

# Unlock DGR

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# Introduction

Justice Connect acknowledges the Traditional Owners of the land on which we work.

We pay respect to their Elders past and present and acknowledge that this was, is and always will be Aboriginal land.



# What is Deductible Gift Recipient (DGR) status?

- ✓ Tax deductible donations
- ✓ Access to philanthropy

Less than half of Australia's registered charities have DGR status.



# Access to DGR status

- Endorsed by the Australian Tax Office
- 52 categories in the Income Tax Assessment Act 1997
- Specific listing
- Auspicing

## Subdivision 30-B—Tables of recipients for deductible gifts

### Table of sections

#### Health

30-20 Health

#### Education

30-25 Education  
30-30 Gifts that must be for certain purposes  
30-35 Rural schools hostel buildings  
30-37 Scholarship etc. funds

#### Research

30-40 Research

#### Welfare and rights

30-45 Welfare and rights  
30-45A Australian disaster relief funds—declarations by Minister  
30-46 Australian disaster relief funds—declarations under State and Territory law

#### Defence

30-50 Defence

#### Environment

30-55 The environment  
30-60 Gifts to a National Parks body or conservation body must satisfy certain requirements

#### Industry, trade and design

30-65 Industry, trade and design

#### The family

30-70 The family  
30-75 Marriage education organisations must be approved

#### International affairs

30-80 International affairs  
30-85 Developing country relief funds  
30-86 Developed country disaster relief funds

#### Sports and recreation

30-90 Sports and recreation

#### Philanthropic trusts

30-95 Philanthropic trusts

#### Cultural organisations

30-100 Cultural organisations

#### Fire and emergency services

30-102 Fire and emergency services

#### Other recipients

30-105 Other recipients  
30-110 Community charities

# What is the problem?

The Productivity Commission has described the DGR system as not fit purpose and:

**“poorly designed, overly complex and has no coherent policy rationale. This creates inefficient, inconsistent and unfair outcomes for charities, donors and the community.”**



# What is the problem?

- **Outdated and overcomplicated:** Confusing categories and complex rules that are hard to navigate.
- **Locking small charities out:** Most Australian charities are too small to afford the legal and administrative costs needed to access DGR status.
- **Too rigid for modern charities:** The system forces organisations to fit into narrow categories, disadvantaging those working across multiple causes or tackling complex community issues.
- **Out of step with today's values:** The system doesn't reflect modern causes or community expectations.
- **An ongoing burden:** The system's red tape and compliance requirements drain time and resources that could be better spent making an impact.



# Who is missing out?

- A **neighbourhood house** responding to the needs of their local community
  - A charity promoting **First Nations reconciliation** with the public
  - An organisation working towards **preventing social isolation for older people**
  - A charity educating parents on **avoiding choking hazards** for children
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- An **animal welfare advocacy** charity striving for better laws to protect animals
  - A **regional charity** working to make sure communities are prepared for bushfires
  - A national charity addressing the **distress experienced by young LGBTQI+ people** through law reform and policy development



# What is the solution?

## **Productivity Commission recommendation:**

The Australian Government should reform the DGR system based on the following principles.

- There is a rationale for Australian Government support because the activity has net community-wide benefits and would otherwise be undersupplied.
- There are net benefits from providing Australian Government support for the activity through subsidising philanthropy.
- There is unlikely to be a close nexus between donors and beneficiaries, such as the material risk of substitution between fees and donations.



