

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates

26 February 2014

**Question: AET 27-28**

**Topic: Deductible gift recipient status for government schools**

**Written: 4 March 2014**

**Senator WRIGHT asked:**

27. What impediments currently exist to government schools who wish to attain deductible gift recipient (DGR) status?
  - a. Are these impediments nationally consistent?
  - b. Does the Government intend to review any such impediments?
28. What rules apply in relation to a government school receiving bequests?

**Answer:**

27. There are no impediments specific to government schools wishing to attain deductible gift recipient (DGR) status for particular funds, provided they meet the criteria specified in the legislation.

To be endorsed by the Australian Taxation Office (ATO) as a DGR, an organisation (or part of an organisation) must fall in a general DGR category as specified in the *Income Tax Assessment Act 1997* (ITAA 1997) and meet the conditions that relate to that category.

Subdivision 30-B of the ITAA 1997 specifies the general categories of education recipients for deductible gifts and provides tax deductibility for a number of funds related to schooling. With respect to tax deductible donations, government and non-government schools are treated equally.

Tax deductible gifts can be made to schools for the following:

- the acquisition, construction or maintenance of a building;
- scholarships, bursaries or prizes;
- religious education or ethics classes in government schools;
- the acquisition, construction or maintenance of a rural school hostel building; and
- government schools that provide special education for students (each of whom has a disability that is permanent or is likely to be permanent) and does not provide education for other students.

Schools, or other entities associated with schools, can seek DGR status for particular funds associated with the categories listed above (for example, a school building fund) by applying to the ATO for endorsement. Once an entity is endorsed as a DGR any member of the public can provide a gift of money or certain property to the entity and receive a tax deduction for their gift.

As there are no specific impediments to government schools attaining DGR status, the Government does not intend to conduct a review.

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28. Commonwealth tax law does not specifically regulate government schools receiving bequests, or testamentary gifts, though subdivision 30-B does specify that a testamentary gift is not tax deductible.