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**AN EXAMINATION OF TAX DEDUCTIBLE
DONATIONS MADE BY INDIVIDUAL AUSTRALIAN
TAXPAYERS IN 2005 - 06**

Working Paper No. CPNS 40

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is a specialist research and teaching unit at the
Queensland University of Technology in Brisbane, Australia
It seeks to promote the understanding of philanthropy and nonprofit issues by drawing upon
academics from many disciplines and working closely with nonprofit practitioners,
intermediaries and government departments. CPNS's mission is "to bring to the community the
benefits of teaching, research, technology and service relevant to philanthropic and nonprofit
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1.0 EXECUTIVE SUMMARY

1.1 Overview of the Research

Each year, The Australian Centre for Philanthropy and Nonprofit Studies (CPNS) at Queensland University of Technology (QUT) collects and analyses statistics on the amount and extent of tax-deductible donations made and claimed by Australians in their individual income tax returns to deductible gift recipients (DGRs). The information presented below is based on the amount and type of tax-deductible donations made and claimed by Australian individual taxpayers to DGRs for the period 1 July 2005 to 30 June 2006.

This information has been extracted mainly from the Australian Taxation Office's (ATO) publication *Taxation Statistics 2005-06*. The 2006 report is the latest report that has been made publicly available. It represents information in tax returns for the 2005-06 year processed by the ATO as at 31 October 2007.

This study uses information based on published ATO material and represents only the extent of tax-deductible donations made and claimed by Australian taxpayers to DGRs at Item D9 Gifts or Donations in their individual income tax returns for the 2006 income year. The data does not include corporate taxpayers. Expenses such as raffles, sponsorships, fundraising purchases (e.g., sweets, tea towels, special events) or volunteering are generally not deductible as 'gifts'. The Giving Australia Report estimated 2005 year total giving at \$11 billion including this wider definition of giving, but excluding Tsunami donations.¹

1.2 Executive Summary

The following is a summary of the significant statistics that are further analysed in this paper.

General Information:

- The total amount donated and claimed as tax-deductible donations in 2005-06 was \$1.55 billion (compared to \$1.47 billion for the previous income year). This constitutes an increase of \$84.05 million (or 5.7%) from the previous income year. This is the second time deductible gifts have exceeded a billion dollars.
- In 2006, Australian taxpayers claimed \$1,312 million in tax agent fees deductions. For the second time since records have been kept, gift deductions now exceed tax preparation deductions. The gift deduction represents 5.75% of individual taxpayer's total deductions, with work related expenses being over 48% of all deductions claimed.
- Using a base year of 1978-79, the actual total tax-deductible donations made by Australian taxpayers is far exceeding the inflation-adjusted total tax-deductible donation as measured by the Consumer Price Index (CPI).
- The average tax-deductible donation made and claimed by Australian taxpayers to DGRs in 2006 was \$370.83 (compared to \$341.60 in the previous income year). This average amount has doubled in the last decade. Using a base year of 1978-79, the actual average tax-deductible donation is far exceeding the inflation-adjusted average tax-deductible donation as measured by the CPI.
- In 2005-06, 4.2 million Australian taxpayers (or 36.45% of the Australian taxpaying population) made and claimed tax-deductible donations. In the previous year, 38.38% or 4.3 million taxpayers made and claimed a gift. This goes against a decade trend of rising participation from a base of 33% and is possibly due to the previous year's impact of the Tsunami. This year's percentage of participation is still higher than the year prior to the Tsunami (36.21%). This percentage has been increasing slightly over the past eleven years and is at its highest level since 1992-93.

¹ Report available at http://www.fahscia.gov.au/internet/factsinternet.nsf/communities/pmcbp_pubs.htm

- On average, those individual taxpayers who make tax-deductible donations to DGRs donate approximately 0.34% of their taxable income. Once again, this trend has been increasing slightly over the past eleven years and is at its highest level since 1992-93.

Gender:

- In 2005-06, 2.2 million male taxpayers (representing 60.27% of the total) made and claimed tax-deductible donations to DGRs totaling \$937.75 million. Two million female taxpayers (representing 39.73% of the total) made and claimed tax-deductible donations to DGRs totaling \$618.24 million in 2006.
- The average tax-deductible donation made and claimed by Australian male taxpayers to DGRs in 2006 was \$434.73 and \$303.23 for Australian female taxpayers.
- In 2005-06, 36.26% of Australian male taxpayers and 36.66% of Australian female taxpayers made and claimed tax-deductible donations to DGRs. The combined average was 36.45%.
- On average, male Australian taxpayers who made tax-deductible donations to DGRs donated approximately 0.33% of their taxable income and Australian female taxpayers donated 0.35% of their taxable income.

State of Residence:

- A total of 1.4 million taxpayers in **New South Wales** claimed tax-deductible donations to DGRs of \$648.72 million. This amount represented almost 42% of the national total. The next largest donor state was **Victoria** whose taxpayers made and claimed tax-deductible donations to DGRs of \$411.8 million, representing 26% of the national total. **Queensland** taxpayers claimed tax-deductible donations totalling \$219.28 million. This represented 14% of the national total. Together, these three states accounted for 82% of total tax-deductible donations made to DGRs in 2005-06.
- **New South Wales** taxpayers made and claimed the largest average tax-deductible donation to DGRs of \$462.10 compared to the national average of \$370.83. **Australian Capital Territory** taxpayers made the next highest average tax-deductible donation to DGRs with \$386.94, followed by **Victoria** with an average tax-deductible donation of \$363.54. **Queensland** taxpayers made and claimed an average tax-deductible donation in 2006 of \$282.65.
- Taxpayers in **New South Wales** donated an average of 0.42% of their taxable income, followed by **Australian Capital Territory** (.38%) and **Victorian** (.37%) taxpayers. This compares to the national average of 0.34%. Taxpayers in **Queensland** donated an average of 0.26%.

Income Bands:

- In 2005-06, the average taxable income of all taxpayers was \$40,168. Tax-deductible donation made and claimed by taxpayers in the \$40,001-\$45,000 income band was \$228.84, being 0.24% of their taxable income with 45.38% of taxpayers in this band claiming a tax deductible gift.
- Tax-deductible donations made and claimed by taxpayers in the less than \$6,001 income band was \$568.18, being 1.45% of their taxable income with 6.39% of taxpayers in this band claiming a tax deductible gift.
- The average tax-deductible donation made and claimed by individual taxpayers to DGRs earning over one million per year was \$47,245.68 (compared to \$59,350.59 last year). These taxpayers earning over \$1 million donated approximately 1.39% of their taxable income to DGRs. This was about 4 times the national average.

Industry:

- The highest average tax-deductible donations made and claimed by individual sole trader taxpayers in 2005-06 came from taxpayers engaged in rental, hiring and real estate services. These taxpayers made an average tax-deductible donation of \$1,409.29. The next highest came from sole trader taxpayers engaged in agriculture, forestry and fishing who made and claimed an average tax-deductible donation of \$1,406.84. Sole trader taxpayers engaged in financial and insurance services made and claimed an average tax-deductible donation in 2006 of \$1,116.30. The national average was \$370.83.
- At the opposite end of the scale, the lowest average tax-deductible donations made and claimed in 2005-06 came from electricity, gas, water and waste service sole traders with an average of \$1.00. Next lowest were sole trader taxpayers engaged in the construction industry with an average tax-deductible donation of \$195.28. Salary and Wage earners had an average tax-deductible donation of \$225.07.

2.0 WHAT IS A TAX-DEDUCTIBLE GIFT?

According to Division 30 of the *Income Tax Assessment Act 1997* (Cth) (ITAA 1997), taxpayers are entitled to claim a tax deduction for gifts (i.e. donations) made during the income year to endorsed DGRs. There are two (2) elements which must be present in order to claim a tax-deduction:

- (a) it must be a gift; and
- (b) it must be made to a DGR.

The term "*gift*" is not defined in either the ITAA 1936 or 1997. As a consequence, it takes on its ordinary meaning. On 20 July 2005, the ATO released *Taxation Ruling TR 2005/13 Tax Deductible Gifts – What is a Gift?* This taxation ruling supersedes several other taxation rulings and taxation determinations and represents the most comprehensive taxation ruling issued by the ATO on the subject of tax-deductible gifts. TR 2005/13 contains 230 paragraphs, 81 worked examples and spans 47 pages.

For a gift to be a tax-deductible donation and claimed as an income tax deduction in personal income tax returns, the gift must usually have the following characteristics:

- there is a transfer of the beneficial interest in property;
- the transfer is made voluntarily;
- the transfer arises by way of benefaction; and
- no material benefit or advantage is received by the giver by way of return.

Generally, for a payment to be considered a gift it must be unfettered, that is, there must be no obligation to do anything in recognition of the gift and no expectation on the part of the donor to receive anything in return for the donation (i.e. no strings attached).

Where a payment constitutes a bona-fide gift, then the donor is entitled to claim the amount given as an income tax deduction under Division 30. In contrast, the following are **not** usually considered gifts:

- purchase of raffle or art union tickets;
- purchase of an item such as a mug, key ring or pen which is not merely a token that promotes the DGR or its activities;
- the cost of attending a fundraising dinner, even if the cost exceeds the value of the dinner. However, there are new contribution rules that apply from 1 July 2004 for minor benefits made to DGRs;
- payments to school building funds as an alternative to an increase in school fees;

- membership fees (except to political parties); and
- payments where the person has an understanding with the recipient that the payment will be used to provide a benefit to the donor.

However, the government from 1 July 2004 has allowed certain contributions to be deductible which do not fall under the strict definition of a gift. A deduction is now allowed where the donor receives a benefit in connection with the contribution, provided that certain conditions are met and the benefit does not exceed a specified limit. Broadly, this allows deductions for two separate types of contributions at a deductible gift recipient fund-raising event in Australia, namely:

- contributions made in return for a right to participate in a fund-raising event (e.g. the purchase of a ticket to attend a charity ball, fete, dinner, performance or similar charitable fund-raising event); and
- contributions made by way of consideration for the supply of goods and services for successful bidding at a charity auction that is conducted by a deductible gift recipient.

Categories of Deductible Gift Recipients

From 1 July 2000, pursuant to Subdivision 30-BA of the ITAA (1997), the Commissioner of Taxation must endorse both Income Tax Exempt Charities (ITECs) and DGRs.

If a DGR is not endorsed by the Commissioner, donors will be unable to claim income tax deductions for gifts made on or after 1 July 2000 under Division 30 of the ITAA (1997).

Sub-Division 30B of the ITAA (1997) outlines the 12 general categories of entities and funds that have been endorsed by the Commissioner of Taxation as DGRs.

