

10 August 2011

Manager  
Philanthropy and Exemptions Unit  
Personal and Retirement Income Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Attention: Fiona McLaren or Felicity O'Brien

By email: [NFPReform@treasury.gov.au](mailto:NFPReform@treasury.gov.au)

**Submission from Church Missionary Society – Australia Limited (ABN 58 584 532 336) regarding Exposure Draft – ‘In Australia’ Special Conditions for Tax Concession Entities**

**A Brief Description of the Church Missionary Society – Australia Ltd (ACN 133 374 526)**

The Church Missionary Society – Australia Limited (CMS-A) had its origins in an organisational sense in Australia in the 1890's and was from its beginnings a religious institution formed for the purpose of sending Australians to foreign countries for a fairly wide variety of Christian ministry tasks, as set out in its objects. It was formed for the purpose of facilitating members of the Australian church, and principally the Anglican Church of Australia, to carry out their Christian calling in foreign countries, and to facilitate the financial and other support that Australian Christians and churches wish to provide them in carrying out their calling.

Structurally CMS-A has a federation with six incorporated members (one for each state) who are responsible for raising the funds necessary for CMS-A to carry out its tasks. CMS-A is a Company limited by guarantee, incorporated in New South Wales, and is a resident of Australia having both its principal place of business and central management in Sydney.

To date over 1,000 Australians have served with CMS-A in foreign countries and currently about 190 are doing so. About 10,000 Australians are members and/or supporters of the organization, as well as about 500 (mainly Anglican) churches.

**CMS-A's current taxation status**

CMS-A is currently endorsed to access the following tax concessions: GST Concession, FBT Rebate and Income Tax Exemption. The income tax exemption is provided under Section 50-50 (d) of the Income Tax Assessment Act (ITAA) as CMS-A is an entity covered by item 1.2 of Section 50-5 of the ITAA and is a prescribed institution (i.e. that has a physical presence in Australia but which incurs its expenditure and pursues its objectives principally outside Australia) under Regulation 50-50.02 as it is a continuing member of the Australian Evangelical Alliance Incorporated (Missions Interlink).

CMS-A's principal source of funding is distributions received from its six members and it does not otherwise trade or conduct activities inconsistent with its objects, nor that consume any management time in conducting them.

**Impact of the proposed changes outlined in the exposure draft**

Whilst we understand that the intention of the new legislation was not to impact organizations presently exempt under section 50-50(2) of the ITAA, it appears that the proposed amendments will not give CMS-A such an exemption. Specifically, the proposed Section 50-51(3)(b) does not apply to CMS-A as we are not a foreign resident which is the requirement set out in Section 50-51(3)(b)(i).

In addition, the six members of CMS-A (and possibly a number of the 500 supporting Australian churches) will not meet the requirement of the proposed Section 50-50(2)(c) to “not donate money to any other entity, unless the other entity is an exempt entity” and therefore lose their own tax exempt status.

CMS-A therefore requests that the following subsection be added to the proposed amendments as subsection (4) being the principle behind the current section 50-50 (d) namely:-

“(4) The conditions in subsection 50-50(2) do not apply to a prescribed institution that is an Australian resident but which incurs its expenditure and pursues its objectives outside Australia.”

and that a similarly worded regulation to the existing regulation 50-50.02 be retained in the regulations.

If you wish to discuss this matter further please contact Mr Lindsay Spencer, CMS-A Company Secretary, on (02) 9284 6727

Yours faithfully



*Federal Secretary, for the Chairman.*

Russell Morton  
Chair – Church Missionary Society – Australia Ltd