



# National Roundtable of Nonprofit Organisations

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## **Australia's future tax system: National Roundtable of Nonprofit Organisations Submission**

The National Roundtable of Nonprofit Organisations represents a broad cross-section of nonprofit organisations in Australia and has a strong interest in the pursuit of better regulation of nonprofit enterprises in Australia.

In May 2004, the Roundtable published our *Nonprofit Regulation Reform Program* (copy attached) in which we canvassed the need for fundamental and wide-reaching reform of nonprofits regulation in Australia in a number of key areas, including the need for national laws and regulation, fundraising, corporate structures, accounting standards and taxation.

In November 2007, the Roundtable published *The assessment of charitable status in Australia – Current Practice and recommendations for improvement* (copy attached) which brought to light a myriad of examples of complexity and inconsistency in the treatment of charities in Australia. The paper identified 178 commonwealth and state and territory acts which deal with definitions of charity and which confer concessions and other legal outcomes. The paper notes that the processes for determining charitable status of organisations vary significantly between agencies, and across jurisdictions, with little co-ordination and a high degree of inconsistency and duplication. These processes impose substantial unnecessary administrative burdens on charities and the relevant regulators.

Despite repeated calls for regulatory reform, little has been achieved - except in Victoria which is in the process of implementation of its 2007 Review of Not-for-Profit Regulation. In this context, the Roundtable acknowledges that the government's response to the 2008 Senate Economics Committee Inquiry into Disclosure regimes for charities and not-for-profit organisations may result in further progress in achieving necessary regulatory reform for the nonprofit sector in Australia. The current Productivity Commission's commissioned study of the *Contribution of the Not for Profit Sector* might also result in some further progress towards achievement of better regulation of the sector.

Fundamental reform of the taxation treatment of nonprofit organisations in Australia remains a pressing need and should be regarded as a high priority area for the federal government and its state and territory counterparts. It is in taxation law in Australia in which the greatest degree of confusion is to be found. There are a great variety of concessions given by different levels of government, each to a variety of nonprofit organisations. It is impossible to find any set of principles

underpinning the legislation that designates these concessions. There are no clear links between the concessions provided and public disclosure requirements. Not surprisingly, in such an environment regulation is confusing and often unfair.

The Roundtable contends that Australia needs a more contemporary, coherent and consistent framework for the taxation treatment and associated regulation of nonprofit organisations and that the best means of achieving necessary reform would be for the government to implement the largely unimplemented recommendations of the *2001 Report of the Inquiry into the Definition of Charities and Related Organisations*.

The Roundtable appreciates that the extent to which these issues will need to be addressed in the context of the review of the taxation system will depend on the government's response to the Senate Economics Committee Inquiry and the extent that some relevant matters will or might be addressed by the Productivity Commission.

Ensuring the effectiveness and efficiency of Australia's nonprofits organisations in delivering the social and economic benefits of their missions is of vital national importance. The nonprofit sector in Australia has a pressing need and considerable appetite for regulatory reform and for taxation reform in particular.

The Roundtable urges the Review Panel to address and respond to the nonprofit sector's need for significant reform of its taxation treatment and regulation as a high priority.



**David Thompson AM**  
**Chair**  
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