

Checklist: Deductible Gift Recipient (DGR) categories

Overview

This checklist is to assist community organisations who wish to apply to the Australian Taxation Office (ATO) for endorsement as a Deductible Gift Recipient (DGR). It sets out just some of the DGR categories that community organisations may be eligible for.

For a full list and details of all of the DGR categories, case studies of various types of organisations and whether they meet the DGR category criteria, and category checklists, you should refer to the ATO's free *Giftpack* publication (see the Related Resources section at the end of this document).

Note: The information contained in this fact sheet is intended as a guide only, and is not legal advice. If you or your organisation has a legal problem you should talk to a lawyer before making a decision about what to do. The information in this fact sheet is written for organisations and people resident in, or affected by, the laws that apply in Victoria, Australia and is current at 1 October 2008.

Which category of DGR?

The category of DGR will depend on your organisation's purposes and activities.

Tip: If your organisation is going to apply for DGR endorsement, you will need to provide the ATO with copies of your organisation's constituent documents (rules or constitution). You should be aware that the ATO will look carefully at your organisation's objects clause, to see that it reflects the criteria of the particular DGR category your organisation is applying for. Your constituent documents may also need a non-profit clause and a winding up clause and may need other clauses about funding sources.

Given the technical language required to comply with some of the categories, you may wish to seek advice and assistance in drafting (or re-drafting) some of your organisation's constituent documents before you apply for DGR endorsement.

Use the check list below to see which DGR category you might fit into. Remember, your answer must be based on your organisation's principal purpose. The checklist provides a brief summary of some categories only.

Public benevolent institution

Does your organisation provide direct welfare services to people?

Yes – your organisation may be eligible for DGR endorsement as a *public benevolent institution*.

A public benevolent institution (PBI) is a charity with the dominant purpose of providing 'direct relief of such poverty, sickness, suffering, distress, misfortune, disability, destitution or helplessness as arouses compassion in the community'.

To qualify as a PBI, the predominant purpose of your organisation must be to provide *directly* to people in need of relief (ie. disadvantaged people). It is not enough to be an information or referral service. Also, your organisation is unlikely to qualify as a PBI if its activities are aimed at preventing poverty or suffering; the activities must relieve the actual needs (for example improve the conditions of) an identifiable class of disadvantaged people. The services that your organisation provides must be available to the public.

There are a number of other conditions that your organisation must also meet to be a PBI, such as that your activities must be carried out in Australia. For a full list of conditions for being a PBI, as well as examples of organisations that are, and are not, considered to be PBIs, see the ATO's *Giftpack* publication.

Harm prevention charity

Is your organisation trying to minimise or control abusive behaviours, substance or alcohol abuse, self harm, suicide or gambling?

Yes – Your organisation may be eligible for DGR endorsement as a *harm prevention charity*.

A harm prevention charity is a charity whose principal activity is to promote the prevention or control of 'behavior that is harmful or abusive to human beings'. This is defined in the tax legislation to be one or more of emotional abuse, sexual abuse, physical abuse, substance abuse, self-harm, suicide or harmful gambling. This can be done directly through counselling, workshops or support or indirectly through community education and awareness-raising.

Before your organisation can be endorsed as a harm prevention charity DGR, your organisation must apply to be listed on the Register of Harm Prevention Charitable Institutions, maintained by the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs (FAHCSIA).

There are a number of other conditions that your organisation must also meet to be a harm prevention charity. For a full list of conditions for being a harm prevention charity, see the ATO's *Giftpack* publication and see also the FAHCSIA website (www.fahcsia.gov.au).

Health promotion charity

Does your organisation promote the prevention or control of disease in human beings?

Yes – Your organisation may be eligible for DGR endorsement as a *health promotion charity*.

A health promotion charity is a charity whose principal activity is to promote the prevention or the control of diseases in human beings.

Your organisation may be considered to be a health promotion charity if it provides relevant information to sufferers of a disease, health professionals, carers and the public. Your organisation may also be considered to be a health promotion charity if it undertakes research on how to detect, prevent or treat diseases in people, or if it develops or provides aids or equipment to sufferers of a disease.