The general categories are:

- health (Section 30-20);
- education (Section 30-25);
- research (Section 30-40);
- welfare and rights (Section 30-45);
- defence (Section 30-50);
- environment (Section 30-55);
- the family (Section 30-70);
- international affairs (Section 30-80);
- sports and recreation (Section 30-90);
- philanthropic trusts (Section 30-95);
- cultural organisations (Section 30-100); and
- other recipients consisting of ancillary funds (Section 30-105).

Five new general categories of deductible gift recipient have been allowed from 1 July 2006: disaster relief, war memorials, animal welfare, charitable services and educational scholarships.

In addition to the above general categories of funds, authorities, institutions and organisations, gifts of \$2 or more made to specific recipients specified in Sections 30-15 to 30-100 are also deductible to the donor.

However, these are only the general categories. This is not the full list of DGRs. Donors can check the status of a DGR by searching the Australian Business Register.²

Only certain types of gifts are specifically made tax-deductible under Division 30. These include:

² For further information refer to <http://www.abr.business.gov.au>

- gifts of \$2 or more (money);
- property which has been purchased by the donor less than 12 months before the gift was made;
- property valued by the Commissioner as over \$5,000;
- trading stock disposed of outside the ordinary course of business;
- cultural gifts, being property made under the Cultural Gifts Program;
- cultural bequests, being property made under the Cultural Bequests Program; and
- heritage gifts

In order to claim the amount of their tax-deductible donation to a DGR, donors are required to keep records of their gifts. DGRs are not required by income tax law to issue receipts for deductible gifts, but most do, as the donor will need a receipt in order to substantiate the claim made.

New Philanthropic and Giving Taxation Initiatives

On 26 March 1999, the Prime Minister issued a press release announcing various income tax measures to encourage greater corporate and personal philanthropy in Australia. A summary of these new measures include:

- establishment of prescribed private funds (PPFs);
- gifts of property over \$5,000;
- 5-year averaging of donations;
- deductions for workplace giving;
- conservation covenants;
- capital gains tax exemption under the Cultural Gifts Program;
- deductions for fundraising dinners and similar events; and
- health promotion charities.

Each of these taxation incentives are briefly discussed below in more detail.

Further incentives have been suggested and developed by the Prime Minister's Community Business Partnership since 1999. These incentives which involve the taxation regime have been gradually rolled out since 1999.³

a. Establishment of Prescribed Private Funds (PPFs)

One such incentive is the establishment of the PPFs. A PPF is a fund established by will or trust instrument with:

- DGR status (that is, gifts to it are deductible to the donor);
- normally, income tax exempt status (that is, its income is exempt from income tax); and
- the ability to attract a variety of other Commonwealth, State and Territory tax and duty concessions.

There is no need for gifts to a PPF to be sought and received from the public and a PPF can be controlled by an individual, family or corporate group. This is a removal of a major barrier

³ For further information refer to http://www.fahcsia.gov.au/internet/factsinternet.nsf/communities/pmcbp_pubs.htm

to philanthropy, as it was often difficult to satisfy the previous test of “public donations” before a fund would be endorsed as a DGR.

The PPFs prescribed by REG 995-1.02 in respect of Section 995-1 of the ITAA (1997) are listed in *Table 2*. As at 3 October 2006, a total of 452 PPFs had been approved with 14 having ceased operation, but as at November 2007 there were 610 approved or merely waiting for formal notification in the regulations (refer *Table 1*). As at 30 June, 2006, the value funds held by PPFs was \$820.6m with \$342.6 m being received by them in donations in 2006. Further information on PPFs is available in CPNS Current Issues Paper 2008/1 available at <http://www.bus.qut.edu.au/research/cpns/publications/currentissue.jsp>

PPF Summary Table 1 as at 14/11/2007

Year	No. PPFs approved	No. PPF's ceased
2001	22	0
2002	59	0
2003	51	4
2004	89	3
2005	94	3
2006	125	4
2007	164	
2008	10	

**Table 2: List of Prescribed Private Funds (PPFs)
as at 1 October 2006**

PRESCRIBED PRIVATE FUNDS

Item	Name of Fund	Date, or period, of effect
1	Nelson Meers Foundation	21 June 2001
2	Sargents Foundation Sub-Fund	21 June 2001
3	The Andersen Foundation	21 June 2001
4	Brencorp Foundation	22 June 2001 to 22 April 2005
5	Gandel Foundation	22 June 2001
6	Gonski Foundation	22 June 2001
7	Humanity Trust	22 June 2001
8	Levy Foundation	22 June 2001
9	The CINS Foundation	22 June 2001
10	The Cuthbert Foundation	22 June 2001
11	The F&J Ryan Foundation	22 June 2001
12	The Joan & Peter Clemenger Trust	22 June 2001
13	The Parncutt Family Foundation	22 June 2001
14	The Pratt Family Foundation	22 June 2001
15	The Rodney & Judith ONeil Foundation	22 June 2001
16	The Sentinel Foundation	22 June 2001
17	The Charitable Foundation	25 June 2001
18	The Noble Foundation	27 June 2001 to 7 September 2006
19	The Sarah and Baillieu Myer Family Foundation	27 June 2001
20	Wind Over Water Foundation	27 June 2001
21	The Aranday Foundation	28 June 2001
22	The Mill House Foundation	11 July 2001
23	Hunter Hall Charitable Fund	16 August 2001
24	The International Children's Foundation	23 August 2001
25	The Brian and Maxine Newell Prostate Cancer Research Foundation	17 September 2001
26	Barrie Bailey Foundation	3 October 2001
27	The Rotary Club of Hillarys Community Foundation	3 October 2001
28	The Western Australian Club Foundation	3 October 2001

29	Yeast Foundation	20 December 2001
30	The A & E Finkel Foundation	14 February 2002
31	The Caledonia Foundation	14 February 2002
32	The Clipsal Fund	25 March 2002 to 24 November 2003
33	AB's Trek for Kids Foundation	26 March 2002 to 30 June 2004
34	Booze Brothers Staff Charitable Fund	26 March 2002
35	Dubler Family Foundation	26 March 2002
36	AACFE Charitable Foundation	22 April 2002
37	Collection House Foundation	22 April 2002 to 15 August 2005
38	John Collier Foundation	22 April 2002
39	The Coca-Cola Australia Foundation	22 April 2002
40	The Dawson Family Foundation	22 April 2002
41	The Dianne Kemp Foundation	22 April 2002
42	The Margaret Lawrence Bequest	22 April 2002
43	The Mount Scopus College Foundation Trust	22 April 2002
44	Paul Ainsworth Charitable Foundation	5 June 2002
45	Philandron Foundation	5 June 2002
46	Philip and Vivien Brass Charitable Foundation	5 June 2002
47	The Albrecht Foundation Trust	5 June 2002
48	The Berg Family Foundation	5 June 2002
49	The Michael & Andrew Buxton Foundation	5 June 2002
50	The Samuel Nissen Charitable Foundation	5 June 2002
51	R & M Champion de Crespigny Foundation	11 June 2002
52	The Flew Foundation	11 June 2002
53	Accenture Australia Foundation	14 June 2002
54	Andyinc Foundation	14 June 2002
55	Bennelong Foundation	14 June 2002
56	Glencoe Foundation	14 June 2002
57	Guthrie Family Memorial Fund	14 June 2002
58	Hill Charitable Foundation	14 June 2002
59	JBWere Foundation	14 June 2002 to 11 December 2003
60	Jewish Holocaust Centre Foundation	14 June 2002

61	John Lamble Foundation	14 June 2002
62	Key Foundation	14 June 2002
63	Leeuwin Estate Foundation	14 June 2002 to 17 November 2004
64	Lifework Foundation	14 June 2002
65	Mannkal Economic Education Foundation	14 June 2002
66	New Start Foundation	14 June 2002
67	Schaffer Foundation	14 June 2002
68	The Angel Fund	14 June 2002
69	The Bamford Family Foundation	14 June 2002
70	The Isabel and John Gilbertson Charitable Trust	14 June 2002
71	The Jackson Family Foundation	14 June 2002
72	The Teen Spirit Charitable Foundation	14 June 2002
73	The Thomas Foundation	14 June 2002
74	The William & Rita Rogers Charitable Foundation	14 June 2002
75	Trust for Nature Foundation	14 June 2002
76	Wilson Foundation	14 June 2002
77	The Manildra Foundation	26 June 2002
78	The McVay Foundation	26 June 2002
79	The Rainbow Charitable Foundation	26 June 2002
80	Onbass Foundation	5 August 2002
81	Schools' Canteen Education Foundation of Australia	5 August 2002
82	The Perini Family Foundation	5 August 2002
83	The Global Community Foundation	3 September 2002
84	The Jessie Salmond Foundation Fund	10 September 2002
85	The Vodafone Australia Foundation	10 September 2002
86	Jackson McDonald Community Foundation	11 September 2002
87	Pickard Foundation	9 October 2002
88	Cassandra Ganter Foundation	14 October 2002
89	Four Winds Foundation	14 October 2002
90	The Keith Murton Foundation	21 October 2002
91	The Jreissati Foundation Trust	29 October 2002
92	R.M. Brown Environmental Foundation	11 November 2002

93	The Greatorex Foundation	20 December 2002
94	The Mount Scopus Memorial College B'Nei Mitzvah Foundation	20 December 2002
95	The Robert and Jennifer Ferguson Charitable Trust	20 December 2002
96	The Vittorio Romano 1 Foundation	20 December 2002 to 17 July 2003
97	James N Kirby Foundation	7 May 2003
98	The Minimbah Foundation for Youth	7 May 2003 to 19 May 2003
99	The Peters Family Foundation	20 May 2003
100	Abey Foundation	24 June 2003
101	A Celebration of Life Foundation	24 June 2003
102	Five Talents Foundation	24 June 2003
103	Hillcrest Foundation	24 June 2003
104	Janina and Bill Amiet Foundation	24 June 2003
105	Josef Reisinger Foundation	24 June 2003
106	McLean Perpetual Children's Foundation	24 June 2003
107	N.J. Innis Charitable Foundation	24 June 2003
108	Peter Isaacson Foundation	24 June 2003
109	Taranto Cultural Foundation	24 June 2003
110	The Alfred and Jean Dickson Charitable Foundation	24 June 2003
111	The Bell Shakespeare Company Foundation	24 June 2003 to 19 April 2004
112	The Clitheroe Foundation	24 June 2003
113	The George Lewin Foundation	24 June 2003
114	The Harvard Club of Australia Foundation	24 June 2003
115	The Himalayan Foundation of Australia Trust	24 June 2003
116	The Johanna Sewell Memorial Fund	24 June 2003
117	The Lidia Perin Foundation	24 June 2003
118	The Maccabi Victorian Sports Foundation	24 June 2003
119	The O'Neill Foundation	24 June 2003
120	The Orcadia Foundation	24 June 2003
121	The Peggy Charitable Foundation	24 June 2003
122	The Reym Fund	24 June 2003
123	The Werled Foundation	24 June 2003
124	The William and Georgena Bradshaw Foundation	24 June 2003

