an overseas country. Its controlling board, its donors, and most of its assets are in the overseas country. The fund sends money to Australia to help people who are in necessitous circumstances.

Although the public fund’s purposes and beneficiaries are in Australia, the fund is not established and operated in Australia. It does not meet the ‘in Australia’ condition. It can't be endorsed as a DGR.

Example 4: in Australia condition met – developing country relief fund

An organisation is set up in Australia as a registered charity.

It operates a public fund which is a developing country relief fund. The public fund was established with the principal purpose of delivering development or humanitarian assistance activities (or both) in a developing country and in partnership with entities in the country, based on principles of cooperation, mutual respect and shared accountability.

The management committee of the organisation are normally all located in Australia and decisions relating to the public fund are usually made in Australia.

The organisation opens a bank account in Australia and receives donations from members of the Australian public and from ancillary funds. The monies received are held by the organisation in accordance with the terms of the public fund rules.

All of the money provided by the fund is sent to beneficiaries in a developing country.

The fund is established and operated in Australia. The fund is not required to have its purposes and beneficiaries in Australia. It meets the 'in Australia' condition.

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Endorsement as a whole

NFP organisations must transfer certain surplus assets to a DGR, authority or institution when wound up or revoked.

Last updated 9 July 2025

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Transferring surplus assets to a DGR

A not-for-profit organisation is required to transfer the following surplus assets to a gift deductible fund (DGR), authority or institution when it is wound up or its endorsement is revoked (whichever occurs first):

- gifts and deductible contributions made to the organisation for its principal purpose
- money received by the entity because of such gifts and contributions.

For DGRs that are registered charities, the transfer must be to another DGR, with similar objects, which is charitable at law.

This requirement may be set out in a law, in an organisation's constituent documents or in separate rules governing an organisation's activities.

Sample clause 1 – DGRs not registered with ACNC

If the organisation is wound up or its endorsement as a deductible gift recipient is revoked (whichever occurs first), any surplus of the following assets shall be transferred to another organisation to which income tax deductible gifts can be made:

- gifts of money or property for the principal purpose of the organisation
- contributions made in relation to an eligible fundraising event held for the principal purpose of the organisation
- money received by the organisation because of such gifts and contributions.

Sample clause 2 – DGRs registered with ACNC

If the organisation is wound up or its endorsement as a deductible gift recipient is revoked (whichever occurs first), any surplus of the following assets shall be transferred to another organisation with similar objects, which is charitable at law, to which income tax deductible gifts can be made:

- gifts of money or property for the principal purpose of the organisation
- contributions made in relation to an eligible fundraising event held for the principal purpose of the organisation
- money received by the organisation because of such gifts and contributions.

Winding up requirement

The winding up requirement for surplus gifts and contributions will also be met where the organisation's winding up clause requires **all** surplus assets to be transferred to another DGR. In this case, the DGR must have a separate rule regarding distribution of surplus gifts and deductible contributions in the event of revocation of DGR endorsement.

While most DGRs endorsed as a whole are not required to maintain a gift fund, all gifts and deductible contributions made for the principal purpose must be used for that purpose. All DGRs must maintain records that explain all transactions and other acts relevant to status as a DGR. For more information, see **Record keeping for not-for-profits**.

From 1 January 2024, organisations seeking DGR endorsement for the following DGR categories will be endorsed as a whole if eligible, and must maintain a **gift fund** for the principal purpose of the organisation:

- **Cultural organisations** (item number 12.1.1)
- **Environmental organisations** (item number 6.1.1)
- **Harm prevention charities** (item number 4.1.4)
- **Developing country relief organisations** that are not operating a public fund (item number 9.1.1).

Registered charities operating a **developing country relief fund**, under item number 9.1.1, will be endorsed for the operation of a public fund.

If your organisation is seeking to be endorsed as a whole under one of the above categories, include the following acceptable clause in your constituent documents or governing rules to meet the **winding up and revocation requirement**.

