



Tax Deductible Gift Recipient Reform Opportunities
Treasury Discussion Paper

**SUBMISSION FROM THE SALVATION ARMY
AUSTRALIA**

August 2017

The Salvation Army

The Salvation Army is the most recognised charity in Australia. The Salvation Army's services are open to all, without discrimination. The foundation of The Salvation Army and its current ethos affirm its religious commitment and its social commitment as equal and indivisible. The Salvation Army describes this as an "holistic mission".

The Salvation Army is an evangelical part of the universal Christian Church. Its message is based on the Bible and its ministry is motivated by love of God. Its Mission is both spiritual and practical, encompassing the preaching of the Gospel of Jesus Christ and alleviating human suffering and distress without discrimination.

Opportunity to contribute

The Salvation Army is pleased to have the opportunity to contribute in the consultation process relating to Tax Deductible Gift Recipient (DGR) Reform Opportunities.

The Salvation Army's Submission

Discussion

The Salvation Army has been and continues to be a supporter of proposals that reduce administrative complexity and unnecessary compliance costs. The discussion paper raises a number of proposed reforms and specific questions.

The following is a summary of The Salvation Army's view on relevant parts of the discussion paper.

Activity based reporting

The discussion paper includes a proposal to require specific reporting on advocacy activities by DGRs to the ACNC. The Salvation Army is not supportive of the introduction of a new activity based reporting regime, whether it be for advocacy or any other activities. The proposal to introduce a new activity based reporting regime runs counter to proposals that reduce compliance and administrative activities for organisations like The Salvation Army.

Changes to the four DGR registers

To the extent a consolidation of the four separate registers can be managed by one central body, either the ATO or ACNC for example, and this achieves streamlined application processes and reduced ongoing reporting obligations, The Salvation Army would support such a change.

Public funds

The discussion paper proposes to remove the requirement for some DGRs to operate public funds. In principle The Salvation Army supports this reform and the subsequent alignment of the term “responsible persons” to equate to the ACNC definition of a responsible person.

The Salvation Army is unsure though if organisations with multiple DGRs will ultimately receive a reduction in complexity and red tape relating to their DGRs. It is presumed those DGRs will still need to track specific DGR funds from receipt of the gift through to the gifted funds being expended.

DGR Integrity

The Salvation Army is not in support of the creation of a new formal DGR review regime requiring DGRs to be subject to rolling periodic reviews. Such a regime would create additional compliance and administrative costs. There are sufficient regulatory powers already granted to bodies such as the ACNC to manage the risk of organisations not acting in accordance with their stated purpose and having appropriate powers to implement enforcement actions.

Rather than requiring every DGR to be subject to these obligations, the ACNC and ATO should use their resources to appropriately target specific organisations for reviews or audits if, and when, there is appropriate evidence to warrant such a review or audit.

Additional commentary

The Salvation Army notes the scope of the discussion paper did not include other tax reform matters relevant to the Australian charity sector. One such matter is the need for reform of the special conditions contained in section 50-50 of the *Income Tax Assessment Act 1997* (ITAA97). Previously The Salvation Army has met with the Government seeking reform of section 50-50 of ITAA97.

The Salvation Army is of the view that reforms to section 50-50 of ITAA97 still need to be implemented and should be undertaken either as an independent legislative measure or in conjunction with any proposed DGR reforms.

Conclusion

The Salvation Army appreciates the opportunity to contribute in this consultation and looks forward to working with the government as reform measures are further developed.

If you have any questions in relation to this submission or would like any further clarification, please do not hesitate to contact us.

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