125	Thornhill Foundation	24 June 2003
126	Dalcorp Foundation	30 June 2003
127	John and Marie Hill World Scout Jamboree Trust Fund	30 June 2003
128	PricewaterhouseCoopers Foundation	30 June 2003
129	Schapper Family Foundation	30 June 2003
130	Selim Foundation	30 June 2003 to 3 October 2006
131	VM Romano Foundation	18 July 2003
132	The Arcus Foundation	8 September 2003
133	Clayton Utz Foundation	23 October 2003
134	Dibben Family Charitable Trust	23 October 2003
135	The Fair Go Foundation	23 October 2003
136	The Josephine Ulrick and Win Schubert Diversity Foundation	23 October 2003
137	The Judith Jane Mason and Harold Stannett Williams Memorial Foundation	23 October 2003
138	The Phileo Foundation	23 October 2003
139	The Reed Charity Trust	23 October 2003
140	The Sid Myer Family Foundation	23 October 2003 to 27 January 2005
141	The Gerard Fund	25 November 2003
142	Goldman Sachs JBWere Foundation	12 December 2003
143	Greenlight Foundation	3 February 2004
144	Horwath Charitable Trust	3 February 2004
145	Maple-Brown Family Charitable Trust	3 February 2004
146	Matana Foundation for Young People	3 February 2004
147	McGrath Family Foundation	3 February 2004
148	Sabemo Foundation	3 February 2004
149	Southern Paradise Foundation	3 February 2004
150	The JEM Foundation	3 February 2004
151	The Persephone Foundation	3 February 2004
152	Annieandjohnpaterson Foundation	10 February 2004
153	Neil & Norma Hill Foundation	10 February 2004
154	Pierce Armstrong Trust	10 February 2004
155	Rosella Foundation	10 February 2004

156	Sherman Foundation	10 February 2004
157	The Ernst & Young Foundation	10 February 2004
158	The MJFS Foundation	10 February 2004
159	The Shane Warne Foundation	10 February 2004
160	The Bell Shakespeare Development Trust	20 April 2004
161	Count Charitable Foundation	24 April 2004
162	Ilhan Foundation	24 April 2004 to 23 January 2006
163	Kids and Families Foundation	24 April 2004
164	Purves Private Fund	24 April 2004
165	Rees Jones Foundation	24 April 2004
166	The ACCA Foundation	24 April 2004
167	The Allison Foundation	24 April 2004
168	The Besen Family Foundation	24 April 2004
169	The Boyd Group Foundation	24 April 2004
170	Acuity Evangelical Foundation Prescribed Fund	16 June 2004
171	Bamaga Foundation	16 June 2004
172	Becher Foundation	16 June 2004
173	Belalberi Foundation	16 June 2004
174	Bradley McKnight Foundation	16 June 2004
175	Donkey Wheel Fund	16 June 2004
176	Efron Family Foundation	16 June 2004
177	Fay Fuller Foundation	16 June 2004
178	Fouress Foundation	16 June 2004
179	Goodman Family Foundation	16 June 2004
180	Grosman Family Foundation	16 June 2004
181	H & K Johnston Family Foundation	16 June 2004
182	Heymanson Family Foundation	16 June 2004
183	Kel & Rosie Day Foundation	16 June 2004
184	Liangrove Foundation	16 June 2004
185	Mark Francis Butler Charity Foundation	16 June 2004
186	McLeod Family Foundation	16 June 2004
187	RobMeree Foundation	16 June 2004

188	Schudmak Family Foundation	16 June 2004
189	Steven Moss Foundation	16 June 2004
190	The Agape Charitable Fund	16 June 2004
191	The Brenda Shanahan Charitable Foundation	16 June 2004
192	The David Harold Tribe Charitable Foundation	16 June 2004
193	The Helen Lyons Foundation	16 June 2004
194	The Keir Foundation	16 June 2004
195	The Macintosh Foundation	16 June 2004
196	The Malcolm Robertson Foundation	16 June 2004
197	The Moore Family Philanthropic Foundation	16 June 2004
198	The Muffin Foundation	16 June 2004
199	The Neilson Foundation	16 June 2004
200	The Ray and Margaret Wilson Foundation	16 June 2004
201	The White Foundation	16 June 2004
202	Vernon Foundation	16 June 2004
203	Wolanski Foundation	16 June 2004
204	Aarons Foundation	17 June 2004
205	Costa Family Foundation	17 June 2004
206	Debbie Stach Memorial Fund	17 June 2004
207	Gleeson/O'Keefe Foundation	17 June 2004
208	Hear & Say Foundation	17 June 2004
209	Herbert And Valmae Freilich Prescribed Private Fund	17 June 2004
210	Molloy Family Foundation	17 June 2004
211	Montgomery Foundation	17 June 2004
212	Newcastle Permanent Charitable Foundation	17 June 2004
213	Next Generation Prescribed Private Fund	17 June 2004
214	Phil Little Design Foundation	17 June 2004
215	Pixifoto Foundation	17 June 2004
216	Skipper-Jacobs Charitable Trust	17 June 2004
217	Spotlight Charitable Foundation	17 June 2004
218	The Bill & Patricia Ritchie Foundation	17 June 2004
219	The Horizon Foundation	17 June 2004

220	The Nicol Foundation	17 June 2004
221	The Orica Community Foundation	17 June 2004
222	The Skellern Family Foundation	17 June 2004
223	The Springett Family Foundation	17 June 2004
224	Vincent Fairfax Ethics in Leadership Foundation	17 June 2004
225	WJ & MS Hughes Foundation	17 June 2004
226	Wythenshawe Foundation	17 June 2004
227	Leeuwin Estate Charitable Foundation	17 November 2004
228	Aboriginal Benefits Foundation	20 December 2004
229	Clubs Smile for a Child Foundation	20 December 2004
230	Shaddock Foundation	20 December 2004
231	Spinifex Trust	20 December 2004
232	The Corio Foundation	20 December 2004
233	The Jordan Family Charitable Trust	20 December 2004
234	The Morgan & Banks Foundation	20 December 2004
235	The Trawalla Foundation	20 December 2004
236	The Sid and Fiona Myer Family Foundation	27 January 2005
237	AirRoad Foundation	4 February 2005
238	Tattersall's George Adams Foundation	4 February 2005
239	Isador and Rebecca Magid Foundation	12 April 2005
240	The API Trust Fund	12 April 2005
241	The Carnegie Foundation	12 April 2005
242	The Gourlay Charitable Trust	12 April 2005
243	The Lindsay & Heather Payne Medical Research Charitable Foundation	12 April 2005
244	The Lochtenberg Foundation	12 April 2005
245	The Pace Foundation	12 April 2005
246	The Restoration Foundation	12 April 2005
247	The Rix Foundation	12 April 2005
248	Scanlon Foundation	22 April 2005
249	ABD Foundation Barr Family Foundation	10 June 2005
250	Adam Scott Foundation	10 June 2005

251	Aon Charitable Foundation	10 June 2005
252	Australand Foundation	10 June 2005
253	Barr Family Foundation	10 June 2005
254	Bendat Family Foundation	10 June 2005
255	Cochrane-Schofield Charitable Fund	10 June 2005
256	Ferris Family Foundation	10 June 2005
257	Gaunt Family Foundation	10 June 2005
258	Gilmour Foundation	10 June 2005
259	Gordon Brothers Charitable Foundation	10 June 2005
260	Harry Triguboff Foundation	10 June 2005
261	Henry Pollack Foundation	10 June 2005
262	Indigo Community Aid Foundation	10 June 2005
263	Jack & Ethel Goldin Foundation	10 June 2005
264	Just Enough Faith Foundation	10 June 2005
265	Kazacos Foundation	10 June 2005
266	Kopke Family Foundation	10 June 2005
267	Lew Foundation	10 June 2005
268	Limb Family Foundation	10 June 2005
269	Michael Craft Memorial Fund	10 June 2005
270	Michael & Dellarose Baevski Foundation	10 June 2005
271	O'Donohue Family Foundaton	10 June 2005
272	Prescott Family Foundation	10 June 2005
273	Seidler Architectural Foundation	10 June 2005
274	SG Foundation	10 June 2005
275	Shirley Greathead Foundation	10 June 2005
276	Sisyphus Foundation	10 June 2005
277	Skar Foundation	10 June 2005
278	Telstra Foundation Community Development Fund	10 June 2005
279	The Beeren Foundation	10 June 2005
280	The Bluesand Foundation	10 June 2005
281	The Byrnes Foundation	10 June 2005
282	The Deloitte Foundation	10 June 2005

283	The George and Janet Parker Memorial Trust	10 June 2005
284	The Kirk Foundation	10 June 2005
285	The Lightfoot Foundation	10 June 2005
286	The Nelson Foundation	10 June 2005
287	The Penn Foundation	10 June 2005
288	The Sunjoto Foundation - The Spirit of Giving	10 June 2005
289	The Wood Foundation	10 June 2005
290	William McIlrath Charitable Foundation	10 June 2005
291	Willowtree Foundation	10 June 2005
292	Woollahra Colleagues Rugby Union Football Club Foundation	10 June 2005
293	Alter Family Foundation	23 June 2005
294	Bennetts Family Foundation	23 June 2005
295	Burton Taylor PPF Foundation	23 June 2005
296	ERM Foundation	23 June 2005
297	Fielding Foundation	23 June 2005
298	Franz Loibner Foundation	23 June 2005
299	George Jones Family Foundation	23 June 2005
300	Hart Charitable Trust	23 June 2005
301	Hunt Foundation	23 June 2005
302	Ivany Foundation	23 June 2005
303	Kahn Friedlander Family Foundation	23 June 2005
304	Laver Family Foundation	23 June 2005
305	Lee Liberman Charitable Foundation	23 June 2005
306	Matsarol Foundation	23 June 2005
307	R P Medical Fund	23 June 2005
308	The Annemarie & Arturo Gandioli Fumagalli Foundation	23 June 2005
309	The Blackley Foundation	23 June 2005
310	The Cubit Family Foundation	23 June 2005
311	The Freedman Foundation	23 June 2005
312	The Ian Watson Foundation	23 June 2005
313	The Hunter 5 Foundation	23 June 2005
314	The Margaret Miller Foundation	23 June 2005

