

29<sup>th</sup> September, 2003

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

### **SUBMISISON : CHARITIES BILL 2003**

#### Background

The Charities Bill 2003 Exposure Draft and the Board of Taxation request for comments on the definition of “Charity” have prompted Save The Children Australia to make the following submissions. Our comments are based specifically on our recent experience with regard to application for Deductible Gift Recipient Status (DGR) for overseas activities. Save The Children Fund Australia raises funds in Australia which are applied to the provision of programs in third world countries. The programs are managed by Save The Children. In addition to our overseas activities we seek to develop, operate and manage programs for the benefit of appropriately disadvantaged children in Australia.

#### Submissions

The core definition of “charity” is contained in section 4.1 of the Bill. Our submission relates specifically to paragraph (c) which refers to the dominate purpose of the charity.

Our concern is that the present application of the definition of dominant purpose is too narrow and does not permit a broader more appropriate application. The operational factors which give rise to a purpose being dominant tend to place emphasis on one purpose or a narrow set of factors supporting one purpose.

In our experience, the dominant purpose objective restricted our DGR status to overseas programs assisting children who are non residents of Australia. Save The Children also has programs which operate in Australia. The dominate purpose clause as it was applied could not incorporate both overseas and domestic programs when both assisted children. The “dominate purpose” clause was applied narrowly suggesting that one charity could not assist children who reside overseas and also assist children who reside in Australia. Save The Children Australia does help children in some seven countries as well as Australia.



## Conclusions

We support the proposal to clarify the definition of “charity”.

The application and interpretation of the dominate purpose clause needs to be consistently applied such that incidental and ancillary activities do not affect the status of “charity”. The dominant purpose should not be construed so narrowly as to confine activities to geographical boundaries if the broader purpose is applied unilaterally by the charitable organization.

Submission queries to :

David McLaughlan  
Company Secretary  
Save The Children Fund Australia  
Phone : 03 9811 4940  
Facsimile : 03 9811 4988