

**ACC World
Missions**
One Life At A Time

11th August 2011

Manager
Philanthropy and Exceptions Unit
Personal and Retirement Income Division
The Treasury
Langton Crescent
PARKS ACT 2600
Email: NFPReform@treasury.gov.au

Submission by: ACC World Missions Inc

Submission regarding: Exposure Draft – ‘In Australia’ Special Conditions for Tax Concession Entities

Brief Description of ACC World Missions

ACC World Missions is the missionary sending and support agency of the Australian Christian Churches Movement (formerly known as the Assemblies of God in Australia). Our organisation is also a member of Missions Interlink.

The majority of our 116 field workers and strategic partners are actively involved in humanitarian aid and development work in the developing countries in which they serve. Many of our field workers have professional and trade qualifications, skills which they use to provide practical assistance to those in need.

Our field workers manage and participate in a range of community development projects including poverty alleviation, clean water, improved education, improved health care and nutrition, disaster relief and disaster prevention. Over the past 2 years, our field workers have been involved in projects that have assisted over 67,000 children, the majority of whom live in developing countries.

Concerns

Professional advice suggests that the Exposure Draft will have the following impact on our Organisation:-

- 1. Loss of income tax exempt status** under 50-50(d) of the Income Tax Assessment Act as a member of Australian Evangelical Alliance Inc (Missions Interlink) which is prescribed by law under regulation 50.50.02. This would put at risk the positive contribution that our field workers and projects make in some of the poorest communities in the world. The impact of losing our tax exemption is not just because of the tax that would become payable (a fairly minimal amount for the government to receive) but because of the impact of additional administration to fulfil ATO requirements AND the impact of point 2 below.

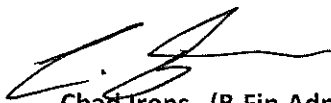
- 2. Donor organisations would lose their income tax exempt status.** We receive a significant portion of our funding from churches and other tax-exempt organisations. These churches and organisations derive their funds from individuals who have generously given out of their after tax income. If ACC World Missions loses its income tax exempt status, then under the Exposure Draft any other tax-exempt organisation that makes a donation to ACC World Missions will lose their own tax exemption. This will have a huge impact on our organisation, will see a low compliance (because of lack of information and understanding), and reduce overall donations. This will make it more difficult for our field workers to raise financial support and will result in less field workers mobilised overseas to carry out humanitarian work. This would also encourage donor organisations and individuals to send money directly overseas which would mean less control by the Australian government.

Recommendations

1. The new law retains exemptions for all prescribed institutions listed in the current regulations.
2. A minimum threshold for donations to entities without income tax exempt status should be introduced into the legislation.

We understand and applaud the published intention behind these changes, but ask that you seriously review what we believe are the unintended consequences of these proposed changes.

Yours faithfully



Chad Irons (B.Fin.Admin, CA)
General Manager