

**The Manager  
Philanthropy and Exemptions Unit  
Indirect Tax Division  
The Treasury  
Langton Crescent  
Parkes ACT 2000**



## **Revised Exposure Draft 'In Australia Special Conditions for tax concession entities'**

### **Submission by Geoff Armstrong Executive Director of Global Development Group.**

Global Development Group generally agrees with the proposed legislation.

#### ***Who is Geoff Armstrong?***

Geoff Armstrong is not a lawyer but is quite qualified in a number of areas and has concentrated on 'not for profit' at least since 1993 and used skills as

- 1) One of the most qualified Senior Management Consultants in Australia
- 2) A registered Tax Agent

#### ***Who is Global Development Group ABN 57102400993?***

Global Development Group is a tax exempt charity (Company Limited by Guarantee).

Global Development Group is approved by AusAID and endorsed by ATO as OAGDS.

Global Development Group is totally Australian and is the largest Australian OAGDS (not part of an International Group).

Global Development Group is in the top ten of all OAGDS who collect funds from the public.

Global Development Group has the unique model of partnering with other charities to allow them to send their funds to Global Development Group – thus they meet the 'In Australian' conditions and Global Development Group is the one who sends funds overseas to Global Development Group Projects and implements all the requirements of OAGDS and (we believe) of AusAID.

Global Development Group ensures Australian partners maintain the requirements of ACFID in their operations.

Global Development Group also has many donors including Item 2 ancillary funds both private and public. They like Global Development Group because we give them the opportunity to give to their passion.

Global Development Group has audits by ATO and AusAID and corresponds regularly with ATO. Therefore we believe we are very conforming in our operations. If we have deficiencies, we always hope that these will be pointed out and will make a correction. We believe that is the modus operandi of ATO at the moment and we hope that it will continue.

#### ***What has Global Development Group experienced?:***

1. Since the world investment case, we have seen Item 2 ancillary funds, PBI's and charities in general sending significant funds overseas in an unregulated manner with none of the procedures and systems in place as required by an approved OADGS entity.
2. Lawyers in the 'not for profit area' who have many clients in the sector are opposing the proposed new legislation hoping to allow clients to do as they please. Some comments are not factual but alarmist.

3. Peak bodies have too many to represent of all varieties and to represent them all fairly is a difficult job. Our own peak body is ACFID. All committee members of ACFID belong to entities that are well funded by AusAID.
4. Members and signatories of ACFID are church organisations or entities with specific objectives.

Global Development Group is the only large member who concentrates on partnering with churches, charities; private and public NGO's and has projects to attract large donors.

***Let us make some comment on the Exposure Draft.***

Point 1.7 this happens on a large scale in our opinion

Point 1.15 Global Development Group operates with all of our partners in Australia on this basis.

Point 1.36 we agree wholeheartedly. Lawyers in the 'not for profit sector' are saying that their entities would be closed and lose T/E status. A few are advising that partnering with an OAGDS is acceptable. This is a very acceptable to item 2 ancillary funds.

Points 1.109, 1.110, 1.111 and 1.112 are of course, pertinent to us

Point 1.131 - This has been applied inconsistently in the past by the ATO i.e. World Vision and other OAGDS get FBT benefits for their staff, but Global Development Group was refused several times reducing our competitiveness against the larger NGO's. This inconsistency occurred even when the same lawyers made the submission.

Point 1.19 1.20: Global Development Group accepts no funds from any Item 1 DGR which would be incorrect. However Global Development Group frequently accepts funds from Item 2 ancillary funds – both private and public. They exist to transfer funds to an Item 1. An item 2 cannot transfer funds to another item 2.

We don't think these sections are clear.

***Overall Global Development Group would like to encourage the treasurer and endorse the new legislation. Separately we will address submissions made by our peak body ACFID.***

Regards,



**Geoff Armstrong** BSc, MBA, AFAMI, CMC, MAICD, MASQ Tax Agent  
**Executive Director**  
**23 April 2012**

## **ACFID Submissions**

Global Development Group reviewed all of the past ACFID submissions. Early submissions (August 2011) referred to the disadvantage to some OAGDS entities who would lose PBI status and thus FBT concessions for employees.

In fact, some OAGDS entities obtained this PBI status and some didn't, this was probably due to slightly different presentations, different times of submission and different ATO assessors.

As Global Development Group admitted, we only wanted the PBI status so that we could pay employees under the rebateable FBT conditions.

We should not have to argue this issue.

All OADGS must work through in- country partners in the implementing of projects in developing countries. These projects are controlled by the OADGS entity. All OADGS entities are carrying out projects for the benefit of poor and distressed and meet the parameters of a PBI.

**We recommend that you:** give FBT rebateable concessions for employees to OAGDS ***because they have Item 1 9.1.1 status.*** They should not then have PBI status connected to this role.

