

# BOARD OF TAXATION

## CONSULTATION ON THE DEFINITION OF A CHARITY

### *Draft Legislation (the Charities Bill 2003)*

#### Information that will help the Board frame its recommendations to the Government

1. What is the name of your charitable organisation? What are your contact details?
  - a. City of Mandurah Sub-Branch RSL  
Secretary Telephone (08) 95814781 Fax (08) 95868883  
E-Mail secmanrsl@westnet.net.au
2. What is the dominant (main) purpose/s of your charitable organisation?
  - a. The dominant purpose of our charitable organization is the advancement of social and community welfare in the care and support of members, or former members, of the armed forces and their families, as per *Exposure Draft: Charities Bill 2003 paragraph 1.67*.
3. What are your principle reasons for making a submission on the workability of the Charities Bill 2003?
  - a. We were a respondent to the *Inquiry into the Definition of Charities and related Organizations* and this is a follow-up to the submission.
4. Is your organization currently endorsed with the Australian Taxation Office as an Income Tax Exempt Charity (ITEC)?
  - a. Whilst the RSL itself is endorsed as an ITEC, under the Charities Act, our Sub-Branch is endorsed as a *not-for-profit* Organization and thereby misses out on some of the benefits of being a charitable entity.
5. If you are not an endorsed ITEC, are you entitled to exemption from income tax for any other reason? Do you think the Charities Bill 2003 would affect your entitlement to income tax exemption?
  - a. Yes, we are entitled to exemption from income tax, and yes, the new *Charities Bill 2003* would affect our entitlement, in that with only one category (*Charities Bill 2003 Part 2 – Charities – 4 Core definition*) and not the two (Charity and Not-for-Profit) categories that currently exist, our Sub-Branch would be better serviced under the new Bill. Under *Exposure Draft: Charities Bill 2003 page 7 What is a not-for-profit entity? Definition of a charity paragraph 1.26*, the term not-for-profit advises activities such as commercial activities may be undertaken with the purpose of generating a profit, without this effecting the charitable status of the entity, provided that the profits are directed towards the charitable purpose of the entity. Under the current status, commercial activities prevent organizations being classed as a charity, but are eligible to be a not-for-profit entity. This change of definition will simplify the taxation classification, in that there will be only one classification and not the current two, thereby saving a lot of work and the need for members of the Taxation Department to differentiate between organizations that have, or have not, commercial activities that raise finances for their organization.

6. Would the Charities Bill 2003 impose any additional administrative burden on your charitable organization? How? What additional compliance costs do you anticipate?
  - a. As stated in answer 5 above, the new Charities Bill 2003 would reduce our administrative burden and make the submission of GST reporting quicker and easier.
7. In your assessment, does the Charities Bill 2003 provide the flexibility to ensure the definition can adapt to the changing needs of society?
  - a. Yes, the Charities Bill 2003 does provide flexibility for the changing needs of society.
8. If the public benefit test were further strengthened by requiring the dominant purpose of a charitable entity to also be *altruistic*, would this affect your organisation? If so, how?
  - a. No, it would not affect our organization.

**Where to send submissions**

*Electronic submissions should be e-mailed to:*

[charitydefinition@taxboard.gov.au](mailto:charitydefinition@taxboard.gov.au)

*Hard copy submissions should be sent to:*

Consultation on the Definition of a Charity  
The Board of Taxation  
C/- The Treasury  
Langton Crescent  
PARKES ACT 2600

or

Fax (02) 6263 4471