315	The Mavis & Bill Jennings Foundation	23 June 2005
316	The Steed Family Foundation	23 June 2005
317	The Waterham Family Foundation	23 June 2005 to 7 August 2006
318	The Zimmerman Family Foundation	23 June 2005
319	Turnbull Foundation	23 June 2005
320	Wood Family Foundation	23 June 2005
321	Sherry-Hogan Foundation	30 June 2005
322	Simpson Family Foundation	30 June 2005
323	Luca and Anita Belgiorno-Nettis Foundation	2 December 2005
324	Macquarie Goodman Foundation	2 December 2005
325	Money Managers Charitable Trust	2 December 2005
326	Sachdev Foundation	2 December 2005
327	The Chestnut Tree Foundation	2 December 2005
328	The Cruthers Art Foundation	2 December 2005
329	The Grenda Foundation	2 December 2005
330	The Heartfelt Foundation	2 December 2005
331	The Katharina Elizabeth Foundation	2 December 2005
332	The Paul Griffin Charitable Trust	2 December 2005
333	The Regal Foundation	2 December 2005
334	The Tall Foundation	2 December 2005
335	The V V Marshman Charitable Trust	2 December 2005
336	The Wandin Heritage Foundation	2 December 2005
337	The Winter-Pauwels Foundation	2 December 2005
338	Youth Enterprise Trust Foundation	2 December 2005
339	Zunahme Prosperity Fund	2 December 2005
340	Anglicare Victoria Childrens Foundation	4 April 2006
341	CAMYRIS Foundation	4 April 2006
342	Feilman Family Foundation	4 April 2006
343	Goodridge Foundation	4 April 2006
344	Hunt Foundation	4 April 2006
345	K and MV Topliss Charitable Foundation	4 April 2006
346	Paul Ramsay Foundation	4 April 2006

347	The Balnaves Foundation	4 April 2006
348	The Douglas & Phillip Young Charitable Trust	4 April 2006
349	The Hargrove Foundation	4 April 2006
350	The Kailis Foundation	4 April 2006
351	The Kinghorn Foundation	4 April 2006
352	Bagôt Gjergja Foundation	25 May 2006
353	Carlo & Roslyn Salteri Foundation	25 May 2006
354	G P Harris Foundation	25 May 2006
355	Hanlon Foundation	25 May 2006
356	Holmes à Court Family Foundation	25 May 2006
357	Isobel & David Jones Family Foundation	25 May 2006
358	Jill Landsberg Trust Fund	25 May 2006
359	Justin McCuaig Foundation	25 May 2006
360	Lewin Foundation	25 May 2006
361	Margaret Pemberton Foundation	25 May 2006
362	Naphtali Family Foundation	25 May 2006
363	Noah Foundation	25 May 2006
364	O'Brien Charitable Trust	25 May 2006
365	Paget Sayers Buddhist Trust	25 May 2006
366	Renee Pollack Foundation	25 May 2006
367	Renshaw Foundation	25 May 2006
368	Sara Halvedene Foundation	25 May 2006
369	Teele Family Foundation	25 May 2006
370	The Anne Cranston Charitable Trust	25 May 2006
371	The Bloomfield Group Foundation	25 May 2006
372	The Bob and Emma House Foundation	25 May 2006
373	The Dowling Family Foundation	25 May 2006
374	The Elizabeth and Barry Davies Charitable Foundation	25 May 2006
375	The FSJS Jubilee Charitable Foundation	25 May 2006
376	The Graeme Wood Foundation	25 May 2006
377	The Harry Secomb Foundation	25 May 2006
378	The Ian Landon Smith Foundation	25 May 2006

379	The Ken and Wilma Strickland Education Foundation	25 May 2006
380	The Miriam Raju Foundation	25 May 2006
381	The Siganto Foundation	25 May 2006
382	The Sunland Foundation	25 May 2006
383	The Tauber-Troeth Foundation	25 May 2006
384	The Wallace & Jessica Hore Foundation	25 May 2006
385	UBS Australia Foundation	25 May 2006
386	W & A Johnson Family Foundation	25 May 2006
387	Andrew McNaughtan Foundation	15 June 2006
388	Australian Unity Foundation	15 June 2006
389	CEDE Foundation	15 June 2006
390	Crommelin Family Foundation	15 June 2006
391	Frances Jane Edwards Foundation Fund	15 June 2006
392	Gras Foundation	15 June 2006
393	Greenspring Foundation	15 June 2006
394	Kausman Mann Family Foundation	15 June 2006
395	Patricia McIntyre Foundation	15 June 2006
396	Ross Knowles Foundation	15 June 2006
397	Sunrise Foundation	15 June 2006
398	Tenix Foundation	15 June 2006
399	The Crawbuck Foundation	15 June 2006
400	The Curran Family Foundation	15 June 2006
401	The Eric & Elizabeth Gross Foundation	15 June 2006
402	The Geneva Foundation	15 June 2006
403	The Hartley Estate Trust	15 June 2006
404	The Kariba Foundation	15 June 2006
405	The Maddocks Foundation	15 June 2006
406	The Playking Foundation	15 June 2006
407	The Orgill Family Foundation	15 June 2006
408	The Sun Foundation	15 June 2006
409	Towards A Better Future Foundation	15 June 2006
410	AJKM Charity Foundation	26 June 2006

411	Bell Family Foundation	26 June 2006
412	Carlton Family Foundation	26 June 2006
413	Handbury Family Foundation	26 June 2006
414	Merchant Charitable Foundation	26 June 2006
415	Owen Miller Foundation	26 June 2006
416	Stack Family Foundation	26 June 2006
417	The Hartley Foundation	26 June 2006
418	The Helpful Foundation	26 June 2006
419	The Ian & Linda Martin Charitable Foundation	26 June 2006
420	The John and Beryl May Henderson Foundation	26 June 2006
421	The Johnson Family Foundation	26 June 2006
422	The Peter Weiss Foundation	26 June 2006
423	The Schwinghammer Foundation	26 June 2006
424	The Sky Foundation	26 June 2006
425	The Sonshine Foundation	26 June 2006
426	The Stan & Maureen Duke Foundation	26 June 2006
427	David Henning Memorial Foundation	27 June 2006
428	Hutt Family Foundation	27 June 2006
429	Robert Christie Foundation	27 June 2006
430	The De Haan Foundation	27 June 2006
431	The Dubiety Foundation	27 June 2006
432	The Graham and Pam Nock Foundation	27 June 2006
433	The Murphy Foundation	27 June 2006
434	The Patronax Foundation	27 June 2006
435	The Ravine Foundation	27 June 2006
436	The Robertson Foundation	27 June 2006
437	The Sheehan Birrell Foundation	27 June 2006
438	The Tony & Gwenyth Lennon Family Foundation	27 June 2006
439	The Shine On Foundation	7 August 2006
440	Bruce Bain Foundation	10 August 2006
441	Bandalup Foundation	3 October 2006
442	Blackmore Foundation	3 October 2006

443	Christopher Cuffe Foundation	3 October 2006
444	Gandevia Foundation	3 October 2006
445	JB Davros Family Foundation	3 October 2006
446	Peter & Lyndy White Foundation	3 October 2006
447	R.A. Gale Foundation	3 October 2006
448	The Katherine Bourke Foundation	3 October 2006
449	The Leith Hope Memorial Foundation	3 October 2006
450	The Lionel Gell Foundation	3 October 2006
451	The LTN Foundation	3 October 2006
452	Values Education Foundation	3 October 2006

b. Gifts of Property Over \$5,000

From 1 July 2001 legislation was passed enabling donors to claim a tax deduction for gifts of property held by the donor which was valued at more than \$5,000 by the Commissioner of Taxation. This deduction was backdated to apply from 1 July 1999 and extends to property donated to approved environmental and heritage organisations. Previously, the deduction was only available where the property was purchased within 12 months of being donated.

c. 5 - Year Averaging of Donations

Donors now have the ability to spread the following types of gifts over a period of up to 5 income years:

- cash donations in excess of \$5,000 (which took effect from 1 July 2003);
- property valued by the Commissioner in excess of \$5,000 (which took effect from 1 July 1999); and
- cultural gifts made through the Cultural Gifts Program (which took effect from 1 July 1999).

d. Deductions for Workplace Giving

Workplace giving programs (which took effect from 1 July 2002) are designed to give employees the opportunity to make regular donations to a DGR through regular payroll deductions. Employees receive immediate tax benefits, as employers are able to reduce the amount of PAYG withholding tax from that employee's pay.

e. Conservation Covenants

Certain types of conservation covenants over land entered into on or after 1 July 2002 will be eligible for an income tax deduction and concessional capital gains tax treatment.

f. The Cultural Gifts Program - Capital Gains Tax Exemption

From 1 July 1999, bequests of property and gifts of cultural property made through the Cultural Gifts Program are now exempt from capital gains tax, thus maximising the appreciated value of these gifts for tax deduction purposes.

g. Deductions for Fundraising Dinners and Similar Events

From 1 July 2004, individual taxpayers will, in certain circumstances, be able to receive a tax deduction for 'contributions' in the form of a ticket to a charity fundraising dinner. The deduction will apply to contributions above \$250, where the value of the benefit received (for example, a meal or entertainment) is no more than 10% of the total contribution or \$100, whichever is less. The provision also relates to goods purchased at fundraising auctions. Further changes were made from 1 January 2007 to reduce the minimum contribution threshold to \$150 (previously \$250), to allow a greater number of charities to use the measure for fundraising. The value of the minor benefit allowed was increased to 20 per cent of the gift – or ticket price - but not exceeding a value of \$150 (previously 10% not exceeding \$100).

h. Health Promotion Charities

A new DGR category known as Health Promotion Charities is entitled to the same benefits as Public Benevolent Institutions. It commenced in 2002, but is back dated to the 1997/98 year. It allows a tax deduction for gifts to charitable institutions whose principal activity is to promote the prevention or the control of behaviour that is harmful or abusive to human beings.

i. Donations to political parties and other candidates have been liberalised.

Before 22 June 2006, former item 3 in the table contained in s 30-15(2) ITAA 1997 provided that a deduction to a political party registered under *Commonwealth Electoral Act 1918* Pt XI may be allowable but was limited to \$100 and could not be claimed by a company. From 22 June 2006, under Subdiv 30-DA ITAA 1997:

- the tax deductible threshold for political contributions is \$1,500 for an income year;
- deductions are allowed for contributions made to political parties registered under state and territory, as well as federal, electoral legislation;

- gifts to independent candidates and independent members may be deductible; and
- companies may be entitled to deductions.