There are a number of other conditions that your organisation must also meet to be an health promotion charity. For a full list of conditions for being a health promotion charity, see the ATO's *Giftpack* publication.

Animal welfare charity

Does your organisation provide direct care or rehabilitation for animals?

Yes – Your organisation may be eligible for DGR endorsement as an *animal welfare charity*.

An animal welfare charity is a charity whose principal activity is:

- ▶ providing short-term direct care to animals that have been lost, mistreated or are without owners; and / or
- ▶ Rehabilitating orphaned, sick or injured animals (but not only native wildlife) that have been lost, mistreated or are without owners.

There are a number of other conditions that your organisation must also meet to be an animal welfare charity. For a full list of conditions for being an animal welfare charity, see the ATO's *Giftpack* publication.

Arts or cultural organisation

Does your organisation promote arts or culture, such as literature, music, performing arts, visual arts, crafts, design, film, video, television, radio, community arts, Aboriginal arts or moveable cultural heritage?

- Yes – Your organisation may be eligible for DGR endorsement as an *arts or cultural organisation*.

An arts or cultural organisation is one where the principal activity or purpose of the organisation must be the promotion of literature, music, a performing art, a visual art, a craft, design, film, video, television, radio, community arts, Aboriginal arts or moveable cultural heritage.

Before your organisation can be endorsed as an arts or cultural organisation DGR, it must apply to be listed on the Register of Cultural Organisations, maintained by the Commonwealth Department of Environment, Water, Heritage and the Arts (DEWHA).

There are a number of other conditions that your organisation must also meet to be an arts or cultural organisation. For a full list of conditions for being an arts or cultural organisation, see the ATO's *Giftpack* publication and see also the DEWHA website (www.environment.gov.au).

Environmental organisation.

Is your organisation an environmental organisation?

- Yes – Your organisation may be eligible for DGR endorsement as an *environmental organisation*.

An environmental organisation is an organisation whose principal purpose is:

- ▶ the protection and enhancement the natural environment or of a significant aspect of the natural environment; or
- ▶ the provision of information or education, or the carrying on of research about the natural environment or a significant aspect of the natural environment.

Before your organisation can be endorsed as an environmental organisation DGR, it must apply to be listed on the Register of Environmental Organisations, maintained by the Commonwealth Department of Environment, Water, Heritage and the Arts (DEWHA).

There are a number of other conditions that your organisation must also meet to be an environmental organisation. For a full list of conditions for being an environmental organisation,

see the ATO's *Giftpack* publication and see also the DEWHA website
(www.environment.gov.au/tax/reo)

Approved Research Institute

Does your organisation do scientific research?

- Yes – Your organisation may be eligible for DGR endorsement as an *Approved Research Institute*.

An approved research institute is a university, college, association or organisation which is undertaking scientific research that is, or may prove to be, of value to Australia. The 'institute' must be approved by the CSIRO, the Commonwealth Department of Health and Ageing or the Department of Education, Employment and Workplace Relations.

There are a number of other conditions that your organisation must also meet to be an approved research institute. For a full list of conditions for being an approved research institute, see the ATO's *Giftpack* publication and the CSIRO website (www.csiro.gov.au).

We don't think our organisation fits one of these - are these all the categories ?

No. This is not a full list of the possible categories for DGR endorsement. There are many other categories that your organisation may fit into – such as DGR endorsement as a:

- ▶ a registered training organisation; or
- ▶ overseas aid fund; or
- ▶ a scholarship fund,

as well as many others.

If your organisation does not fit into a DGR category, another option for your organisation is to look into whether it can set up a fund (or even a separate entity such as an institution) which can receive DGR endorsement.

Please refer to the ATO's *Giftpack* publication and / or seek legal or accountancy advice for more information about whether your organisation may be eligible for endorsement as a DGR.

Related resources

Related PilchConnect fact sheets

Fact Sheet: Applying for Tax Concession Charity (TCC) endorsement

Related legislation

Income Tax Assessment Act 1997 (Cth)

Related links

For online legal information resources for Victorian community organisations about:

- ▶ deductible gift recipient status see www.pilch.org.au/DGR
- ▶ tax generally see www.pilch.org.au/tax