

Deductible Gift Recipient Status

the process for gaining & maintaining DGR status

Deductible Gift Recipient (DGR) status means a Landcare organisation can receive gifts or donations that are income tax deductible to the donor.

Obtaining DGR status is not as easy as you might think – there are rules about what sorts of organisations can claim DGR status.

WHO CAN APPLY?

Landcare groups / networks can apply for DGR status and need to fall within a general DGR category set out in income tax law to qualify for DGR status.

Currently, there are 40 general DGR categories—including categories for public hospitals, scholarship funds and public funds on the Register of Environmental Organisations (REO). From time to time, new categories are also added. See below for more information on the REO.

TYPES OF DGR STATUS

There are 2 types of DGR endorsements:

- An entity that has DGR endorsement *in its own right*.
- An entity that is only a DGR *in relation to a fund it operates*. In this instance, only gifts to the fund are deductible.

Further details on DGR categories and endorsements are outlined on the ATO's website:

www.ato.gov.au/Non-profit/Gifts-and-fundraising/Tax-deductible-gifts/

ELIGIBILITY FOR DGR STATUS

To apply for a DGR endorsement, your organisation will need to:

- Hold an ABN
- Fall into a general DGR category or operate a fund that does.
- Have acceptable rules dealing with the transfer of surplus gifts and deductible contributions in the event the organisation winds up or ceases to hold DGR status.
- Maintain a 'Gift Fund' according to rules set out by the ATO.
- Be located in Australia.

WHAT IS A GIFT FUND?

A gift fund is essential for Landcare groups with a DGR status. All gifts and deductible contributions of money are to be made to this fund.

CLAIMING DEDUCTIONS

Tax laws specify what types of gifts are tax deductible. Further information is available at the ATO website www.ato.gov.au/non-profit/gifts-and-fundraising/tax-deductible-gifts/gift-types/



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REGISTER OF ENVIRONMENTAL ORGANISATIONS

The REO is maintained by the Department of Environment: www.environment.gov.au/about-us/business/tax/register-environmental-organisations. To be entered on the register, Landcare groups must meet the following criteria:

- Be a Body Corporate (either incorporated or a company limited by guarantee), a cooperative society or a trust;
- Have a principal purpose to protect and enhance the environment or provide information, education or research associated with the natural environment;
- Does not distribute property or profits to members, controllers or owners;
- In the case of a Body Corporate, have at least 50 financial members who are entitled to vote at the AGM;
- Maintain a Public Fund to receive gifts.

REO LISTING ENSURES DGR STATUS

The Treasurer and the Environment Minister decide which organisations are entered on the REO. Once an application to join the REO is successful, the organisation is automatically endorsed as a DGR. There is no need for a separate application to the ATO.

REPORTING REQUIREMENTS

Once on the REO, to maintain DGR status Landcare organisations need to report annually to the Department of Environment. This consists of an annual Statistical Return of Tax Deductible Donations and an annual audited financial statement.

In order to be named on the REO, Landcare groups also need to have a policy of not acting as a conduit for the donation of money or property.

A list of organisations on the REO is available at the Department of Environment website—www.environment.gov.au/about-us/business/tax/register-environmental-organisations/listed-organisations

APPLYING TO JOIN THE REO

Guidelines and application details for applying to join the REO are available for download at: www.environment.gov.au/about-us/business/tax/register-environmental-organisations/forms

TIP: The laws governing Deductible Gift Recipient status are quite complicated. While the ATO website will provide you with the basic information, you may need to engage a lawyer to guide your organisation through the process.