



Future foundations for giving

What the philanthropy draft report means for **religious charities**.

Religious organisations **play an important and valued role in the lives of many Australians**. Religious faith and values can provide inspiration **for donating and undertaking a range of charitable activities**.

A religious charity's eligibility for deductible gift recipient (DGR) status currently depends on the activities it undertakes:

About 17,000 charities have the **subtype of advancing religion**, of which 15,000 charities only have this subtype.



Of all the charities that have the advancing religion subtype, about 89% **do not** currently have DGR status.

Many charities with a religious affiliation



undertake activities **to further other charitable purposes**, such as health or social welfare.

These charities often have DGR status to further these other purposes, guided by their religious ethos.

Of the 15,000 charities that **only** have the subtype of advancing religion, about 8% **do** have DGR status.



This DGR status is commonly for school building funds – which are used for either primary and secondary education – or for religious education purposes.



Some religious charities – those classified as **'basic religious charities'** – are **exempt** from the minimum reporting and governance obligations that apply to other similar-sized charities. There are about 8,000 basic religious charities.



The Commission's draft report recommends:



DGR status should **not be extended** to cover the purpose of advancing religion (draft recommendation 6.1).

- This would **maintain the status quo** for most religious charities.



Access to DGR status for charities with the advancing religion subtype – or charities that do not have the advancing religion subtype but have a religious affiliation – that **undertake other eligible charitable purposes** should be **maintained or made easier**.

- There would be **no change** from the status quo for charities with a religious affiliation that have DGR status to further other charitable purposes, for example, as a public benevolent institution or health promotion charity.
- More charities could **gain DGR status**, for example, for social welfare activities.
- It would also be **easier** for religious charities that undertake **more than one** eligible activity to get DGR status.



DGR status for some education activities should be **withdrawn**, which would mainly affect DGR status for **school building funds**.

- This would **apply equally** to government, non-government, secular and religious education providers.
- While there are sound reasons for governments to support the provision of school infrastructure, the Commission's preliminary view is that providing tax deductions for donations is **unlikely** to be the best way to direct support to where it is needed most.



The exemption for 'basic religious charities' should be **removed** because the Commission has not identified a policy rationale for treating these charities differently from others (draft recommendation 7.1).

- This would mean **all charities** would be subject to **consistent** reporting and governance requirements commensurate with their size.
- Most basic religious charities would be classified as small and would only have to provide some **basic financial information** as a result of this proposed change.

