



Media Release 4/5/14

Robbing St Peter to pay the ATO?

Speculation is rife that the government will end uncapped meals and entertainment tax concessions for all charity and not-for-profit organisations in next week's budget. Many in the charities and not-for-profit sector recognise that the current system is unfair for most employees in the sector and strays from the original intent of supporting a stronger charities and not-for-profit sector. Some capping is inevitable, but there are calls to keep the savings within the sector.

David Crosbie, CEO of the Community Council for Australia said, ***'it is important to understand that more than one million Australians work for charity and not-for-profit organisations in Australia, most at well below commercial rates of pay. Over 90% of these employees do not use a meal and entertainment card (originally intended to help the sector attract and retain staff) and of those that do, most claim back relatively small amounts. The reality is that there is a tiny minority within the sector that are very well-paid that can afford to spend and therefore claim tens of thousands in tax free income. Capping the concession is fair, but the savings should be directed towards the original intent – supporting our charities and not-for-profits.'***

Rev Tim Costello, Chair of CCA and CEO of World Vision has argued that; ***'the current concessions favour the richest employees in our sector. While we need to retain concessions to attract the best and brightest to our sector, I would prefer the concession was capped at a reasonable level, and that all the savings were used to strengthen the sector, not just be redirected into consolidated revenue.'***

According to the ATO, the savings that can be achieved by capping the meals and entertainment card are well over \$100 million per annum. Figures released previously suggest that a number of not-for-profit employees including medical specialists employed at public hospitals have claimed over \$50,000 in tax free concessions in one year by using their meals and entertainment card to pay for personal expenses such as overseas travel and the cost of weddings. These practices have become more widespread in recent years, particularly amongst the small minority of more highly paid employees of charities.

CCA, which represents a broad range of charities and not-for-profits, has argued the concessions should be capped at \$15,000 per annum, and the money saved should be used to enable all charities and not-for-profit organisations to offer tax deductibility for donations made by their communities. ATO figures suggest this measure would be more than affordable with the savings from capping the FBT concessions, provided all schools and churches did not automatically qualify.

David Crosbie said, ***'to get tax deductibility in Australia is a ridiculously complex and time consuming process typically costing tens of thousands of dollars and often more than a year of effort, so only the bigger charities tend to go through the process. We can make deductibility more transparent and equitable by using the now well established Australian Charities and Not-for-profit Commission determination of whether a charity should gain or retain their charity status as the basis for eligibility. Why not allow all those with charitable status to receive tax-deductible donations? This is much fairer for all charities, would encourage more donations and build stronger communities for all of us.'***

Contact: David Crosbie 0419 624 420 or Deborah Smith 0418 244 883

ABN: 76 141 705 599 | Level 1, The Realm, 18 National Circuit, Barton, ACT, Australia, 2600

Contact: David Crosbie **P:** (02) 6198 3435 | **M:** 0419 624420 | **F:** (02) 6198 3333

E: davidc@communitycouncil.com.au