

Email

13 July 2017

Senior Adviser
Individuals and Indirect Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600
DGR@treasury.gov.au

Dear Madam

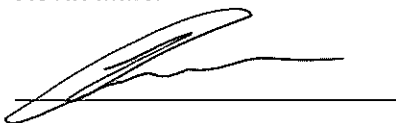
Discussion Paper - DGR Recipients

I am one of the directors of the Trustee for the John Harrison Olympic Support Foundation and write in order to provide some comments in relation to your Discussion Paper of June 15, 2017.

1. The Foundation is an ancillary fund which has DGR status but does not have charitable status. The entities to which the Foundation can distribute are limited to entities with DGR status, but there is not (in our case) any further requirement that distributions must be limited to organisations which are charitable. This means for example that we are able to support the work of relevant organisations specifically listed as having DGR status without needing to determine whether or not that organisation technically qualifies as a charity.
2. Your Discussion Paper acknowledges that there are a number of ancillary funds in a similar position¹, but there appears to be no material consideration of the position of existing ancillary funds which are structured in this fashion.
3. The Discussion Paper appears to be advocating that it will no longer be possible form an ancillary fund which need not confine it's beneficiaries to charitable organisations. In my submission that is not an appropriate course.
4. The Discussion Paper proposes² that specifically listed organisations would continue to have DGR status whether or not they are technically a charity, and that additional entities could be specifically listed. Given the recognition that there will continue to be institutions worthy of specific listing for DGR status which are not charitable, it is difficult to understand why it should no longer be possible to form an ancillary fund which can make distributions outside of the purely charitable sector.
5. However, if the proposal nonetheless proceeds, there will be a need for transitional provisions to accommodate existing ancillary funds which are not charitable and which permits those existing ancillary funds to retain DGR status. It is submitted that it would not be appropriate to strip existing ancillary funds not of DGR status because they have been established on a basis which allows them to distribute to DGR's which are not charitable.
6. When considering any such transitional provision you should bear in mind that it may not necessarily be feasible to convert an ancillary fund not formed as a purely charitable trust to a purely charitable body.

Yours sincerely

Kevin Miller



¹ Paragraph 16.

² Paragraph 23.