Acceptable clause

If the organisation is wound up or if the endorsement (if any) of the organisation as a deductible gift recipient is revoked, any surplus assets of the gift fund remaining after the payment of liabilities attributable to it, shall be transferred to a fund, authority or institution to which income tax-deductible gifts can be made.

If your organisation is a registered charity, the clause must state that the surplus assets of the gift fund shall be transferred to a charity (fund, authority or institution) with a similar charitable purpose to which income tax-deductible gifts can be made.

Your organisation **does not** need to meet this requirement if it is established by an Act or the Commonwealth Parliament, and that Act, or another Act, does not provide for the winding up or termination of your organisation. A gift fund is still required.

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Endorsement for the operation of a fund, authority or institution

How to be endorsed as a deductible gift recipient (DGR) for the operation of a fund, authority or institution.

Last updated 9 July 2025

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Conditions for DGR endorsement

To be endorsed as a deductible gift recipient (DGR) for the operation of a fund, authority or institution, an organisation must maintain a gift fund for the principal purpose of the fund, authority or institution.

An exception is where the organisation is already endorsed as a DGR as a whole and is seeking endorsement for a fund, authority or institution that it owns or includes. In this situation, the organisation does not need to maintain a gift fund.

Example: gift fund not required

A public university is endorsed as a DGR as a whole. The university is seeking endorsement for the operation of a public library.

The university does not need to maintain a gift fund for its library, as the university itself is endorsed as a DGR as a whole.

Gift fund characteristics

A gift fund must have all these characteristics:

- it is a fund
- it is maintained and used only for the principal purpose of the fund, authority or institution
- all gifts and deductible contributions of money or property for that purpose are made to it
- any money received by the organisation, because of such gifts or deductible contributions is credited to it
- it does not receive any other money or property
- the organisation is required by a law, its constituent documents or governing rules – to transfer any surplus assets of the gift fund to another gift deductible fund, authority or institution when the fund, authority or institution is wound up or the DGR endorsement is revoked, whichever occurs first.

How you set up a gift fund

A gift fund should be set up as part of your organisation or of the fund, authority or institution it operates. The gift fund may have its own rules or constitution, or they may be part of the governing documents of your organisation or of the fund, authority or institution.

The rules or governing documents should provide evidence of the gift fund's existence, name, purpose and operations.

A gift fund can receive either gifts or deductible contributions, or both. However, if a gift fund's rules only allow the receipt of gifts and your organisation wants to receive deductible contributions, the gift fund rules must be amended to allow the receipt of deductible contributions to the fund.

If your organisation is endorsed or seeking endorsement for more than one fund, authority or institution that it operates, it must meet the gift fund requirements for each of its funds, authorities or institutions. Your organisation can do this by maintaining a single gift fund or multiple gift funds.

Example: setting up a gift fund

A school is seeking endorsement for a school building fund, a scholarship fund and a public library that it operates. The school can choose to maintain:

- separate gift funds for the school building fund, the scholarship fund and the library
- a single gift fund for 2 of them and one separate gift fund for the other
- a single gift fund for all 3.

Your organisation does not need a separate bank account for the gift fund, however banking money in a separate account will provide clear evidence of the existence of a gift fund. Money or property of a gift fund should not be mixed with other money or property of your organisation.

Many types of DGRs must be public funds, including necessitous circumstances funds, school building funds and ancillary funds.

A public fund must have a **separate bank account** and **clear accounting procedures**.

The existence of a public fund does not necessarily meet the gift fund requirement. However, if the public fund only receives gifts or deductible contributions, and the appropriate winding-up rules exist, the public fund itself may be the gift fund. In this case, there would be no need for a separate gift fund.

Example: separate fund not required

A war memorial repair fund only receives gifts. All gifts and earnings from them are used in the restoration of the war memorial. The fund has appropriate rules covering winding up and revocation of endorsement.

The war memorial repair fund itself meets the gift fund requirement. It does not need to set up a separate fund.

How you operate a gift fund

When running a gift fund, you should separately record:

- all gifts and contributions, through a bank account or other cash management system for money, and a property register
- transfers from the gift fund, whether as payments, disbursements or for use by the fund, authority or institution
- investment returns on money or property that has been transferred out.

