

OVERVIEW

As at the end of October 2012, there were:

- 56,279 tax concession charities, a 2.3% increase on October 2011
- 29,046 active deductible gift recipients, a 3.4% increase on October 2011.

For the 2010–11 income year, individuals claimed \$2,212 million in deductible gifts, an increase of 12.6% on the previous year

For the 2011–12 financial year, charities claimed \$801 million in refundable franking credits, an increase of 54.0% on the previous year.

INTRODUCTION

This chapter provides information about:

- entities that have been granted tax concession charity status or deductible gift recipient status
- private ancillary funds donations and distributions
- the amounts claimed by individuals for donations to deductible gift recipients.

Information on endorsed income tax-exempt entities and deductible gift recipients that have claimed refundable franking credits is also provided.

NEW FEATURES AND INFORMATION

Tables 10.5, 10.6 and 10.8 from previous editions have changed in this edition or been moved to the detailed tables section.

TAX CONCESSION CHARITY

A charity is an institution or fund established and operated for altruistic purposes that the law regards as charitable.

Charitable purposes are the:

- relief of poverty
- relief of the needs of the aged
- advancement of religion
- advancement of education
- provision of child care services on a non-profit basis, or
- other purposes beneficial to the community.

The characteristics of a charity are:

- its purposes are charitable in the legal sense
- it exists for the public benefit or the relief of poverty
- it is non-profit, and
- its sole purpose is charitable.

A charity with an Australian business number may be entitled to seek endorsement from the ATO for the following concessions:

- income tax exemption
- fringe benefit tax (FBT) exemption (limited to certain charitable institutions)
- FBT rebate
- goods and services tax (GST) charity tax concessions.

Many community organisations are not charities. These include institutions and funds with purposes which are primarily:

- sporting, recreational or social in nature
- to confer private benefits
- illegal or against public policy
- vague, have insufficient value, or are of indeterminable value for the community
- to carry on a commercial enterprise to generate surpluses.

The entity type of a charity determines the tax concessions that a charity can apply and be endorsed for.

TABLE 10.1: Entity type of tax concession charities

Entity type	2009–10	2010–11 ¹
	No.	No.
Charitable institution	37,888	40,072
Public benevolent institution	10,224	8,909
Charitable fund	5,868	6,042
Health promotion charity	1,059	1,256
Total	55,039	56,279

¹ Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

The most common charitable purpose of tax concession charities is social and community welfare, which account for 42.7% of all tax concession charities.

TABLE 10.2: Main charitable purpose of tax concession charities

	Number of tax concession charities ¹	Income tax exempt	FBT exempt	FBT rebatable	GST concession
Social and community welfare	24,006	23,911	8,482	11,639	23,585
Religion	12,664	12,643	6	12,440	12,312
Education	9,412	9,404	7	8,204	9,119
Health	2,742	2,725	1,438	494	2,592
Culture	1,716	1,711	0	1,385	1,599
Natural environment	670	668	0	533	612
Other	5,069	5,042	12	3,329	4,742
Total	56,279	56,104	9,945	38,024	54,561

¹ Active tax concession charities as at 31 October 2012.

Tax concession charities are able to provide their employees with fringe benefits exempt from FBT up to the cap. The cap refers to the capping thresholds that apply to benefits provided by an employer for each employee during a FBT year which are FBT exempt. An organisation will be liable for FBT on the benefits provided above the capping thresholds. The majority of reportable fringe benefits (98.8%) were below the cap and hence exempt from FBT.

TABLE 10.3: Reportable fringe benefits by type of tax concession charity¹, 2010–11 income year²

	Employees receiving reportable fringe benefits (no.)		Value of reportable fringe benefits ³ (\$m)	
	Below the cap	Above the cap	Below the cap	Above the cap
Health promotion charity	14,393	470	375	4
Public benevolent institution	170,987	7,650	4,182	59
Public hospital	277,995	6,911	4,360	49
Total⁴	463,375	15,031	8,916	112

¹ This data includes public hospitals, public ambulance services and not-for-profit hospitals that may not be tax concession charities.

² Data for the 2010–11 income year includes data processed by 31 October 2012.

³ This shows the value of grossed-up reportable fringe benefits as reported on individual payment summaries.

⁴ Totals may differ from the sum of the components, due to rounding.

DEDUCTIBLE GIFT RECIPIENTS

Deductible gift recipients (DGRs) are certain types of organisations that can receive tax-deductible gifts. These organisations either need to be endorsed by the ATO, or be specifically listed by name in the income tax law. The majority of DGRs are endorsed by the ATO. There were 29,046 deductible gift recipients as at 31 October 2012.

TABLE 10.4: Deductible gift recipients¹, by type

DGR type	No.
Public benevolent institution	11,688
School or college building fund	4,775
Ancillary fund	1,777
Public library	1,700
Public fund on the register of cultural organisations	1,395
Health promotion charity	1,281
Private ancillary fund	1,030
Public museum	624
Public fund for persons in necessitous circumstances	605
Public fund on the register of environmental organisations	573
Scholarship fund	460
Public hospital	371
Public fund for religious instruction in government schools	323
Government special school	223
Overseas aid fund	218
Specifically listed in the <i>Income Tax Assessment Act 1936</i>	207
Public art gallery	181
Animal welfare charity	179
Approved research institute	155
Institution consisting of a public library, public museum and public art gallery or of any two of these bodies	118
Public institution for research	105
Other ²	1,058
Total	29,046

¹ Organisations with active DGR status as at 31 October 2012.

² Includes DGR types other than those listed.

