


CR 2017/14 - Income tax: will the transaction item for a gift in a bank or credit card statement meet the requirements of a receipt under section 30-228 of the Income Tax Assessment Act 1997 ?

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Class Ruling

Income tax: will the transaction item for a gift in a bank or credit card statement meet the requirements of a receipt under section 30-228 of the *Income Tax Assessment Act 1997*?

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❶ This publication provides you with the following level of protection:

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

A public ruling is an expression of the Commissioner's opinion about the way in which a relevant provision applies, or would apply, to entities generally or to a class of entities in relation to a particular scheme or a class of schemes.

If you rely on this ruling, the Commissioner must apply the law to you in the way set out in the ruling (unless the Commissioner is satisfied that the ruling is incorrect and disadvantages you, in which case the law may be applied to you in a way that is more favourable for you – provided the Commissioner is not prevented from doing so by a time limit imposed by the law). You will be protected from having to pay any underpaid tax, penalty or interest in respect of the matters covered by this ruling if it turns out that it does not correctly state how the relevant provision applies to you.

Summary – what this ruling is about

1. This Ruling sets out the Commissioner's opinion on the way in which the relevant provisions identified below apply to the defined class of entities, who take part in the scheme to which this Ruling relates.

Relevant provisions

2. The relevant provisions dealt with in this Ruling are:

- section 30-228 of the *Income Tax Assessment Act 1997* (ITAA 1997)
- section 900-110 of the ITAA 1997.

All subsequent legislative references in this Ruling are to the ITAA 1997 unless otherwise stated.

Class of entities

3. The class of entities to which this Ruling applies is residents of Australia who donate to a deductible gift recipient using Donation Point Tap (Donors).
4. The Donor is the account holder of the debit or credit card used to make a donation using Donation Point Tap (DPT).

Qualifications

5. The class of entities defined in this Ruling may rely on its contents provided the scheme actually carried out is carried out in accordance with the scheme described in paragraphs 8 to 20 of this Ruling.
6. If the scheme actually carried out is materially different from the scheme that is described in this Ruling, then:
 - this Ruling has no binding effect on the Commissioner because the scheme entered into is not the scheme on which the Commissioner has ruled
 - this Ruling may be withdrawn or modified.

Date of effect

7. This Ruling applies from 1 July 2016 to 30 June 2021. The Ruling continues to apply after 30 June 2021 to all entities within the specified class who entered into the specified scheme during the term of the Ruling. However, this Ruling will 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 this Ruling (see paragraphs 75 and 76 of Taxation Ruling TR 2006/10).

Scheme

8. The following description of the scheme is based on information provided by the applicant.
9. Quest Payment Systems Pty Ltd (Quest) has developed DPT which is a donation collection device.
10. DPT is an EFTPOS terminal.
11. A Donor makes a donation by tapping their Contactless debit or credit card or Near Field Communications (NFC) capable mobile phone on the DPT.

12. Quest will sell the DPT to deductible gift recipients (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).

13. A DGR or ADI that acquires a DPT will have to set up a merchant facility for the DPT, which will include a merchant short name for the DGR using the 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.

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

15. The amount donated for each tap of the DPT 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.

16. 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.

17. DPT is unable to issue receipts.

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

19. Quest will advise purchasers of DPT that the merchant short name must contain the following information:

- the Australian Business Number (ABN) of the DGR
- the transaction was a gift
- the date of the donation
- the amount of the gift.

20. 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 following information:

- the name of the DGR
- the ABN of the DGR
- the fact that the receipt is for a gift.

Ruling

21. 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 for the purposes section 900-110 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.

22. The transaction item in a bank or credit card statement as outlined in paragraph 21 is accepted as written evidence of a gift, and will substantiate a deduction being claimed under section 30-15.

Commissioner of Taxation

8 March 2017

Appendix 1 – Explanation

❗ *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

23. 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.

24. Under the scheme the DGR does not issue receipts for donations made using DPT (unless directly requested by a Donor). Instead the DGR will rely on the transaction item in the Donor's bank or credit card statement as evidence of the gift.

25. As the transaction item in a bank or credit card statement is not a receipt issued by a DGR, it is not a receipt for the purposes of section 30-228.

26. Subsection 900-110(1) states that:

There is no time limit for getting written evidence of an expense (unless you want to record the expense yourself under section 900-125 or 900-130). But until you get written evidence of it, you are not entitled to a deduction for the expense.

27. Section 900-125 provide that:

- (1) If your expense is small, and you have a small total of small expenses, you can make a record of the expenses instead of getting a document from the supplier.
- (2) Each expense must be \$10 or less, and the total of all your expenses that:
 - (a) are each \$10 or less; and
 - (b) you incurred in the income year and wish to deduct; and
 - (c) you must get written evidence for under this Division;

must be \$200 or less ...

28. Guidance in relation to the records needed to evidence a gift is provided in Australian Tax Office online publication *Gifts and fundraising; How supporters claim tax deductions; Keeping records* which states:

Receipts from third parties

We will accept third-party receipts as evidence of a gift to a DGR if the receipt:

- identifies the DGR
- states the fact that the amount is a donation to the DGR.

...

For example, if a donor makes a gift to a DGR:

- ...
- at a bank, credit union or other financial institution, they can use statements such as a
 - bank statement showing the amount paid to the DGR
 - ...
- ...
- by credit card or direct debit to their bank, credit union or other financial institution account, they can use the account records
- ...

...

29. Provided the transaction item in a bank or credit card statement includes the following information:

- 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.

it will be sufficient written evidence to substantiate a gift deduction being claimed under section 30-15.

Appendix 2 – Detailed contents list

30. The following is a detailed contents list for this Ruling:

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References

Previous draft:

Not previously issued as a draft

Related Rulings/Determinations:

TR 2006/10

- ITAA 1997 900-110
- ITAA 1997 900-110(1)
- ITAA 1997 900-125
- ITAA 1997 900-130
- TAA 1953

Legislative references:

- ITAA 1997
- ITAA 1997 30-15
- ITAA 1997 30-228
- ITAA 1997 30-228(1)

Other references:

- Gifts and fundraising; How supporters claim tax deductions; Keeping records

ATO references

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