The money and property of the gift fund must be clearly separate from that of the rest of your organisation and accounted for accordingly.

Example: not maintaining a gift fund

A public art gallery receives gifts, entrance fees and sale proceeds from its gallery gift shop. All amounts received at the gallery, such as gifts, fees and sales, are banked into its donation account. The gallery is not maintaining a gift fund.

If your organisation maintains one gift fund for 2 or more funds, authorities or institutions that it operates, it must keep records identifying:

- gifts and deductible contributions made to the gift fund and any money credited to the gift fund for each of the funds, authorities or institutions
- gifts, deductible contributions and money in the gift fund have been used for the principal purpose of the fund, authority or institution to which they relate.

Amounts that go to the gift fund

The following amounts must be credited to a gift fund:

- all gifts of money or property made for the principal purpose of the fund, authority or institution, including
  - testamentary gifts (that is, gifts made under a will)
  - gifts that are not tax deductible for the donor
  - distributions from other charities or DGRs, if made for the principal purpose
  - the whole amount of deductible contributions made to a fundraising event staged to raise funds for the principal purpose
- money received because of these gifts and deductible contributions, including
  - proceeds from the sale of gifted property
  - investment returns from money or property that continues to be part of the gift fund.

Amounts that are not gifts or deductible contributions are not to be credited to a gift fund. They include:

- receipts from sponsorships or commercial activities
- proceeds of raffles, charity auctions, dinners and similar events, if the proceeds are not deductible contributions.

If money or property is incorrectly received, it must be removed from the gift fund as soon as practicable, with the accounts adjusted and noted accordingly. The gift fund will need procedures to make sure only proper amounts are credited into it.

When money is not banked before being used for the purposes of the DGR, it must be properly accounted for in the gift fund's records.

What a gift fund should be used for

The gift fund must only be used for the principal purpose of the fund, authority or institution.

If the fund is operated only for some minor purpose, it will not meet the gift fund requirement.

Example: not acceptable use of gift fund

A local government council that is a DGR for the operation of its public library sets up a fund for donations towards the annual picnic for its library staff. The fund is not for the principal purpose of the public library and so can't be a gift fund.

Uses of a gift fund for the principal purpose of the fund, authority or institution include:

- transferring money or property to your organisation or to the fund, authority or institution for its current and continuing use
- purchases of property or services for use by the fund, authority or institution or by your organisation for the principal purpose of the fund, authority or institution
- reasonable costs of managing the gift fund, for example,
  - bank charges
  - stationery
  - accounting and audit fees for the gift fund
- professional fees for fundraising
- investment, if it is consistent with carrying out the principal purpose of the fund, authority or institution.

Example: acceptable use of gift fund

When a public museum operated by a historical society receives gifted artefacts for the museum's collection its gift fund identifies the artefact by recording its characteristics, its date of receipt, and that it is being held by the museum as part of its collection.

These activities show the gift fund is being used for the principal purpose of the museum.

Example: acceptable use of gift fund

The gift fund of a cultural organisation pays leasing charges on cars the institution provides to its employees to be used for the principal purpose of the organisation. This is an acceptable use of the gift fund.

If your organisation maintains one gift fund for two or more funds, authorities or institutions that it operates, it must use the following only for the principal purpose of the fund, authority or institution:

- gifts and deductible contributions made to the gift fund
- any money credited to the gift fund.

Example: acceptable use of gift fund when entity operates 2 funds

A school is endorsed as a DGR for the operation of a school building fund and scholarship fund. The school maintains a single gift fund for its 2 funds. The school must use the gifts and contributions made to each fund for the principal purpose of the fund to which the gift or contribution relates. For example, the school can't transfer funds from its school building fund to its scholarship fund to provide money for scholarships.

What happens on winding up or revocation of endorsement

Your organisation must be required by a law, its constituent documents or governing rules to transfer any surplus assets of the gift fund to another gift deductible fund, authority or institution on the earlier of either the:

- fund, authority or institution being wound up
- DGR endorsement being revoked.

