



Class Ruling

Quest Payment Systems Pty Ltd – evidence of a deduction for donations made to a deductible gift recipient via the use of an electronic donation collection device

Relying on this Ruling

This publication (excluding appendix) is a public ruling for the purposes of the *Taxation Administration Act 1953*.

If this Ruling applies to you, and you correctly rely on it, we will apply the law to you in the way set out in this Ruling. That is, you will not pay any more tax or penalties or interest in respect of the matters covered by this Ruling.

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What this Ruling is about

1. This Ruling sets out the income tax consequences of donations made to a deductible gift recipient (DGR) using a Donation Point Tap (DPT) device.
2. Full details of this scheme are set out in paragraphs 9 to 21 of this Ruling.
3. All legislative references in this Ruling are to the *Income Tax Assessment Act 1997* unless otherwise indicated.

Who this Ruling applies to

4. This Ruling applies to you if you are a resident of Australia who donates to a DGR using DPT (Donors).
5. The Donor is the account holder of the debit or credit card used to make a donation using DPT.

When this Ruling applies

6. This Ruling applies from 1 July 2021 to 30 June 2026 and continues to apply after 30 June 2026 to all entities within the specified class who entered into the scheme during the term of this Ruling.

Ruling

7. The transaction item in a bank or credit card statement will not be a receipt for the purposes of section 30-228 but will be written evidence of a deduction, provided the transaction item identifies:

- the date of the donation (transaction)
- a description of the transaction in the following format
GIFTDGR(ABN of DGR), for example, GIFTDGR12345678901
- the amount of the gift.

8. The transaction item in a bank or credit card statement, as outlined in paragraph 7 of this Ruling, is accepted as written evidence of a gift being claimed as a deduction under section 30-15.

Scheme

9. The following description of the scheme is based on information provided by the applicant. If the scheme is not carried out as described, this Ruling cannot be relied upon.

10. Quest Payment Systems Pty Ltd (Quest) has developed DPT, which is a donation collection device.

11. DPT is an electronic funds transfer point of sale (EFTPOS) terminal.

12. A Donor makes a donation by tapping their contactless debit or credit card or Near Field Communications-capable device on the DPT device.

13. Quest will sell DPT to endorsed DGRs and authorised deposit-taking institutions (ADIs) as defined under section 5 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (for example, a bank).

14. A DGR or ADI that acquires DPT will have to set up a merchant facility for DPT, which will include a merchant short name for the DGR using DPT. The merchant short name must enable a cardholder to identify a transaction item in their bank or credit card statement. The merchant short name can be no more than 18 characters.

15. An ADI that acquires DPT and provides it for use by a DGR (for example, a fundraising event) must be authorised by the DGR to collect donations on their behalf.

16. The amount donated for each tap of the DPT device will be pre-set by the relevant DGR, that is, if the DPT donation amount is set at \$10, each card or mobile phone tap will cause \$10 to be donated to the relevant DGR.

17. Details of all DPT donations to a DGR are captured and stored in the cloud EFTPOS web portal managed by Quest, which can be accessed by the relevant DGR.

18. DPT is unable to issue receipts.

19. Amounts donated using DPT will be recorded in the bank or credit card statement of a Donor.

20. Quest will advise purchasers of DPT that the merchant short name must contain:

- the Australian business number (ABN) of the DGR
- confirmation that the transaction was a gift
- the date of the donation, and

- the amount of the gift.

21. Quest will advise DGRs which use DPT that if a Donor requests a receipt for a DPT donation, the DGR must issue a receipt which includes the:

- name of the DGR
- ABN of the DGR
- fact that the receipt is for a gift, and
- date and the amount of the gift.

Commissioner of Taxation

22 September 2021

Appendix – Explanation

❶ *This Appendix is provided as information to help you understand how the Commissioner's view has been reached. It does not form part of the binding public ruling.*

Evidence of a gift

22. DGRs are not required to issue receipts but when they do, they must include certain information on the receipts. Subsection 30-228(1) provides that:

If a deductible gift recipient issues a receipt for a gift described in the relevant item of the table in section 30-15 to the fund, authority or institution, the deductible gift recipient must ensure that the receipt states:

- (a) the name of the fund, authority or institution; and
- (b) the ABN (if any) of the deductible gift recipient; and
- (c) the fact that the receipt is for a gift.

23. Under the scheme, the DGR does not issue receipts for donations made using DPT (unless directly requested by a Donor).

24. In the making of an assessment under section 166 of the *Income Tax Assessment Act 1936*, the Commissioner may disallow an amount claimed under section 30-15 as a gift of money if the taxpayer does not hold sufficient evidence that demonstrates an entitlement to the deduction claimed.

25. The Commissioner will accept the transaction item in a bank or credit card statement that includes the following information as sufficient evidence of entitlement to claim a deduction under section 30-15:

- the date of the donation (transaction)
- a description of the transaction in the following format
GIFTDGR(ABN of DGR), for example, GIFTDGR12345678901, and
- the amount of the gift.

References*Previous draft:*

Not previously issued as a draft

- ITAA 1997 30-228
- ITAA 1997 30-228(1)
- TAA 1953
- Anti-Money Laundering and Counter-Terrorism Financing Act 2006 5

Legislative references:

- ITAA 1936 166
- ITAA 1997 30-15

ATO references

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