# What is the solution?

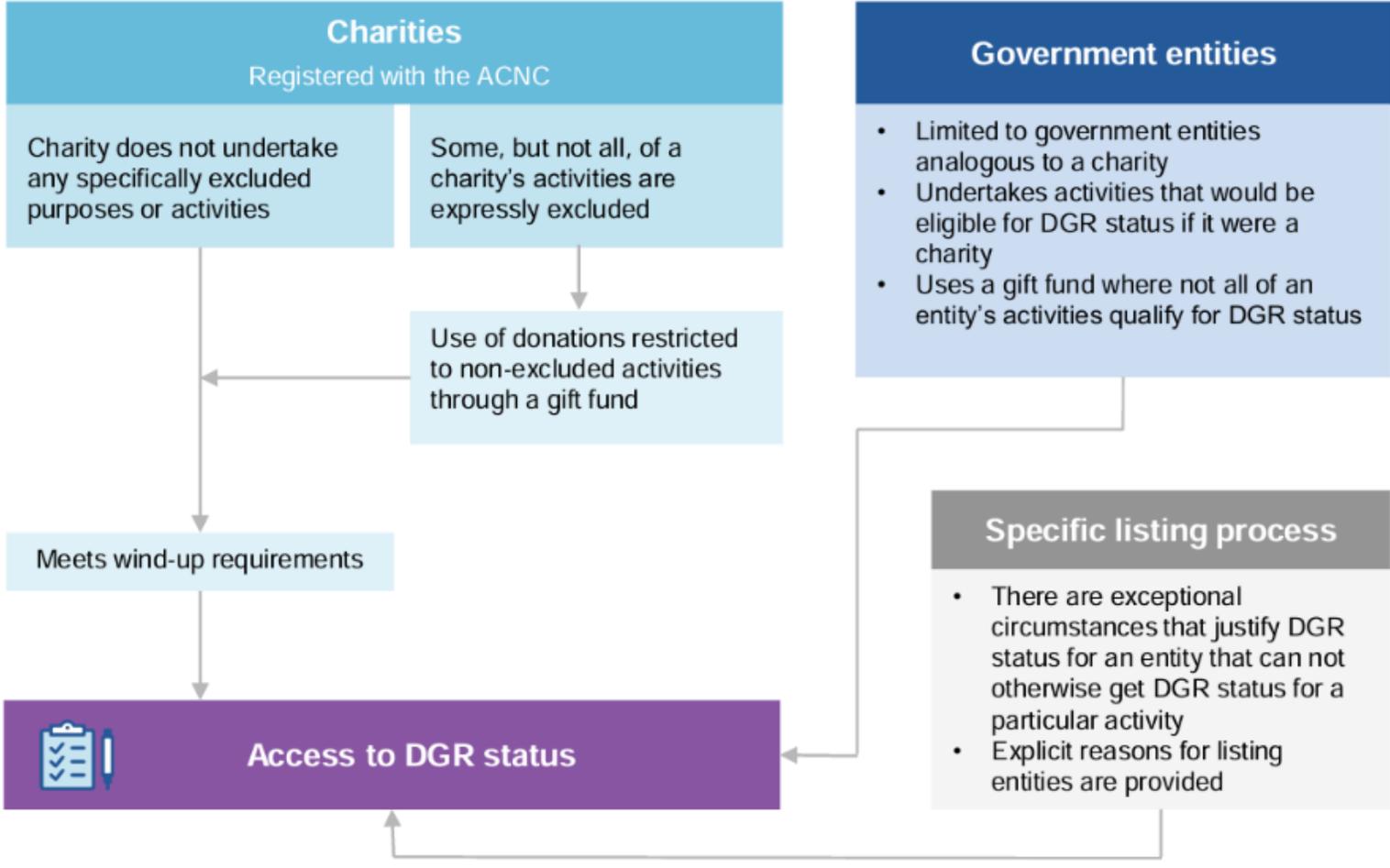
In applying these principles, a new DGR system would:

- extend eligibility for DGR status so most charities would be eligible,
- expressly exclude some classes of charitable activities.



# What is the solution?

**Figure 6.2 – The Commission’s proposed process for accessing DGR status**



# What are the benefits of reform?

**Reforming the DGR system will unlock opportunity for Australia's vibrant and diverse charity sector by:**

- Strengthening sector sustainability, helping charities access other sources of much needed funding.
- Unlocking philanthropy and new funding streams, supporting the Government's goal to double philanthropic giving by 2030.
- Reducing reliance on limited government funding, enabling community needs to be met through more diverse and flexible support.
- Enabling charities to create more impact in their communities through creative and innovative solutions.
- Cut red tape for both charities and regulators.



# Where to from here?

Already have:

- the evidence base – Productivity Commission report
- broad sector support – Not-for-profit Sector Development Blueprint

Need to apply pressure to the government to act:

- Charities and supporters contacting local MPs and the Treasurer

# Where to find out more



[justiceconnect.org.au/unlock-DGR](https://justiceconnect.org.au/unlock-DGR)