If your organisation operates a fund, authority or institution that is a registered charity, any surplus assets of the gift fund must be transferred to another charity (DGR fund, authority or institution) with similar charitable purposes.

If your organisation is seeking to be a DGR endorsed for the operation of a fund, authority or institution, the following acceptable clause should be included in your constituent documents or governing rules:

Acceptable clause

If the fund, authority or institution is wound up or if the endorsement (if any) of the organisation as a deductible gift recipient for the operation of the fund, authority or institution is revoked, any surplus assets of the gift fund remaining after the payment of liabilities attributable to it, shall be transferred to a fund, authority or institution to which income tax-deductible gifts can be made.

If the fund, authority or institution is a registered charity, the above clause must state that the surplus assets of the gift fund shall be transferred to a charity (fund, authority or institution) with a similar charitable purpose to which income tax-deductible gifts can be made.

If your organisation is a DGR for more than one fund, authority or institution it operates, it may transfer the assets to another of its gift deductible funds, authorities or institutions upon winding up or revocation of endorsement, if the rules of the fund, authority or institution allow such a transfer.

Your organisation **does not** need to meet this requirement if it is established by an Act of the Commonwealth Parliament, and that Act, or another Act, does not provide for the winding up or termination of your organisation.

If you do not maintain a gift fund

If your organisation is seeking endorsement for the operation of a fund, authority or institution and is not maintaining a gift fund, it can't be endorsed as a DGR. The only exception is if your organisation is already endorsed as a DGR as a whole.

If your organisation is endorsed as a DGR for the operation of a fund, authority or institution and stops maintaining a gift fund, it stops being entitled to endorsement. Your organisation must then notify us in writing so that we can revoke your organisation's endorsement.

However, if the failure to maintain a gift fund is an administrative error, not intentional and corrected quickly, endorsement will not be withdrawn.

Example: failing to maintain gift fund – administrative error

A public library runs a charity ball and banks all proceeds in the library's gift fund account. When preparing the treasurer's monthly report, the mistake is discovered. The money is immediately transferred to the library's general bank account. The correction is noted in the gift fund's books.

The library's endorsement would not be revoked, and it would not have to notify us. Because it had a system that would identify errors, it rectified the deposit in a short time and noted the error in its accounts.

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Winding up and revocation of a DGR

What to do when endorsed deductible gift recipients (DGRs) are wound up or their endorsement is revoked.

Last updated 9 July 2025

When endorsed deductible gift recipients (DGRs) are wound up, or if their endorsement is revoked, they have to transfer all remaining gifts, deductible contributions and money received in relation to such gifts and contributions to a gift deductible fund, authority or institution.

For registered charities, the transfer must be to another DGR with similar objects, which is charitable at law. This requirement varies with the type of endorsement.

Organisations **do not need** to meet this requirement if they are established by an Act of the Commonwealth Parliament, and that Act, or another Act, does not provide for the winding up or termination of the entity.

For more information, see:

- Apply for DGR endorsement
- Endorsement as a whole
- Progress of your endorsement application

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DGRs required to be a registered charity

All general DGR categories are now required to be registered as a charity. Transitional periods may apply.

Published 9 July 2025

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Summary of changes

Legislation amended in September 2021 requires non-government deductible gift recipients (DGRs) to be a registered charity from 14 December 2021.

Charity registration is an existing requirement for the majority of general DGR categories. The amendment extends this requirement to the remaining DGR categories, except for ancillary funds or DGRs that are specifically listed in tax law.

These changes form part of the Deductible gift recipient reform announced by the government in December 2017. They are designed to improve the consistency of regulation, governance and oversight of DGRs in order to uphold community confidence and trust in the sector.

DGRs that were already endorsed on 14 December 2021, as well as certain applicants with a DGR application pending, were eligible for transitional arrangements. **Transitional arrangements** provided additional time to meet the new requirements and included an:

- automatic 12–month general transition period, giving DGRs until 14 December 2022 to become a registered charity
- additional 3–year extension in limited circumstances – this application period has now closed.

