

Tax Charity Concession endorsement

for organisations only

The why and how of Tax Concession Charity endorsement

Many philanthropic foundations and trusts require their grant recipients to be endorsed as a tax concession charity (TCC). TCC determines that for tax purposes, an organisation is a charity.

Your organisation does not need to be a TCC to receive donations from individuals.

If an organisation is endorsed as a TCC, it is not required to pay income tax or lodge an income tax return, and it also gains access to concessions such as to Fringe Benefits Tax and GST.

<http://www.ato.gov.au/nonprofit/content.asp?doc=/content/00228362.htm&page=2>

Are you eligible for TCC?

To be eligible for endorsement as a TCC you must be an entity (i.e. an institution, incorporated association, unincorporated group, company, trust fund etc.) that exists for public benefit and whose sole purpose is charitable (in the legal sense).

This means that your organisation falls within one of the 'heads' of charity, being:

- relief of poverty
- advancement of education
- advancement of religion or
- other purposes beneficial to the community.

For arts and cultural organisations, this is typically satisfied by benefit to the community or the advancement of education. You are not a charity if you exist primarily for commercial or private benefit, for the provision of services to members, or solely for political, recreational or social activities.

How can you get endorsement as a TCC?

To attain TCC endorsement, organisations need to apply to the ATO.

Note: TCC does not allow you to receive tax deductible gifts. For this, you will need endorsement as a deductible gift recipient. *Refer to page 9.*

TCC concessions available

TCCs may access a range of other tax concessions, or exemptions such as:

- Goods and Services Tax (GST) concessions
- Fringe benefits tax (FBT) rebate
- Refund of franking credits on dividends from investments

TCCs may also be entitled to access concessions and exemptions on state/territory duties and taxes that are administered by the relevant state or territory revenue office including:

- Stamp duty
- Payroll tax
- Land tax

Note: Being a TCC for ATO purposes is **not** the same as being a charity for the state and territory revenue offices. Each revenue office will have different procedures, which may include registering your charitable status. Contact the revenue office in your state or territory for more information.

State	Revenue office
ACT	ACT Revenue Office www.revenue.act.gov.au
NSW	Office of State Revenue NSW Treasury www.osr.nsw.gov.au
NT	Territory Revenue Management www.revenue.nt.gov.au
Queensland	Office of State Revenue www.osr.qld.gov.au
South Australia	RevenueSA www.revenuesa.sa.gov.au
Tasmania	State Revenue Office www.sro.tas.gov.au
Victoria	State Revenue Office Victoria www.sro.vic.gov.au
Western Australia	Office of State Revenue www.osr.wa.gov.au

GST

GST is charged when there are taxable supplies.

Not-for-profit organisations must register for GST if their GST turnover is \$150,000 or more.

A donation to any not-for-profit organisation is not subject to GST as there is no taxable supply.

However, endorsement of your organisation as a DGR or TCC does not mean that you are not required to charge GST in relation to the supply of goods and services. Consequently, GST may apply on certain philanthropic grants seen as payment for a supply of goods, or services (e.g. conditional logo placement). It can also apply to goods or services provided by a TCC in return for payment. Where both the grantor and the grantee are registered for GST and the grantee provides a tax invoice, the grantor will be able to claim back the GST paid on the grant.

You should obtain professional advice in relation to the GST obligations of your organisation.

What if your organisation doesn't qualify as a Tax Concession Charity?

Organisations that are not endorsed as a TCC will be required to pay income tax on their net taxable income and should seek specific advice on income tax matters.

Tax Concession Charity and Income Tax Resources

ATO guide to TCC endorsement and its effect on tax entitlements and obligations

<http://www.ato.gov.au/nonprofit/content.asp?doc=/content/34308.htm&page=12&H12>

ATO income tax guide for not-for-profit organisations

http://www.ato.gov.au/content/downloads/Nat7967_3_2007.pdf

Is your organisation a charity?

<http://www.ato.gov.au/nonprofit/content.asp?doc=/content/34267.htm>

Application form for endorsement as a tax concession charity (TCC)

Note: You may need advice from a lawyer or accountant to help you apply for TCC

<http://www.ato.gov.au/nonprofit/content.asp?doc=/content/46645.htm>

The endorsement process - how to access TCC concessions?

FAQs about how your organisation will find out if its application has been successful

<http://www.ato.gov.au/nonprofit/content.asp?doc=/content/13267.htm>

Categories of not-for-profit organisations exempt from income tax and definitions and conditions for each type

<http://www.ato.gov.au/nonprofit/content.asp?doc=/content/34269.htm&page=3&H3>

GST and Grants – ATO guidance and rulings on grants that attract GST

<http://www.ato.gov.au/nonprofit/content.asp?doc=/content/00171997.htm>