



TD 94/30 - Income tax: is the income earned by philatelic (stamp collecting) societies exempt from income tax?

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 This document has changed over time. This is a consolidated version of the ruling which was published on *21 April 1994*

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVAAA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, this Determination applies to years commencing both before and after its date of issue. However, this Determination does not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

Taxation Determination

Income tax: is the income earned by philatelic (stamp collecting) societies exempt from income tax?

1. No. The income derived by philatelic (stamp collecting) clubs and associations does not qualify for exemption from income tax.
2. Philatelic organisations are primarily involved in promoting the collection, display and study of postage stamps and postal marks and often also the study and documentation of postal history and postal methods.
3. Subparagraph 23(g)(ii) of the *Income Tax Assessment Act 1936* exempts from income tax the income of a society, association or club not carried on for the purpose of profit or gain to its individual members which is established for musical purposes, or for the encouragement of music, art, science or literature. If this subparagraph was to apply to a philatelic organisation it could only be because it was established for the encouragement of art or literature.
4. Art is defined as:

'the production or expression of what is beautiful (especially visually), appealing, or of more than ordinary significance' (*Macquarie Dictionary*);

an 'imitative or imaginative skill applied to design, as in paintings, architecture, etc.' (*Australian Concise Oxford Dictionary*); and

'the use of skill and imagination in the creation of aesthetic objects, environments, or experiences that can be shared with others' (*New Encyclopaedia Britannica*).
5. Philately can not be described as art because it does not involve the *creation* of objects of artistic value. The exhibition of stamps arranged for display is not considered to be art.
6. Philately can involve the researching and publishing of postal history, but this activity is not the predominant activity of philatelic societies. As to predominant activity tests see *Royal Australasian College of Surgeons v. FC of T* (1943) 68 CLR 436; (1943) 7 ATD 289 and later cases.

7. If the publishing of postal history amounts to the encouragement of literature, philatelic societies do not qualify for exemption on the basis that philately is literature because their main object is not the publishing of postal history.

8. The other provisions under which philatelic associations could be considered for exemption from income tax include subparagraphs 23(g)(iii) and 23(g)(v). Subparagraph 23(g)(iii) exempts the income of a non-profit society, established for the encouragement or promotion of a game or sport. Game is defined as:

'an amusement or pastime; a contest for amusement in the form of a trial of chance, skill or endurance, according to set rules' (*Macquarie Dictionary*); and

'(form of) contest played according to rules and decided by skill, strength, or luck' (*Australian Concise Oxford Dictionary*).

Although an amusement or pastime can be a game not *all* amusements or pastimes are games. Philately is an example of a pastime like reading that can not be considered to be a game.

9. Sport is defined as:

'an activity pursued for exercise or pleasure, usually requiring some degree of physical prowess, as hunting, fishing, racing, baseball, tennis, golf, bowling, wrestling, boxing etc.' (*Macquarie Dictionary*); and

'pastime, game, outdoor pastime, e.g. hunting, fishing, racing, cricket, football' (*Australian Concise Oxford Dictionary*).

10. Philately does not fall within the definition of a sport because the necessary element of physical activity is missing.

11. Subparagraph 23(g)(v) exempts from income tax the income of a non-profit society, established for community service purposes (not being political purposes or lobbying purposes). Taxation Determination TD 93/190 provides a guide to the range of organisations which qualify under this exemption. The Determination explains that the words 'community service purposes' extend to a range of altruistic purposes that are not otherwise charitable, such as promoting, providing or carrying out activities, facilities or projects for the benefit or welfare of the community or any members of the community who have a particular need by reason of youth, age, infirmity or disablement, poverty, or social or economic circumstances.

12. However philatelic associations do not possess the necessary altruistic purposes for the benefit of the community to enable them to qualify for exemption under subparagraph 23(g)(v).

Commissioner of Taxation

21/4/94

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Related Rulings:

Subject Ref: stamp collecting; exemption from income tax - philatelic associations; art or literature associations

Legislative Ref: ITAA 23(g)(ii); ITAA 23(g)(iii); ITAA 23(g)(v)

Case Ref: Royal Australasian College of Surgeons v. FC of T (1943) 68 CLR 436; (1943) 7 ATD 289

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