



17 December 2012

**Not-For-Profit Sector Tax Concession Working Group
Submission to Discussion Paper November 2012.**

Thank you for the opportunity to make submissions in respect of the Discussion Paper issued by the Tax Concession Working Group.

We do not wish to add unduly to the burden of the secretariat by responding to all Consultation Questions but have a few pertinent issues on which we wish to add to the debate.

Chapter 2 Deductible Gift Recipients

Q 26: We believe that the threshold of \$2 is too low for deductible gifts. Taking into account the potential expense of sending out acknowledgements and end of year summaries we would suggest that the threshold be raised to at least \$10.

Chapter 3 Fringe Benefits Tax Concessions

Q 31: We do not believe there is any need to bring meal entertainment or entertainment facility leasing within the existing caps on FBT concessions.

We believe that the issues of cost and fairness are better addressed at the practice of claiming FBT concessions multiple times in the same tax year.

Q 34: FBT concessions are provided to help NFPs to compete for employees and encourage high quality staff to work in the sector. As a principle of fairness we agree that this incentive should only be claimable by an individual once in any tax year. Income tax thresholds can only be claimed once per taxpayer per annum and the system works – albeit in retrospect via the annual tax return. It would not be a significant administrative burden to provide staff with a certificate of FBT received to date in the current financial tax year that must be provided to any new employer that also takes advantage of these concessions. Multiple eligibility encourages organisations to split into smaller entities to provide multiple employments, individuals to work across many organisations and employees to move within a tax year and can potentially distort competition between entities for staff.

Q 37: We believe that in dealing with the donated dollar, providing public benefit and managing an effective and efficient organisation, NFPs are held to a higher account than many other commercial entities and therefore there is a need to employ people and managers of high calibre. To assist NFPs in attracting such talent the fringe benefit tax concessions are essential and any move to curtail them would potentially involve additional expense to the NFP in compensation and a reduction in quality staff working in or joining the NFP sector.

Q 39: Two of the guiding principles for this review were Fairness and Simplicity. We believe that replacing FBT concessions with direct government funding would fail both these tests, would increase the burden of administrative red tape and would be subject to the whim of future budget measures.



Our aim is to brighten the lives of all seriously ill children, young people, and their families

Address Level 3, 80 Chandos Street Naremburn NSW 2065 PO Box 101 St Leonards NSW 1590

Phone 02 9437 4311 OR 1300 727 827 **Fax** 02 9437 4634 **Web** starlight.org.au

Luminaries Kieren Perkins AO Neil Perry

Patrons The Honourable Sir William Deane AC KBE Mr John Newcombe AO OBE

ACN 003 627 183 **ABN** 80 931 522 157