Tax Laws Amendment (2008 Measures No. 1) Bill 2008 was passed by the House of Representatives on 21 February 2008 and introduced to the Senate on 11 March 2008. Schedule 1 of the Bill amends the income tax law to remove tax deductibility for contributions or gifts to political parties, independent members and candidates. The measure applies in relation to contributions and gifts made on or after 1 July 2008. The Senate has referred the provisions of Schedule 1 to the Joint Standing Committee on Electoral Matters for inquiry and report by June 2009.

j. Five new general categories of deductible gift recipient from 1 July 2006, being:

- Australian disaster relief funds – public funds for relief of people in distress as a result of a declared disaster which occurred in Australia;
- animal welfare charities – charitable institutions that provide short-term direct care and/or rehabilitate certain animals;
- charitable services institutions – charitable institutions that would be a public benevolent institution but for their health promotion and/or harm prevention activities;
- war memorial repair funds – public funds established and maintained for the reconstruction or critical repair of a qualifying war memorial; and
- developed country disaster relief funds – public funds established by a public benevolent institution for relief of people in distress as a result of a declared disaster in a developed country.

k. Educational Scholarships

A public fund established for charitable purposes is, from 1 July 2006, eligible for endorsement as a deductible gift recipient (DGR) by the Commissioner if its sole purpose is to provide money for scholarships, bursaries or prizes to which s 30-37 applies.

A scholarship, bursary or prize is one which:

- may only be awarded to Australian citizens, or permanent residents of Australia, within the meaning of the *Australian Citizenship Act 1948*;
- is open to individuals or groups of individuals throughout a region of at least 200,000 people, or throughout at least an entire state or territory;
- promotes recipients' education in either or both of:
 - pre-school courses, primary courses, secondary courses or tertiary courses,
 - educational institutions overseas, by way of study of a component of one of the above courses, and
- is awarded on merit or for reasons of equity (e.g. for students who are experiencing financial disadvantage or hardship).

Scholarships and bursaries are ongoing or one-off benefit payments for school fees, textbooks and related educational expenses such as uniforms or travel. A prize is an award of money or property that is usually conferred for reasons of merit such as academic achievement, but may also be for reasons of equity.

3.0 TAX-DEDUCTIBLE DONATIONS BY INDIVIDUAL TAXPAYERS

This section of the paper analyses the nature and extent of tax-deductible donations made by Australian individual taxpayers in their 2006 income tax returns to DGRs.

As mentioned in the Executive Summary, the information presented is based on the amount and type of tax-deductible donations made and claimed by Australian individual taxpayers to DGRs for the period 1 July 2005 to 30 June 2006. This information has been extracted mainly from the ATO's publication *Taxation Statistics 2005-06*.⁴ The 2006 report is the latest report that has been made publicly available.

This study uses information based on published ATO material and represents only the extent of tax-deductible donations made and claimed by Australian taxpayers to DGRs at Item *D9 Gifts or Donations* in their individual income tax returns for the 2006 income year that have been processed by 31 October 2007. The data does not include corporate taxpayers as there is no provision on corporate taxpayers' tax returns to disclose gifts made to DGRs. Expenses such as raffles, sponsorships, fundraising purchases (e.g., sweets, tea towels, special events) or volunteering are generally not deductible as 'gifts'. The Giving Australia Report estimated 2005 year total giving with a more liberal definition of 'gift' at \$11 billion (excluding Tsunami donations).⁵

4.0 INDIVIDUAL TAXPAYER DONATIONS

Table 1A in the Appendix to this paper (which forms the basis of Charts 1 to 6) contains data relating to the amount of tax-deductible donations made to DGRs and claimed by individual Australian taxpayers in their 2006 income tax return and revised data from previous income years. The revisions arise from data added by the processing of late returns and adjustments made since the last annual taxation statistics reports. Table 1B contains unrevised 2004-05 tax data so 'apples can be compared with apples' in respect of the latest figures available in 2006. In later years 2006 will be revised with late returns and adjustments.

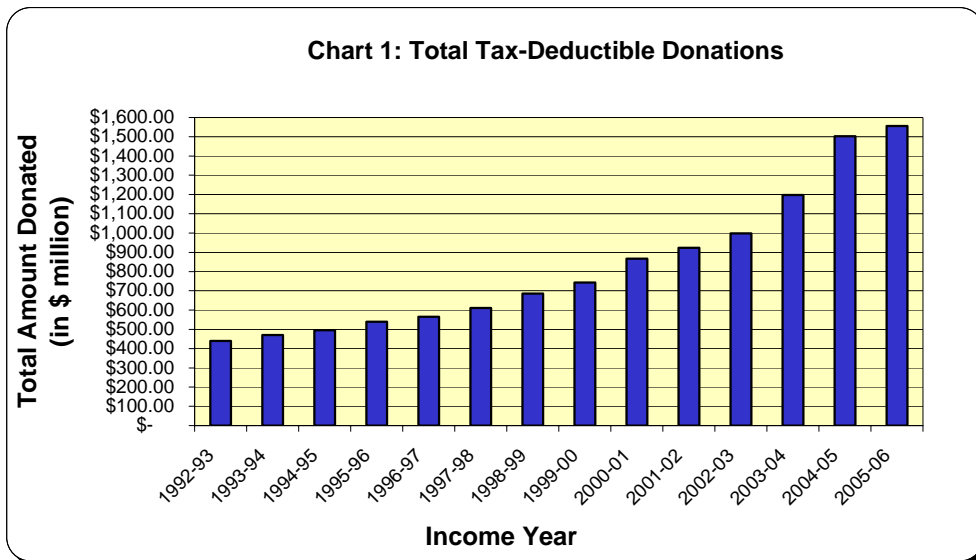
According to ATO Statistics, in 2005-06, a total of 4.2 million individual taxpayers made and claimed tax-deductible donations to DGRs totalling \$1.55 billion. This represented an increase of \$84.05 million (or 5.7%) from the previous income year of \$1.47 billion.

As a comparison, in 2006, Australian taxpayers claimed \$1,312 million (or 4.8%) in tax agent fee deductions. Gift deductions represent 5.75% of all personal taxpayer deductions.

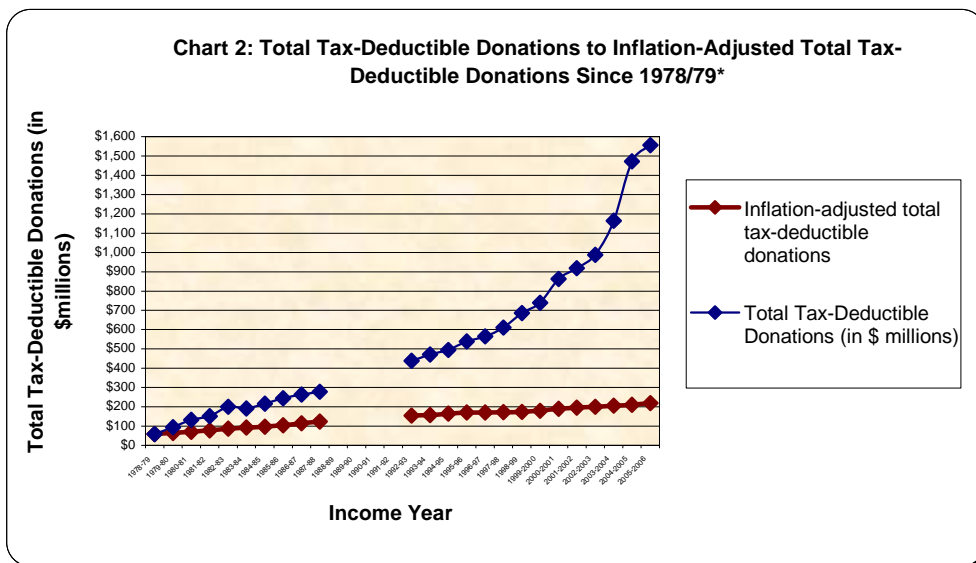
Chart 1 Total Tax-Deductible Donations shows a fourteen-year comparison of the total amount of tax-deductible donations made to DGRs and claimed by individual Australian taxpayers between the 1992-93 and 2005-06 income years.

⁴ The data represents information in tax returns for the 2003-04 year processed by the ATO as at 31 October 2005. It also includes some additional data supplied directly by the ATO to CPNS researchers.

⁵ Report available at http://www.fahcsia.gov.au/internet/factsinternet.nsf/communities/pmcbp_pubs.htm



As *Chart 2* below depicts, using a base year of 1978-79, the actual total tax-deductible donations made by Australian taxpayers is far exceeding the inflation-adjusted total tax-deductible donation as measured by the CPI.



*Disclosure of tax-deductible donations were not required in income tax returns from 1988-1992.

Chart 3 Percentage of Donating Taxpayers to Total Taxpayers reveals that in 2005-06, 4.2 million Australian taxpayers (or 36.45% of the Australian taxpaying population) made and claimed tax-deductible donations. Put another way, more than one in three Australian taxpayers donated monies to DGRs and claimed tax deductions for these amounts during the 2006 income year. This percentage has been increasing slightly over the past thirteen years, but dropped in 2005-06 after the Tsunami year high in the previous year. The current year's participation rate is still slightly higher than the year immediately preceding the Tsunami being 36.21%.

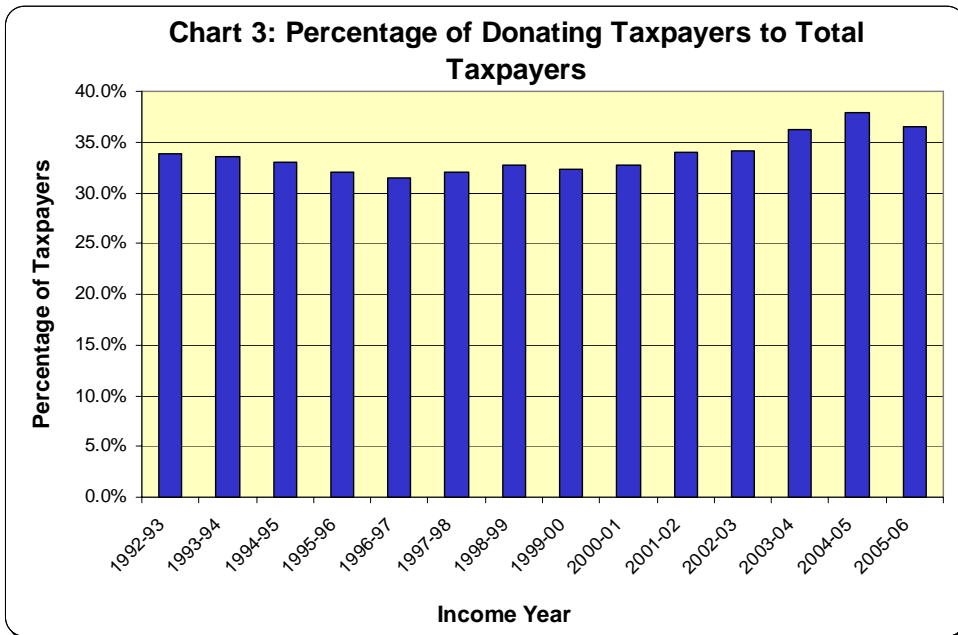
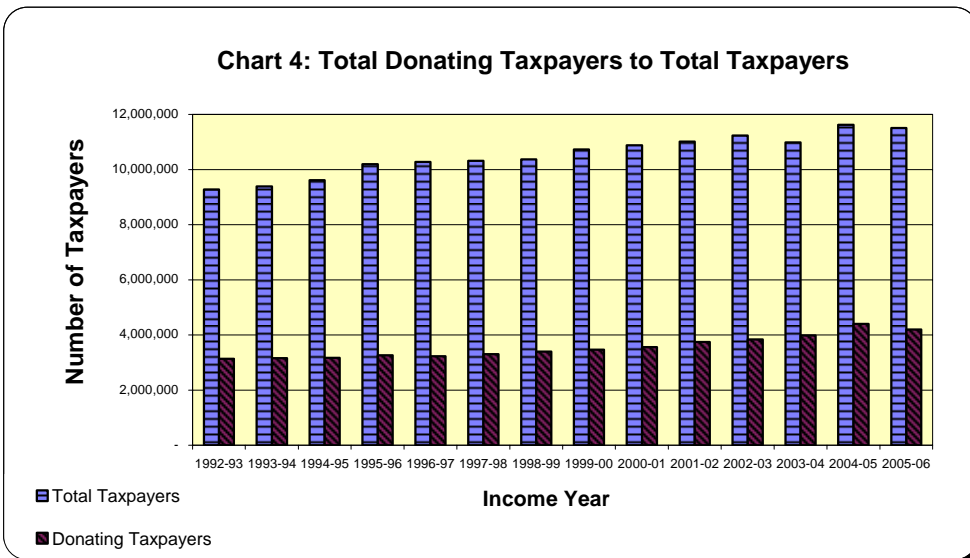


