

CONSULTATION ON THE DEFINITION OF A CHARITY

SUBMISSION TO THE BOARD OF TAXATION

SEPTEMBER, 2003

BACKGROUND INFORMATION

This submission is provided by Missions Interlink, the Missions Commission of the Australian Evangelical Alliance Inc. Missions Interlink is registered as a “Religious Institution” and is an association of more than 100 Christian Mission Societies and agencies, whose main purpose is to offer the benefits of the Christian faith CROSS CULTURALLY within Australia and overseas, through providing personnel, training and resources.

Our members serve most protestant churches, (and include most mainline protestant denominations) but to be a member of our organisation, member bodies must have a focus on aboriginal or ethnic communities in Australia and/or NON-Australians overseas. Although our members engage in a wide range of activities, their main purpose is to advance the Christian religion.

Missions Interlink is currently endorsed as an Income Tax Exempt Charity, as are all our members. As the dominant purpose of all our members is to advance the Christian religion, we would not expect their ITEC status to change while “the advancement of religion” remains a charitable purpose. Many of our members also qualify for ITEC status through their overseas relief and aid and development activities.

We do not expect the Charities Bill 2003 as presented would impose any additional administrative burden on our members. We also believe the Bill contains sufficient flexibility as well as clarity, to define charities as they are currently recognised.

PRINCIPAL REASONS FOR MAKING THIS SUBMISSION

We wish to comment on the workability of the proposed Charities Bill in three areas:

1. Its effect on Missions Interlink as a peak representative body and our future status
2. Comments on the effect of the inclusion of the proposed “Altruism” test on ourselves and our member organisations, and
3. A suggestion for clarifying the geographical scope of the bill.

1. DOMINANT PURPOSE TEST FOR A PEAK BODY

As a REPRESENTATIVE body, we are concerned that our own ITEC status might be jeopardised by the interpretation of the dominant purpose test. That problem would be avoided if it could be argued that, as our dominant purpose is to represent, resource, strengthen and develop our members’ interests, in that context, we would be seen to be advancing religion because that is our members’ dominant purpose.

It would clarify the status of peak organisations, all of whose members meet the Charity test, if the proposed legislation clearly specified peak bodies representing groups of Income Tax Exempt Charities, as charities themselves.

2. The “ALTRUISM” test

We do not see the inclusion of “altruism” as a test of the “public benefit” or as part of the definition of “dominant purpose”, as adding anything to the proposed bill. Altruism is not a commonly used word and the definitions of “dominant purpose”, “charitable purpose” and “public benefit,” would appear to be adequate in the context of the proposed legislation.

We believe that the inclusion of the “altruistic” test is superfluous, particularly if the term “Charitable” could be defined. We think the Bill would benefit from a definition of the term “Charitable” after Section 6, along the same lines as the definition of “Public benefit” in Section 7! This would be a different definition from that of “Charitable purpose” in Section 10.

3. SCOPE OF THE BILL

There appears to be an underlying intent of the Bill to cater for Australian needs, whereas a lot of charitable work is done by Australians outside of Australia. As this issue affects most of our members, we believe an additional clarification could be helpful.

At some point in the Bill we would like to see charitable activities given a wider status to include the rest of the world. For example, Section 10 (2) could have included at the end of the sentence “both within Australia and outside Australia.”

CONCLUSION AND CONTACT DETAILS

Thank you for the opportunity to comment on the proposed Charities Bill 2003. We can be contacted through our National Director, Phil Douglas, at PO Box 333, Mitcham, VIC 3132 (Phone 03 9890 0644 or email misint@melb.dialix.oz.au)

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