



Australian Government
The Treasury

TSY/AU

Deductible Gift Recipient (DGR) Reforms FAQs

What is the purpose of the Government's package of DGR reforms?

The Government announced its package of DGR reforms for the administration and oversight of organisations with Deductible Gift Recipient (DGR) status on 5 December 2017.

The DGR reforms will strengthen the DGR governance arrangements, reduce administrative complexity and ensure appropriate oversight of entities with DGR status.

The Government acknowledges and supports the important contribution of the not-for-profit sector and the generosity of its millions of donors and volunteers. It is important for both taxpayers and donors that DGRs are subject to appropriate oversight with minimal complexity.

What are the Government's DGR reforms?

The Government's package of DGR reforms comprise of:

1. Requiring non-government DGRs to register as a charity with the Australian Charities and Not-for-profits Commission (ACNC), or be operated by a registered charity, from 1 July 2019. There are to be transition arrangements and limited exemptions that are discussed in the consultation paper.
2. Certain public fund requirements will be abolished. For details, see the consultation paper.
3. The four departmental DGR Registers will be integrated with the ACNC Charity Register and duplicative reporting requirements will be abolished from 1 July 2019. The ACNC will also provide a central location for applications and reporting and will work with the Australian Taxation Office (ATO) to provide a streamlined experience.
4. Additional funding for the ACNC and ATO to review high risk DGRs for ongoing eligibility, to ensure tax concessions only benefit eligible organisations.
5. Publishing charities' declarations of political expenditure to the Australian Electoral Commission on the ACNC Charity Register and relevant criminal activities of charities' staff or responsible persons.
6. Eligibility for DGR status will be expanded to include Indigenous language organisations.
7. The introduction of external conduct standards to be enforced by the ACNC. The standards will strengthen the ACNC's oversight of overseas activities conducted or funded by registered charities.

What is the purpose of the consultation paper and what DGR reforms are covered in the consultation paper?

The consultation paper (the paper) sets out and seeks feedback on the proposed design for the implementation of reforms 1 and 2 (in the list above) of the Government's package of DGR reforms.

The submissions to this consultation paper will inform the development of legislation to give effect to these DGR reforms.

The DGR reforms numbered three to seven are not canvassed in this paper.

Will the Government consult on the DGR reforms not covered in the consultation paper?

The Government is committed to delivering the full package of DGR reforms and will continue to engage with the sector.

The exposure draft regulations and explanatory statement for external conduct standards (reform 7 in the above list) have been released for consultation. The external conduct standards will apply to all charities registered with the ACNC that conduct or fund overseas activities. Public consultation for the external conduct standards closes on 21 September and is available [here](#).

Why should organisations with DGR status be required to register as charities with the ACNC?

The majority of the approximately 28,500 DGRs are already charities or government organisations. Of the 51 categories of DGRs, all but 11 of them already require an entity to be a Government organisation or a charity registered with the ACNC.

Only approximately 1,000 non-government DGRs in those 11 categories are not registered charities. Making charity registration a prerequisite for DGR status will strengthen governance requirements and provide consistent, clear administrative and regulatory requirements for all DGRs.

Currently, reporting and governance requirements for DGRs may overlap and multiple regulators have different requirements, which place an unnecessary administrative burden on DGRs. Making all non-government DGRs be charities ensures consistent levels of reporting and oversight and enables abolition of duplicative requirements.

Who is affected by the requirement to register as a charity?

All non-government DGRs will be required to register as a charity with the ACNC or seek an exemption from charity registration from the Commissioner of Taxation.

Only existing non-government DGRs specifically listed in the law and government entities with DGR status will not be required to register as a charity or seek an exemption from charity registration.

Why abolish certain public fund requirements?

Certain public fund requirements are considered no longer necessary given non-government DGRs will be required to comply with ACNC regulation and the improvements in accounting software.

What is Treasury, the ATO and ACNC's role in developing the DGR reforms?

Treasury is responsible for the design of tax law and its components. Treasury is responsible for developing the laws needed to give effect to Government taxation policy, which includes eligibility to not-for-profit tax concessions.

Part of Treasury's role is to anticipate and analyse policy issues with a whole-of-economy perspective, understand government and stakeholder circumstances and respond to changing events and directions.

The ATO administers the tax law and provides advice to Treasury to support the development of tax measures.

The ACNC is the Government's national regulator for charitable entities seeking access to Commonwealth tax exemptions, benefits and concessions. The ACNC administers the *Australian Charities and Not-for-profits Commission Act 2012* and its supporting regulations.

Treasury is working closely with the ATO and the ACNC on the proposed design of the legislation to give effect to the Government's DGR reforms.

What about the Government's other reforms that may affect the not-for-profit sector?

The paper does not cover other Government reforms and measures, including the electoral donation reforms and the Foreign Influence Transparency Scheme. These reforms are separate to the DGR reforms and are not part of Treasury's responsibilities.