Chart 4 Total Donating Taxpayers to Total Taxpayers shows the number of taxpayers who claimed tax-deductible donations to DGRs against the total number of taxpayers in 2005-06.

The chart reveals that since 1995-96, the number of donating Australian taxpayers has increased from 3,259,236 to 4,195,910, whilst, in comparison, the total number of taxpayers (both taxable and non-taxable) has increased from 10,188,613 to 11,510,960 for the same period.

This leads to the conclusion that the number of donating taxpayers (32% in 1995-96 to 36.45% in 2005-06) is more than keeping pace with the total numerical growth of Australian individual taxpayers.



The average tax-deductible donation made and claimed by Australian taxpayers to DGRs for 2005-2006 was \$370.83 (compared to \$341.29 the previous income year). This represented an increase of \$29.54 (or 5.7%) since the previous income year.

Chart 5 Average Tax-Deductible Donation shows a comparison of the average tax-deductible donation made to DGRs and claimed by individual Australian taxpayers.

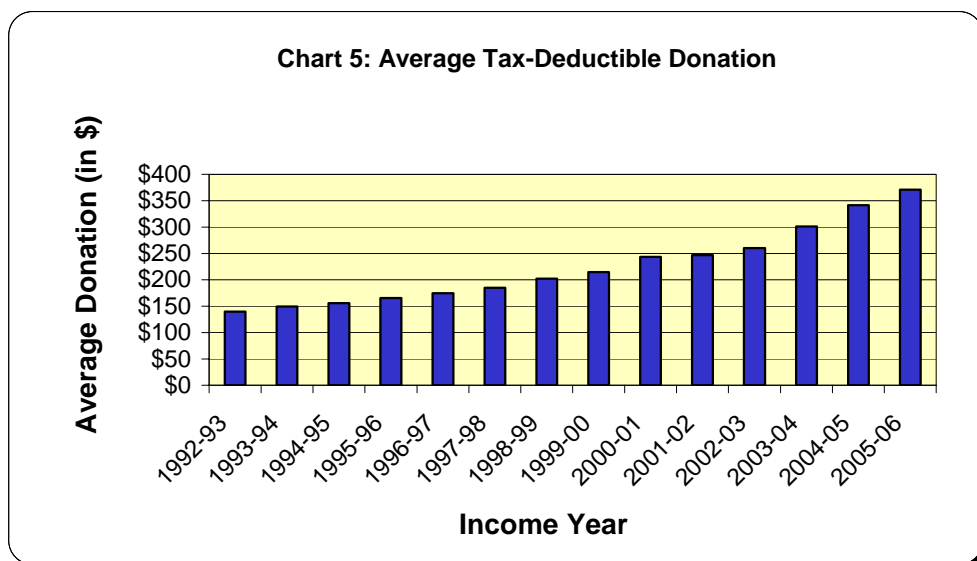
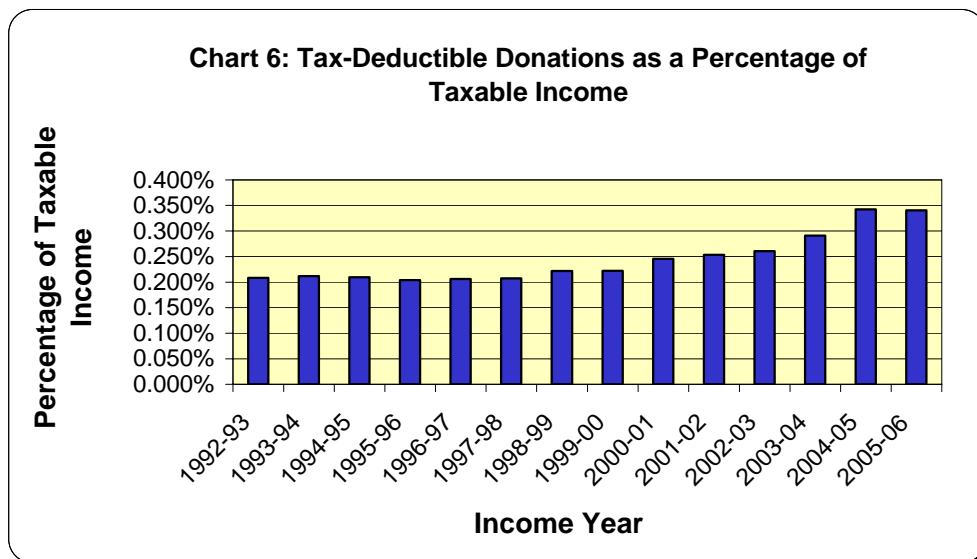


Chart 6 Tax-Deductible Donations as a Percentage of Taxable Income graphs the percentage of taxable income that Australians donate to DGRs and claim as tax deductions. The chart reveals that in 2005-06, on average, those individual taxpayers who make tax-deductible donations to DGRs donate approximately 0.34% of their taxable income. Once again, this trend has been increasing slightly over the past decade, but dropped slightly using revised figures for 2004-05. However, using Table 1B unrevised figures to obtain a more accurate comparison, there is an increase from 0.32896% to 0.34033%.



Summary and Discussion

Based on the data extracted from Table 1A and Table 1B in the Appendix (comprising Charts 1 to 6), our analysis reveals that Australians are claiming more tax-deductible donations to DGRs than ever before.

The amount of tax-deductible donations made and claimed by Australian taxpayers is impressive given the special events of the previous year such as the Tsunami. There has been a slight fall in the number of taxpayers claiming a tax deductible gift, but the amount claimed is still higher than recorded in the year of the Tsunami appeal. This points to a quite robust philanthropic climate during this period and many may have expected that total tax deductible gifts might well have fallen given that it was estimated that some \$274m was given to this cause by individuals alone.

Since 1994-95, tax-deductible donations have been steadily increasing by an average rate of 11.6% per annum over this ten year period.

5.0 INDIVIDUAL TAXPAYER DONATIONS BY GENDER

Table 2 in the Appendix to this paper (which forms the basis of Charts 7 to 11) contains data relating to the amount of tax-deductible donations made to DGRs and claimed by individual Australian taxpayers in their 2006 income tax return according to gender.

Chart 7 shows the Total Tax-Deductible Donations by Gender. In 2005-06, 2,157,065 male taxpayers (representing 60.27% of the total) made and claimed tax-deductible donations to DGRs totalling \$937.75 million. On the other hand, 2,038,845 female taxpayers made and claimed tax-deductible donations to DGRs totalling \$618.24 million in 2006 (representing 39.73% of the total).

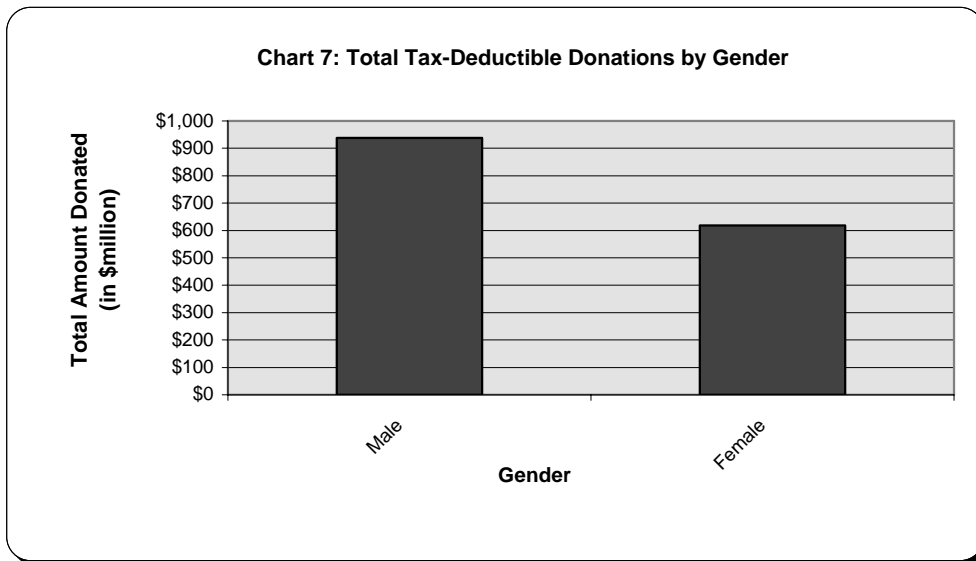
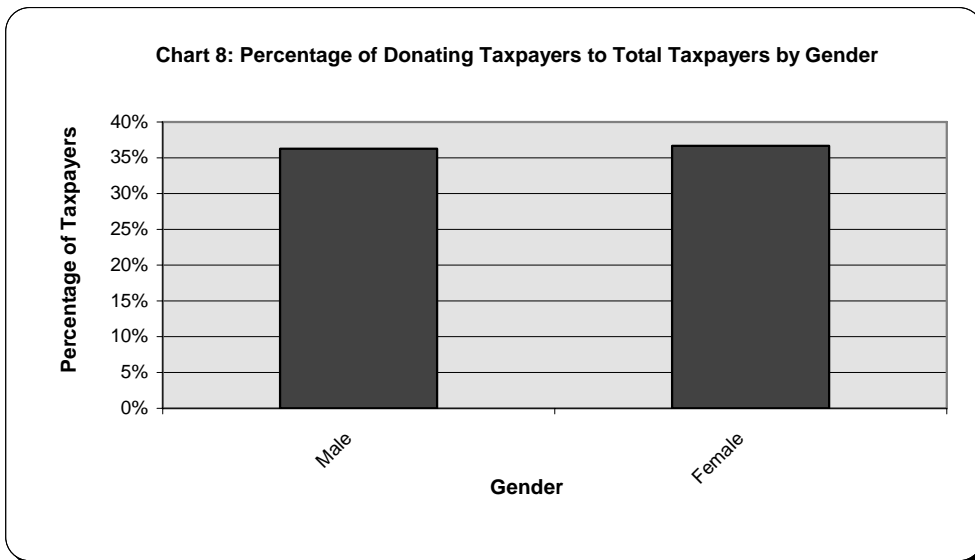


Chart 8 Percentage of Donating Taxpayers to Total Taxpayers by Gender reveals that in 2005-06, 36.26% of Australian male taxpayers and 36.66% of Australian female taxpayers made and claimed tax-deductible donations to DGRs. The combined average was 36.45%.



