

Dear Panel

Today the Australia's Future Tax System Review Panel released a consultation paper, providing the basis for further community input in 2009.

Section 7 of the paper considers the main tax concessions available to not-for-profit organisations.

I understand that you have received submissions noting that the gift deductibility arrangements impose compliance costs on individuals, and concerns that the rewards for charitable giving vary depending on the income of the contributor (the higher their applicable marginal tax rate, the greater the benefit).

My submission concerns the gift deductibility rules. Currently, deductions are available for gifts of money or property to deductible gift recipients.

My concern is with the chronic shortages faced by health DGRs such as hospitals and the Red Cross stemming from the lack of blood donors and organ/tissue donation.

As time goes on, with an ageing population, we are clearly placing increased pressure on our health providers for blood and organ/tissue supplies for transplant purposes.

My understanding is the current gift deduction rules do not allow blood donors and organ donors a tax deduction for their miraculous gifts (as they do not constitute money or property).

My recommendation is that in order to encourage blood and organ donation (and to achieve greater equity in the gift deduction rules to extend beyond gifts of money or 'property'), blood donors and organ donors should be allowed an income tax deduction for a nominal, fixed statutory amount (e.g. as may be stipulated in a schedule to the income tax assessment regulations that can more easily be updated) for making each blood or organ donation, as the case may be.

For example, a blood donor might be eligible for a \$50 tax deduction per donation.

Organ donation, being once off, (e.g. heart, lungs, liver, kidneys, cornea....) should attract a larger deduction, depending perhaps on the type of organ/tissue available for transplant. Although the donor may be deceased, in such a case a tax deduction for the donation could still be of benefit to the deceased (or the beneficiaries of their estate) by virtue of being claimed in the final (date of death) tax return of the deceased (lodged by the legal personal representative).

Alternatively, if there are concerns about such a proposal not being fair to low income earners who would not benefit (or benefit as greatly) from a tax deduction (e.g. because they do not lodge a tax return), my suggestion is to consider allowing donors instead a refundable tax credit/offset for each donation (in much the same way as dividend imputation credits are refundable to individuals).

Please note this submission represents my personal views, not the views of Jackson McDonald.

Sincerely

Jim O'Donnell