Requirements for DGR endorsement

From 14 December 2021, a requirement for DGR endorsement is that a fund, authority or institution must be one of the following:

- a registered charity
- an Australian government agency
- operated by a registered charity or an Australian government agency.

The requirement to be a registered charity or an Australian government agency does not apply for ancillary funds or DGRs specifically listed by name in tax law. See **DGR categories**.

Amended DGR categories

From 14 December 2021, the following updated general DGR categories require non-government organisations to be registered as a charity:

- public fund for hospitals
- public fund for public ambulance services
- public fund for religious instruction in government schools
- Roman Catholic public fund for religious instruction in government schools
- school building fund
- public fund for rural school hostel building
- approved research institute
- public fund for persons in necessitous circumstances
- fire and emergency services fund
- environmental organisation
- cultural organisation.

Transitional arrangements

DGRs that were already endorsed on 14 December 2021, as well as certain applicants with a DGR application pending, were eligible for transitional arrangements. Transitional arrangements provided additional time to meet the new requirements and included an:

- automatic 12–month general transition period, giving DGRs until 14 December 2022 to become a registered charity
- additional 3–year extension in limited circumstances.

Three-year extension

Eligible organisations had to apply for a 3–year extension **before** 14 December 2022 if they needed more time.

Approved organisations have up to 14 December 2025 to meet the new eligibility requirements for DGR endorsement.

The defined criteria used to assess the 3–year extension is outlined in the DGR (extended application date) legislative instrument.

Applications for DGR endorsement made after 14 December 2021

Non-government organisations that apply for DGR endorsement after 14 December 2021 must register as a charity before we will consider their endorsement application.

Registering as a charity

Before applying to be registered as a charity, refer to the ACNC website for:

- eligibility for starting a charity
- ongoing obligations to the ACNC
- a registration checklist.

To apply for charity registration, you need to log in to the ACNC Charity Portal and complete the application.

As part of your application, you will need to provide copies of your governing documents in either a Word or PDF file format. Image files may cause issues and may delay your application.

Other changes affecting your endorsement

If your organisation has changed its main purpose, activities or governing documents, you may no longer be entitled to DGR endorsement.

Check your organisation's continued eligibility to be endorsed as a DGR by completing a **review of your DGR endorsement**.

If your organisation is no longer eligible for DGR endorsement or it no longer requires it, you must notify us:

- Complete and submit the Not-for-profit advice request (PDF, 121KB) form requesting cancellation of your DGR endorsement.
- The form must be completed by an authorised contact listed on the account and must specify the date of cancellation. We may contact you to discuss the cancellation request.
- We will cancel your organisation's DGR endorsement and issue a written confirmation noting the cancellation date of effect.

After DGR cancellation, your organisation will:

- no longer be entitled to receive tax-deductible donations or gifts
- be required to remove tax-deductible status from your organisation's website or other materials
- need to arrange for surplus income or assets to be distributed to another eligible DGR.

Revocation of DGRs ineligible for endorsement

To maintain DGR endorsement, affected entities had to, before 14 December 2022, either:

- register as a charity
- be an Australian government agency
- be operated by a registered charity or an Australian government agency.

If you didn't register as a charity, or were not granted a 3–year extension, your DGR endorsement has been revoked. If revoked, your organisation is:

- no longer entitled to receive tax-deductible donations or gifts
- required to remove tax-deductible status from their website or other materials
- required to distribute surplus gifts and donations to an eligible DGR.

If your DGR endorsement was revoked and you are dissatisfied with our decision, you can **lodge an objection**.

Next steps

Check your organisation's continued eligibility to be endorsed as a DGR, by completing a **review of your DGR endorsement**.

If your DGR endorsement was revoked, you must register as a charity with the ACNC before re-applying for your endorsement. The ACNC page, Start a charity, has useful information for charities.

If you have any questions about DGR endorsement, phone us on **1300 130 248** between 8:00 am and 6:00 pm, Monday to Friday.

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Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.