In terms of average tax-deductible donations per state, *Chart 9 Average Tax-Deductible Donation by Gender* reveals that the average tax-deductible donation made and claimed to DGRs in 2006 by Australian male taxpayers was \$434.73 and by Australian female taxpayers was \$303.23.

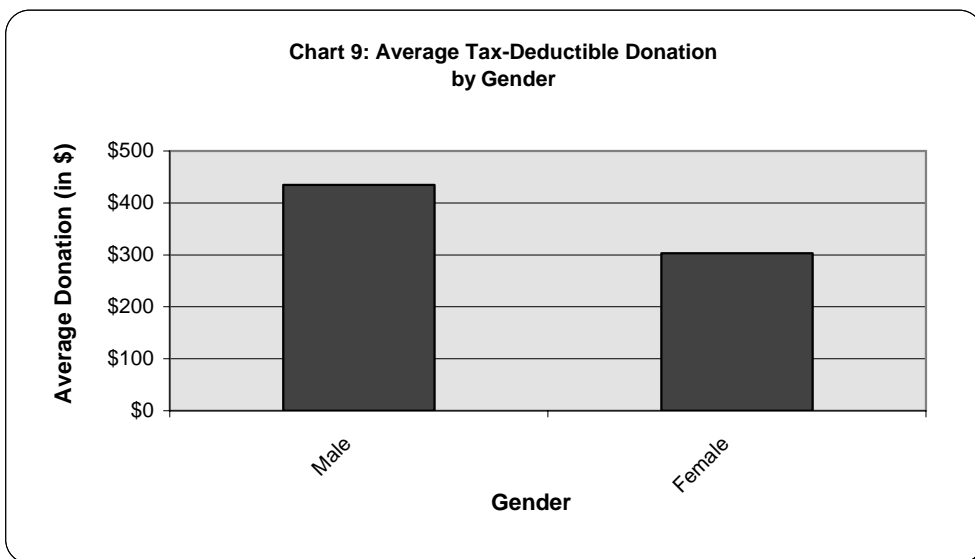
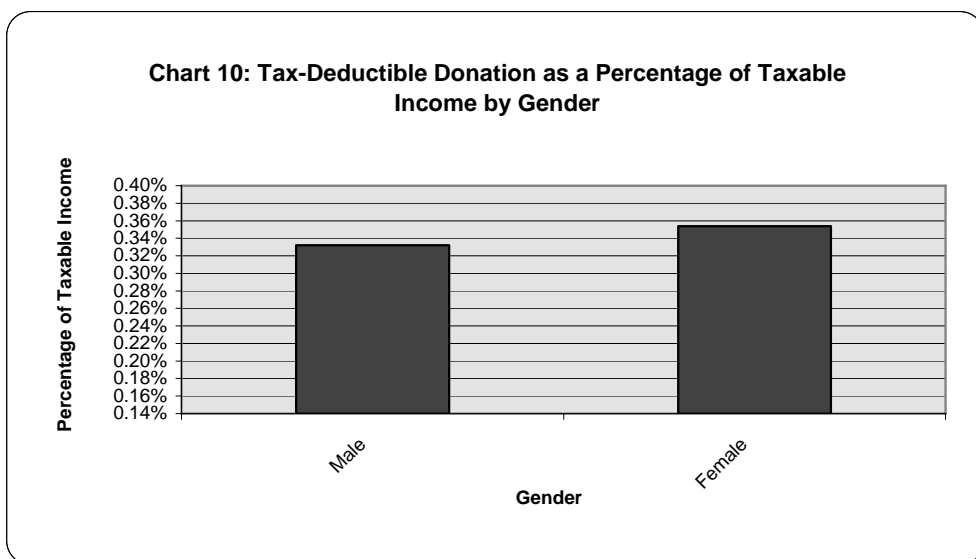


Chart 10 Tax-Deductible Donations as a Percentage of Taxable Income by Gender graphs the amount of tax-deductible donations made relative to the taxpayers' taxable income. The chart reveals that in 2005-06, on average, that tax-deductible donations to DGRs made up approximately 0.33209% of the taxable income of male Australian taxpayers and 0.35364% of the taxable income of Australian female taxpayers.



Summary and Discussion

Based on the data extracted from Table 2 in the Appendix (comprising Charts 7 to 10), our analysis reveals that there is little difference in the amount of tax-deductible giving between male and female Australian taxpayers.

Whilst more male taxpayers made and claimed tax-deductible donations to DGRs than female taxpayers (both in terms of total and average tax-deductible donations), female taxpayers donated more to DGRs when expressed as a percentage of their respective taxable incomes (0.33 for males and 0.35 for females).

In terms of donating taxpayers as a percentage of total taxpayers expressed by gender, our analysis revealed very little difference between the percentages of donating male taxpayers compared with donating female taxpayers.

In 2005-06, 36% of male taxpayers made and claimed tax-deductible donations to DGRs compared to 37% of Australian female taxpayers. The combined average was 36.45%.

6.0 INDIVIDUAL TAXPAYER DONATIONS BY STATE OF RESIDENCE

Table 3 in the Appendix to this paper (which forms the basis of Charts 11 to 14) contains data relating to the amount of tax-deductible donations made to DGRs and claimed by individual Australian taxpayers in their 2006 income tax returns according to their state of residence.

Chart 11 Total Tax-Deductible Donations by State of Residence reveals that in 2005-06, New South Wales taxpayers made the most tax-deductible donations to DGRs.

In 2005-06, a total of 1,403,850 taxpayers in New South Wales claimed tax-deductible donations to DGRs totalling \$648.72 million. This amount represented almost 42% of the national total. The next largest donor state was Victoria with 1,132,740 taxpayers who made and claimed tax-deductible donations to DGRs of \$411.8 million, representing 26.47% of the national total.

Overall, 775,805 Queensland taxpayers donated a total of \$219.28 million (representing 14.09% of the national total). Together, these three states accounted for 82% of total tax-deductible donations made to DGRs in 2005-06.

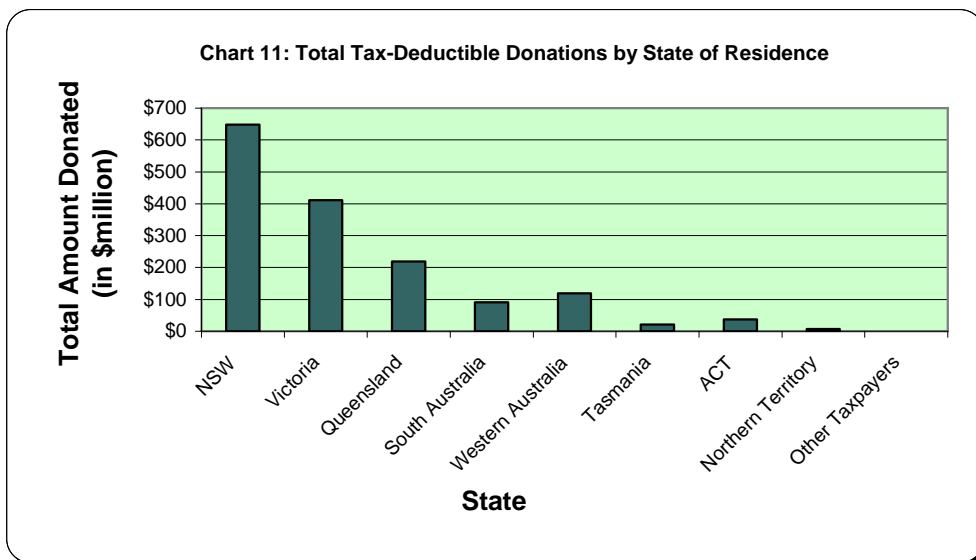
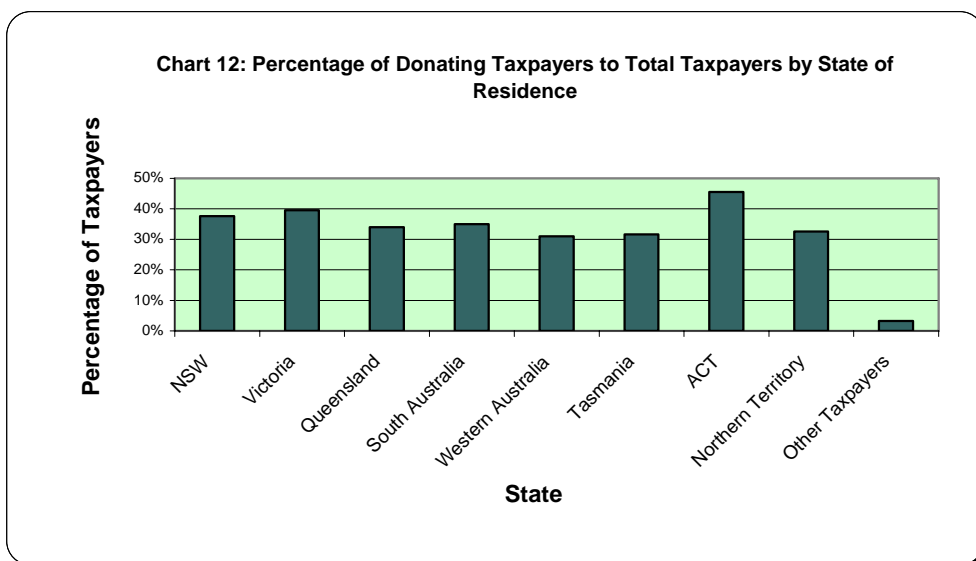


Chart 12 Percentage of Donating Taxpayers to Total Taxpayers by State of Residence reveals that 45.56% of total taxpayers in the Australian Capital Territory made and claimed tax-deductible donations to DGRs in 2006. In Victoria, 39.56% of taxpayers made and claimed tax-deductible donations to DGRs, followed by New South Wales with 37.61% and South Australia with 34.96%. The national average was 36.45%. In Queensland, 34.03% of taxpayers made and claimed tax-deductible donations to DGRs. These percentages across each state of residence have not varied significantly over the past six years.



