

IT 2175 - Exempt income : public radio station : charitable institution : gifts



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TAXATION RULING NO. IT 2175

EXEMPT INCOME : PUBLIC RADIO STATION : CHARITABLE
INSTITUTION : GIFTS

F.O.I. EMBARGO: May be released

REF

H.O. REF: 84/1312-6

DATE OF EFFECT:

B.O. REF:

DATE ORIG. MEMO ISSUED:

F.O.I. INDEX DETAIL

REFERENCE NO:

SUBJECT REFS:

LEGISLAT. REFS:

I 1193263

EXEMPT INCOME

23(e)

CHARITABLE INSTITUTION

PUBLIC RADIO STATIONS

GIFTS

78(1)(a)

PREAMBLE

The Broadcasting and Television Act makes provision for the grant of licences for the operation of public radio stations. The stations are non-commercial in the sense that their objects must provide that they are not being carried on for the purpose of profit or gain to their individual members and they are also prohibited from broadcasting advertisements.

2. A governmental enquiry conducted in 1976 revealed that over one-quarter of the people in Australia did not have a basic broadcasting service, that is, a service in their mother tongue. To overcome this problem the Special Broadcasting Service was established by the Government on 1 January 1978 to provide multilingual radio service and for such other special purposes as prescribed by the Government.

3. Public radio stations range in size from large educational operations to fine music stations to small country community access stations set up by local citizens. There are youth oriented stations, ethnic stations, Christian stations, and others with a mix of programs including current affairs, alternative and local news, senior citizen's programs, radio for handicapped, trade union programs, prisoner programs and many welfare and community programs. A number of public radio stations are associated with educational institutions. Public radio stations cater for their immediate community or for specific interest groups and most are staffed almost exclusively by volunteers.

4. The Special Broadcasting Service provides subsidies to public radio stations for the production and presentation of ethnic radio programs and the Department of Communications provides some public funding for the purchase of technical equipment and program development. Apart from government grants public radio stations receive donations from public companies, trade unions and community organizations.

RULING

5. It is accepted that non-profit, non-commercial public

radio stations operated under licences granted under the Broadcasting and Television Act are charitable institutions. They are accepted as being of general benefit to the community in the sense which is generally accepted as being charitable. Accordingly any income they derive will be exempt from income tax under paragraph 23(e) of the Income Tax Assessment Act.

6. While public radio stations are charitable they are not benevolent within the meaning of that term in the phrase "public benevolent institution". They do not relieve distress, suffering, hardship etc... Accordingly, public radio stations do not come within any of the gift provisions contained in paragraph 78(1)(a) and there is no general deduction for gifts to public radio stations.

7. Nevertheless, some gifts may qualify for deduction under sub-section 51(1). It is recognised that business houses and enterprises are called upon from time to time to make, and do make, gifts to appeals of public interest which are not specified in paragraph 78(1)(a). Where it is established that the gifts have been made for business purposes the gift will qualify for deduction under sub-section 51(1).

COMMISSIONER OF TAXATION
22 July 1985

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