PRIVATE ANCILLARY FUNDS

A private ancillary fund is a type of trust which was previously known as a prescribed private fund to which taxpayers can make tax-deductible donations. The fund may make distributions only to other DGRs that either have been endorsed by the ATO or are listed by name in the income tax law.

The total number of private ancillary funds was 924 by the end of the 2010–11 income year, with 103 new funds registering for DGR status in that year.

DEDUCTIBLE GIFTS

While various entities are able to make tax-deductible donations to DGRs, these donations are only separately reported to the ATO on the tax return for individuals. Donations can take many forms, including cash, shares, property, trading stock, cultural gifts, bequests and heritage gifts.

Overall, the number of individuals who claimed a gift or contribution as a deduction increased by 8.9% for the 2010–11 income year, and the amount claimed increased by 12.6% to a total of \$2.2 billion. For the 2010–11 income year, 37.9% of individuals claimed a gift or contribution as a deduction in their income tax return.

TABLE 10.5: Individuals' gifts claimed, by amount claimed, 2009–10 and 2010–11 income years

Amount of gifts claimed	2009–10 ¹		2010–11 ¹	
	No.	\$m	No.	\$m
\$1 – \$25	887,461	14	1,102,096	16
\$26 – \$50	810,406	34	800,217	34
\$51 – \$250	1,472,457	187	1,566,791	201
\$251 – \$1,000	939,582	479	1,001,351	512
\$1,001 – \$5,000	256,312	485	284,400	539
\$5,001 – \$10,000	21,520	146	24,318	165
\$10,001 – \$25,000	9,289	136	10,224	150
More than \$25,000	3,759	482	4,377	595
Total²	4,400,786	1,964	4,793,774	2,212

¹ Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

² Totals may differ from the sum of the components, due to rounding.

The workplace giving program allows employees to have deductions taken from each pay and given to a charity that holds a DGR status. For the 2010–11 income year, donations made through workplace giving totalled \$33 million, an increase of 43.5% from 2009–10.

TABLE 10.6: Workplace giving programs, 2009–10 and 2010–11 income years

Workplace giving programs	2009–10 ¹	2010–11 ¹
Total number of employees employed by workplace giving employers (no.)	2,504,598	3,333,580
Number of employees using workplace giving (no.)	101,204	157,588
Total donations given using workplace giving (\$m)	23	33

¹ Data for the 2009–10 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

REFUNDABLE FRANKING CREDITS

Franking credits attached to franked dividends received by certain entities may be refundable, provided eligibility criteria are met. These entities include endorsed income tax-exempt entities, DGRs, public funds declared by the Treasurer to be developing country relief funds, and exempt institutions that are eligible for a refund under a Commonwealth law other than the income tax law. While the number of claims decreased by 2.8% during 2011–12, the value of refundable franking credits increased by 54.0%.

TABLE 10.7: Refundable franking credits, by amount refunded, 2010–11 and 2011–12 financial years

Amount refunded	Claims	2010–11 ¹	Claims	2011–12 ¹
		\$m		\$m
Under \$10,000	2,968	8.1	2,420	–9.9
\$10,001 – \$100,000	1,493	48.9	1,672	58.5
\$100,001 – \$500,000	294	63.8	464	104.6
\$500,001 – \$1,000,000	51	34.5	83	56.8
Over \$1,000,000	30	364.5	63	590.7
Total²	4,836	519.9	4,702	800.8

¹ Data for the 2010–11 and 2011–12 financial years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

² Totals may differ from the sum of the components, due to rounding.

SOURCE OF CHARITIES AND DEDUCTIBLE GIFTS STATISTICS

The statistics in this chapter are sourced from tax concession charity and deductible gift recipient status application forms, 2010 and 2011 individual income tax returns processed by 31 October 2011 and 31 October 2012 respectively, and from applications for a refund of franking credits. The statistics relating to employees of tax concession charities are sourced from PAYG payment summaries for the 2011 income year that were received by 31 October 2012.

CHARITIES AND DEDUCTIBLE GIFTS CHAPTER TABLES

The chapter tables are on the attached CD-ROM, and included in the online version of this publication on our website – you can view or download all the chapter tables in Excel.

LIST OF CHARITIES AND DEDUCTIBLE GIFTS DETAILED TABLES

The following detailed tables are on the attached CD-ROM, and included in the online version of this publication on our website at ato.gov.au – you can view or download all the detailed tables in PDF or Excel format.

Table 1: Refundable franking credits for endorsed income tax-exempt entities and deductible gift recipients, 2001–02 to 2010–11 financial years

This table shows the number of claims and the value of franking credits claimed by charities for multiple financial years.

Table 2: Individuals' gifts claimed, by state and amount claimed, for the 2010–11 income year

This table shows the number of individual gifts claimed, by the amount claimed, broken down by state/territory.

Table 3: Individuals' gifts as a percentage of total income by state, for the 2010–11 income year

This table shows the number of individual gifts claimed, and gifts as a percentage of total income, broken down by state/territory.

Table 4: Individuals' gifts claimed, by age range and sex, for the 2010–11 income year

This table shows the number of individual gifts claimed, and the amount claimed, broken down by the age range and sex of the donor.

Table 5: Private ancillary fund donations and distributions, for the 2001–02 to 2010–11 financial years

This table shows the total donations made to, and distributions from, private ancillary funds for multiple financial years. Distributions are broken down by the category type.

Table 6: Employees of tax concession charities by type and remuneration for the 2010–11 income year

This table shows the number of employees employed by public hospitals, public benevolent institutions and health promotion charities able to provide fringe benefits exempt from FBT up to the cap. It also shows the amount of salary and reportable fringe benefits reported for these individuals grouped by the sum of this income.