

## Information Sheet No.28

# Taxation issues for P&Cs

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A number of taxation issues may affect your P&C, including whether your P&C has an Australian Business Number (ABN), has access to charity tax concessions, is registered for GST, and/or is an employer.

The best advice on these issues can be found in the Australian Taxation Office guides: *Tax basics for non-profit organisations (NAT 7966)*; and *Income tax guide for non-profit organisations (NAT 7967)*.

You can get a copy of these publications by:

- visiting the Australian Tax Office (ATO) website at [www.ato.gov.au](http://www.ato.gov.au) (click on "For non-profit organisations");
- phoning 1300 720 092 and quoting the NAT number of the publication you would like to order; or
- writing to the ATO at GPO Box 9935, Canberra ACT 2600.

The P&C Council Office (ph: 6241 5759) also has some copies of these publications.

### **The Australian Business Number (ABN)**

Your P&C should register for an ABN, because this is required before you can apply for endorsement to access charity tax concessions (see below).

### **Endorsement to access charity tax concessions**

Certain types of non-profit organisations are entitled to charity tax concessions, such as an exemption from paying income tax (becoming an Income Tax Exempt Charity). All P&Cs should apply to the Australian Taxation Office for endorsement as an ITEC, if they have not already done so.

The endorsement process is set out in the ATO publication called *Charities: new endorsement measures from 1 July 2005 (NAT 10678)* or you can call the Non-Profit Infoline on 1300 130 248. If you are unsure whether your P&C is endorsed as an ITEC, you can check by telephoning the Non-profit Infoline.

### **GST options**

In 2007 the threshold for registering for GST for Non-profit organisations was raised to an annual turnover of \$150,000 or more, and they may choose to register if their annual turnover is lower. Each P&C will need to decide whether or not they should register for the GST by weighing up the costs and benefits.

### **Instalment Activity Statement (IAS) / Business Activity Statement (BAS)**

Many P&Cs will need to lodge either an IAS or a BAS on a monthly or quarterly basis (together with any relevant payment). The relevant form(s) will be sent out by the Taxation Office — the IAS applies where the P&C is not registered for GST, and the BAS applies where the P&C is registered for GST. As well as reporting GST details (where relevant), P&Cs will need to report details of their PAYG (pay as you go) withholding amounts on these forms (including tax withheld from employees' wages and salaries). In some cases, neither form may be needed. For example, P&Cs that are not registered for GST and which have no employees may not be required to complete a form.

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## Information Sheet No.44

# Taxation issues for P&Cs (continued)

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### **Other tax requirements**

P&Cs, particularly those with employees, have a number of other tax responsibilities. For example, they must deal with tax file number declarations and withholding declarations, report to the ATO on certain matters, and provide payment summaries (similar to group certificates under the old PAYE system) to employees. Where registered for GST, P&Cs may need to withhold payments from suppliers in some circumstances.

For further information and advice on these issues contact the Non-profit Infoline on 1300 130 248 or go to [www.ato.gov.au](http://www.ato.gov.au) and click on "For non-profit organisations".

### **P&C donations – or gifts – to schools**

From the Australian Tax Office:

#### *Gifts*

*A gift made to a non-profit organisation is not consideration for a sale and is not subject to GST. The value of a gift is also excluded when calculating the non-profit organisation's GST turnover.*

A school is a non-profit organization. If your P&C makes a donation – or gift – to the school, it is important that it be free and "untied". That is, the gift should not be recorded as being for a particular purpose or purchase. If the purpose or goods/services are specified, the school cannot classify it as a gift. The amount then has to be included in the school's GST turnover.

However, your P&C might believe that the school has a *moral* obligation to use the gift for a specific purpose, as discussed with the P&C. For the purposes of minutes, such a transaction might be recorded thus:

MOVED Cruickshank/Bootles that the P&C donates \$10,000 to the school. [This doesn't specify the use, but it makes a link which an auditor might trace back to the P&C's cheque payment to the school].

For more information about the GST, please refer to the Australian Tax Office website and the publication *Tax Basics for Non-Profit Organisations* (revised June 2007). ★