



CHARITAS LAW.

Tax Deductible Options for Churches

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DGR...

Is it
legitimate?

- Donations to churches = NOT tax deductible
 - But churches may operate tax deductible funds to support their ministries
 - Key advantage = Donors are entitled to claim income tax deductions
 - But donations are for God's ministries...
- Law recognizes charitable contributions and incentivizes contributors
 - Only for the permitted purposes and activities
 - Prudent financial management for Christian ministries

How
effective is
it?

Resident tax rates 2022–23

Resident tax rates 2022–23

Taxable income	Tax on this income
0 – \$18,200	Nil
\$18,201 – \$45,000	19 cents for each \$1 over \$18,200
\$45,001 – \$120,000	\$5,092 plus 32.5 cents for each \$1 over \$45,000
\$120,001 – \$180,000	\$29,467 plus 37 cents for each \$1 over \$120,000
\$180,001 and over	\$51,667 plus 45 cents for each \$1 over \$180,000

OUTLINE

DGR options

1. School Building Fund (SBF)
2. Necessitous Circumstances Fund (NCF) & Public Benevolent Institution (PBI)
3. Scripture Fund
4. Cultural Fund
5. Public Ancillary Fund



1. School Building Fund (SBF)

A public fund established and maintained solely for providing money for the acquisition, construction or maintenance of a school or college building

1. School - *“a place where people, whether young, adolescent or adult, assemble for the purpose of being instructed in some area of knowledge or of activity”* (Example: Sunday school)
2. School Building - *“overall purpose of the building”* & *“most important activity in the building”*

Case: *The Buddhist Society of Western Australia Inc v Commissioner of Taxation (No 2)* [2021] FCA 1363 (4 November 2021)



Appropriate use of SBF

- Buying land for Sunday school building (e.g. education hall)
 - Building, renovating and repair costs of education hall and classrooms, including DA and architect costs
 - Costs to comply with DA conditions (e.g. required number of parking)
 - Offices and accommodation of Sunday school teachers (e.g. for Sunday school kids minister)
 - Administrative costs of establishing or operating the SBF
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2(a). Necessitous Circumstances Fund (NCF) or
2(b). Public Benevolent Institution (PBI)

Two options to support welfare ministries:

NCF - A fund providing financial relief to persons in Australia

PBI - Separate entity organising, conducting or promoting for the relief of poverty or distress (sickness, disability, destitution, suffering, misfortune or helplessness) of persons in need



What is more suitable, NCF or PBI?

NCF

- Financially assistance to persons and families in need, including church members. But not for any desirable advantage.
- Distributions to other institutions who assist people in need
- Beneficiaries must be in Australia
- Support common activities of a church

PBI

- Not limited to relieving poverty
 - Can support in the areas of sickness, disability, helplessness, disadvantage – conditions arousing compassion in the public
 - No limit on the location of the beneficiaries
 - Support welfare projects of missionaries (but not their church/evangelism activities)
 - More suitable for a large church
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3. Scripture Fund (Religious Instructions in Government Schools)

A public fund established and maintained solely for the purpose of providing religious education in government schools in Australia

Appropriate uses:

- Buying teaching resources
 - Paying salaries of staff involved in preparation for scripture teaching in public schools (e.g. part of staff salaries)
 - Training volunteers to teach scripture
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4. Cultural Ministry Fund

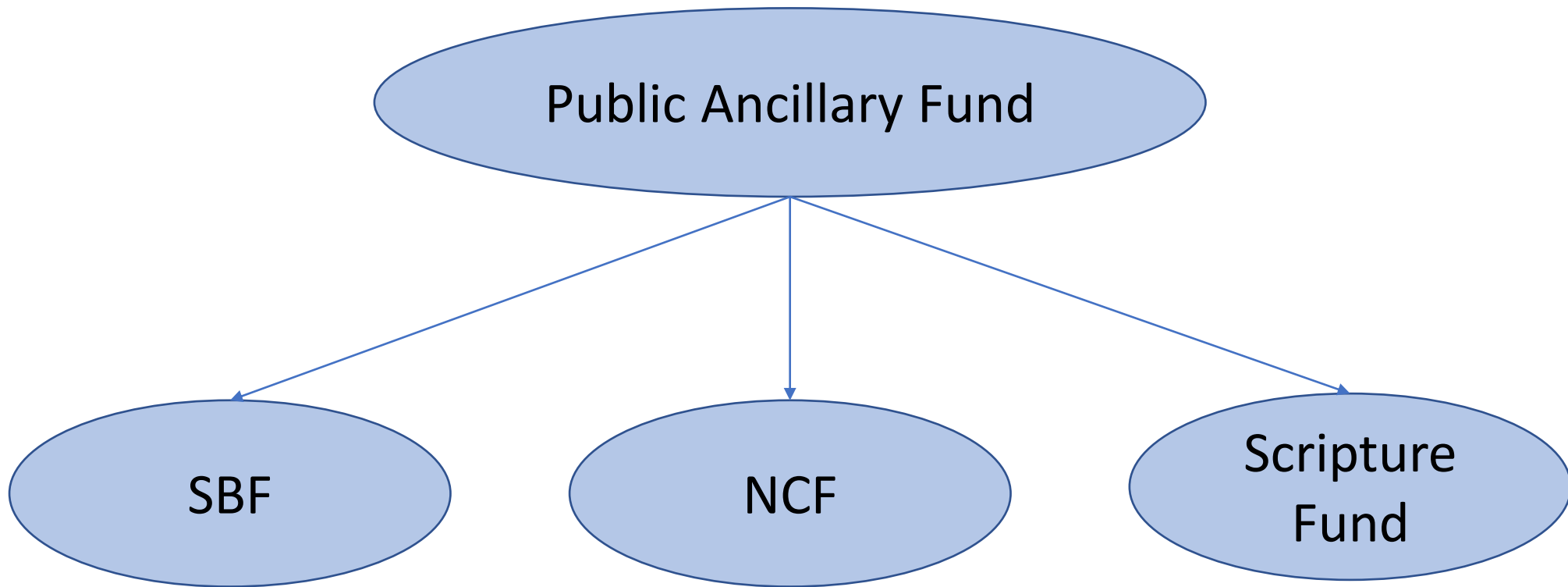
The principal purpose must be the promotion of literature, **music, a performing art**, a visual art, a craft, design, **film, video, television, radio**, community arts, arts or languages of Indigenous persons or movable cultural heritage

NOTE: Fund must apply to the Office of Arts to be placed on the Register of Cultural Organisations. But this will change to the ATO.

Appropriate uses of Cultural Ministry Fund:

- Covering all relevant costs for developing and performing Christian music and band, including salaries of a music pastor and music concerts and tours
 - Development of Christian videos and podcasts
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5. Public Ancillary Fund = Flow through fund





Thank You

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