

Submission regarding:

***Exposure Draft –
'In Australia' Special Conditions for Tax Concession Entities***

12th August, 2011

ALBANIA

Brief Description of GLO Ministries

AUSTRALIA

Since 1967 GLO Ministries has committed itself to improving the spiritual, emotional, intellectual and physical wellbeing of people in Australia and abroad. Whilst we are a Christian organisation that primarily focuses on the spiritual needs of the people we serve, we pride ourselves on having a holistic approach where we also pay close attention to the emotional, intellectual and physical needs of others as well. In so doing, we aim to emulate Jesus Himself who was known for “teaching”, “preaching” and “healing every disease and sickness among the people” (Matt. 4:23).

DENMARK

FAROE
ISLANDS

FRANCE

INDIA

INDONESIA

IRELAND

The practical outworking of GLO Ministries' holistic approach to ministry has resulted in an emphasis on community development in Australia and abroad. For instance when ministering in new areas in Australia we often dialogue with local authorities and members of the community in regards to the needs of the local community. In the past this has resulted in the establishment of a sports facility as well as a variety of other community services. When serving overseas, GLO Ministries also emphasises community development through implementing child sponsorship programs, fresh water projects, cow and goat programs as well as an assortment of other community projects.

ITALY

In short whilst we are a small non-profit organisation, over the past four decades we have had a positive impact on society in Australia and abroad by helping people change their lives one at a time.

KOREA

Concerns regarding the Exposure Draft

MALAYSIA

Professional advice suggests that the Exposure Draft will have the following impact on GLO Ministries:

MYANMAR

1. *Loss of income tax exempt status for GLO Ministries Ltd.*

PHILIPPINES

At present as an endorsed charitable organisation and being a member of Australian Evangelical Alliance Inc (Missions Interlink), GLO Ministries enjoys income tax exemption status under 50-145 of the Income Tax Assessment Act 1997, and the 50-50(d) of the Income Tax Assessment as prescribed by law under regulation 50.50.02. However, under the terms of the Exposure Draft, GLO Ministries would lose its tax exempt status which would in turn jeopardise much of the life-changing ministries that we undertake.

ROMANIA

SPAIN

UNITED
KINGDOM

ZAMBIA

It is important to note that GLO Ministries has a policy of guaranteeing donors that one hundred percent of monies donated will be channelled to earmarked ministry projects without any funds being deducted for administration expenses. Under the proposed regulations, however, GLO Ministries would not be able to continue this policy as tax will have to be deducted from donations. As is immediately evident, since GLO Ministries' policy of forwarding one hundred percent of gifts is one of the primary reasons donors support our ministries, the loss of tax exempt status will dramatically decrease our support base.

2. *Loss of income tax exempt status for Donor Organisations supporting GLO Ministries*

According to professional advice under the Exposure Draft, if an organisation loses its income tax exempt status, then any other tax-exempt organisation that makes a donation to them is liable to lose their tax exempt status as well. Under these conditions the Exposure Draft will not only adversely impact GLO Ministries but will also jeopardise the tax exempt status of other donor organisations that are supported by GLO Ministries. Furthermore, under the above mentioned conditions even if GLO Ministries were to satisfy the new proposed requirements for tax exempt status, our support base would be significantly reduced as we would have to decline gifts from entities that did not have tax exempt status. These 'flow on' effects of the new legislation will be detrimental to the interests of charitable not-for-profit organisations like GLO Ministries and the individuals that they help.

Recommendations for the Exposure Draft

Whilst GLO Ministries understands the Treasury Departments' desire to "address possible abuse of not-for-profit entities for the purposes of money laundering and terrorist financing", it is a shame that the Treasury aims to achieve that purpose with broad measures that will adversely impact reputable not-for-profit organisations such as GLO Ministries.

In light of that GLO Ministries recommends that the Treasury and the Australian government do the following:

- Under the new law retain exemption for all prescribed institutions listed in the current regulations.
- Introduce a minimum threshold for donations to entities without income tax exempt status to the present legislation.

The above mentioned revisions will not only serve to protect the tax exempt status from misuse and abuse but will also assist respected organisations like GLO Ministries in their efforts to help society at large both in Australia and abroad.

Respectfully yours,

The CEOs of GLO Ministries.