



Taxation Administration Act

Occasional payroll donations to deductible gift recipients No. 2

Explanatory Statement

General Outline of Instrument

1. This instrument enables a variation to the amount of withholding required by a payer under the pay as you go withholding system for payees who make donations to a deductible gift recipient under an occasional workplace giving arrangement implemented by their payer.
2. This instrument is made by the Commissioner of Taxation (the Commissioner) pursuant to section 15-15 of Schedule 1 to the *Taxation Administration Act 1953*.
3. This is a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.
4. This legislative instrument will revoke Legislative Instrument No. F2009L01143 registered on the 23rd March 2009.

Date of effect

5. The instrument commences on the day after it is registered on the Federal Register of Legislative Instruments.
6. It provides a variation to the amount of withholding required from payments made after the date the instrument is registered.

What is this instrument about?

7. This instrument varies the amount required to be withheld by a payer who makes donations to a deductible gift recipient at the direction of a payee where the variation for donations made under a regular planned workplace giving arrangement would not apply.
8. As a result, the person making the donation will receive the taxation benefit of the deductible gift at the time of making the donation, rather than waiting until their tax assessment for the relevant year.

What is the effect of this instrument?

9. The instrument is a pay as you go withholding class variation that reduces the amount of withholding by a payer for the relevant payees for the pay period in which the donation is made. It has been developed to enable a more accurate withholding calculation for occasional donations.
10. This instrument is provided to allow payers wishing to facilitate a program for making donations at the direction of their payees where those donations are not made under a regular planned giving arrangement.

11. This instrument provides updated withholding instructions that reflect the personal income tax rates and thresholds that apply from 1 July 2010.

Background:

An earlier pay as you go withholding class variation (Legislative Instrument Ref: F2006B00300 - registered on the 10th February 2006) provides a reduction in withholding when payers make donations at the direction of payees under a regular planned workplace arrangement.

12. Last year's Victorian bushfires disaster resulted in a demand from payers and payees to provide similar assistance when donations are made to deductible gift recipients through payroll systems under occasional workplace giving arrangements such as making a one-off donation.

13. The earlier class variation does not apply to donations made outside a regular planned giving arrangement.

Consultation:

14. The need for this instrument was identified by payers wishing to make donations at the direction of their employees following last year's Victorian bushfires disaster. Requests for variations received from various payers were actioned on a case by case basis.

15. No further consultation has been conducted as the affect of the instrument is to provide an immediate taxation benefit for payees who direct their payers to make donations that are not made under a regular planned giving arrangement.

16. This instrument has been subject to a cost compliance calculation as recommended by the Office of Best Practice and Regulation. An assessment of the compliance cost impact indicates that the impact will be low for implementation and there will be no change in on-going compliance costs. The instrument is routine in nature.

Erin Holland
Deputy Commissioner of Taxation
10th December 2010

Legislative references:

Taxation Administration Act 1953

Legislative Instruments Act 2003