In terms of average tax-deductible donations per state, *Chart 13 Average Tax-Deductible Donation by State of Residence* reveals that in 2005-06, non-residents (described as “other taxpayers”) made and claimed the largest average tax-deductible donation to DGRs of \$868.30. Other taxpayers are described by the ATO as non-residents for Australian taxation purposes.

In terms of Australian residents, our analysis reveals that New South Wales taxpayers made and claimed the largest average tax-deductible donation to DGRs of \$462.10 compared with

the national average of \$370.83. Australian Capital Territory taxpayers made the next highest average tax-deductible donation to DGRs with \$386.94, followed by Victoria with an average tax-deductible donation of \$363.54. South Australian taxpayers made and claimed an average tax-deductible donation in 2006 of \$298.64.

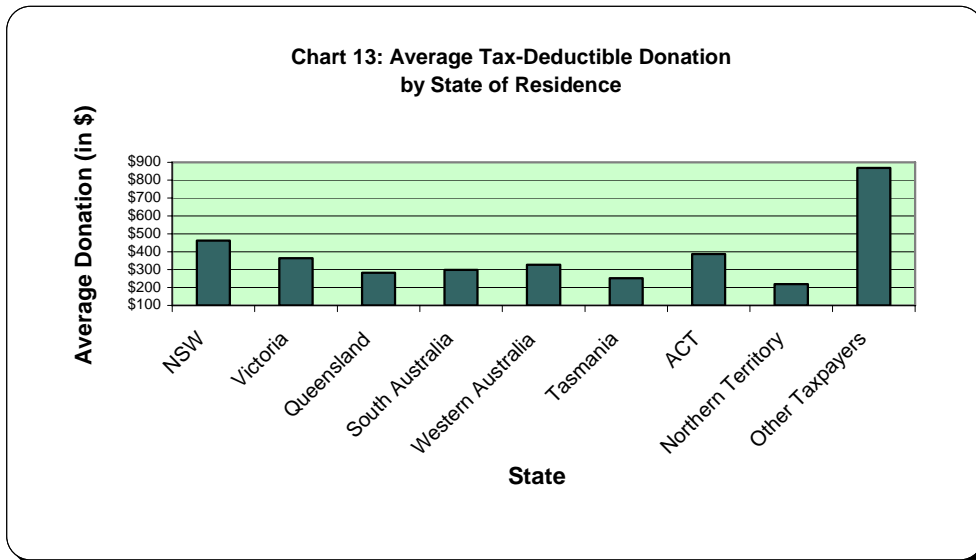
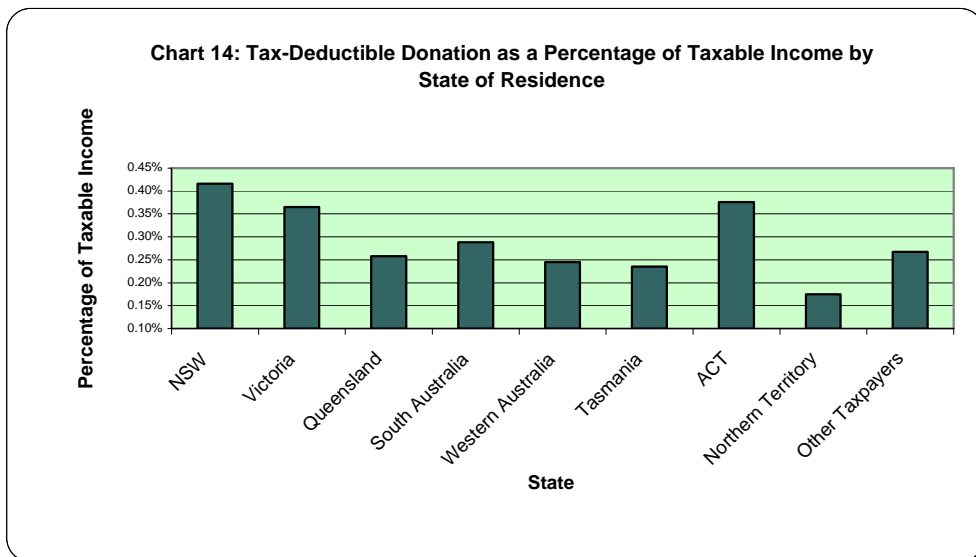


Chart 14 Tax-Deductible Donations as a Percentage of Taxable Income by State of Residence graphs the amount of tax-deductible donation relative to the taxable income of taxpayers across each state.

The chart reveals that in 2005-06, New South Wales taxpayers donated approximately 0.416% of their taxable income, followed by Australian Capital Territory with 0.376% of their taxable income to DGRs, compared to the national average of 0.34%. Victoria taxpayers donated 0.365%. South Australian taxpayers donated an average of 0.289% of their taxable income to DGRs.



Summary and Discussion

Based on the data extracted from Table 3 in the Appendix (comprising Charts 8 to 14), our analysis reveals that New South Wales taxpayers made and claimed the largest amount of tax-deductible donations to DGRs in 2006. Taxpayers from this state also made the highest average tax-deductible donation to DGRs in 2006.

Taxpayers residing in the Australian Capital Territory have in recent years had the highest percentage of deductible donations as a percentage of their taxable income as well as the highest participation rate. However, this year New South Wales exceeded the ACT with Victoria closely following.

Again, since the establishment of the PPFs in 2001, there has been a marked increase in both total and average tax-deductible donations made by taxpayers residing in both New South Wales and Victoria where it is understood that the majority of PPFs are located.

6.1 INDIVIDUAL TAXAPYER DONATIONS BY STATE AND POSTCODE OF RESIDENCE

For the first time we are able to drill down beyond state of residence to examine the postcode of residence for taxpayers who claimed a gift in 2005-06. Tables 5 and 6 in the Appendix list the top five postcodes in each state by highest average donation. There appears to be a relationship between the wealth of the taxpayers in such postcodes and the total of the postcodes gift deductions and total gifts claimed.

Table 3 lists the postcode in each state with the highest total of gifts claimed. Again most locations are inner CBD pockets of wealth in capital cities. The two outstanding postcodes are 2027 in New South Wales which includes the postal delivery locations Darling Point, Edgecliff, HMAS Rushcutters and Point Piper and 3142 in Victoria which includes Toorak.

State & Postcode	Places within Postcode	Total gifts claimed
NSW 2027	Darling Point, Edgecliff, HMAS Rushcutters, Point Piper	\$27,368,918
VIC 3142	Hawksburn, Toorak	\$23,684,365
QLD 4217	Benowa, Bundall, Chevron Island, Gold Coast MC, Isle of Capri, Main Beach, Surfers Paradise	\$11,956,222
SA 5062	Brown Hill Creek, Clapham, Hawthorn, Kingswood, Lower Mitcham, Lynton, Mitcham, Mitcham Shopping Centre, Netherby, Springfield, Torrens Park	\$6,251,360
WA 6012	Mosman Park	\$5,080,425
ACT 2602	Ainslie, Dickson, Downer, Hackett, Lyneham, O'Connor, Watson	\$3,303,677
TAS 7250	Blackstone Heights.....	\$3,219,230
NT other	Represents unknown/invalid postcodes and postcodes with less than 50 taxpayers.	\$1,176,295

Table 4 identifies the postcode in each state whose taxpayers had the largest average claimed deductible gift. Again, a clear link can be made in most cases to postcodes which one would expect to contain significant numbers of wealthy taxpayers. However, it is South Australia and Queensland who lead with postcodes having the highest average of gifts per taxpayer. In South Australia, postcode 5354 is some 100 km north east of Adelaide and Brookstead in Queensland approximately 200 km south west of Brisbane.

State & Postcode	Places within Postcode	Av. Gift per gifting taxpayer
SA 5354	Bakara, Bakara Well, Fisher, Greenways Landing, Langs Landing, Marks Landing, Naidia, Punyelroo, Sunnydale, Swan Reach	\$25,860.61
QLD 4364	Brookstead	\$15,543.52
NSW 2027	Darling Point, Edgecliff, HMAS Rushcutters, Point Piper	\$11,873
VIC 3944	Portsea	\$6,844.63
WA 6395	Cherry Tree Pool, Jingalup, Kojonup, Lumeah, Mobrur, Ryansbrook	\$4,172.72
TAS 7001	Hobart, Tasman Island	\$1,027.26
ACT 2601	Acton, Black Mountain, Canberra, City	\$809.61
NT 0852	Arnold, Baines, Barunga, Beswick, Beswick Creek, Binjari, Birdum, Bradshaw, Buchanan, Bulman, Weemol, Creswell, Daguragu, Daly Waters, Delamere, Dunmarra, Edith, Elsey, Elsey Station, Florina, Flying Fox, Gregory, Gulung Mardruk, Gurindji, Jilkmिंगgan, Kalkarindji, Katherine, Lajamanu, Larrimah, Limmen, Manbulloo, Maranboy, Mataranka, Mcarthur, Miniyeri, Ngukurr, Nitmiluk, Numbulwar, Pellow Islands, Pigeon Hole, Robinson River, Sturt Plateau, Tanami East, Timber Creek, Top Springs, Uralla, Venn, Victoria River, Victoria River Downs, Warumungu, Wave Hill, Wilton, Yarralin	\$402.78

Table 5 indicates the postcode in each state with the greatest participation rate by all taxpayers in that postcode. This appears not to be related to wealth of taxpayers. Postcode 2295 in New South Wales is located immediately north of Newcastle and postcode 3407 in Victoria is located approximately 100 km north west of Melbourne.

State & Postcode	Places within Postcode	% of taxpayers claiming a gift
NSW 2295	Fern Bay, Stockton	63.41%
VIC 3450	Castlemaine, Moonlight Flat	62.01%
SA 5461	Balaklava, Bowillia, Dalkey, Erith, Everard, Central, Goyder, Halbury, Hoskin Corner, Mount Templeton, Saints, Stow, Watchman, Whitwarta	59.51%
QLD 4850	Abergowrie, Allingham, Bambaroo, Bemerside, Blackrock, Braemeadows, Coolbie, Cordelia, Dalrymple Creek, Foresthome, Forrest Beach, Gairloch, Garrawalt, Halifax, Hawkins Creek, Helens Hill, Ingham, Lannercost, Long Pocket, Lucinda, Macknade, Mount Fox, Orient, Peacock Siding, Taylors Beach, Toobanna, Trebonne, Upper Stone, Valley of Lagoons, Victoria Estate, Victoria Plantation, Wallaman, Wharps, Yuruga	59.44%
ACT 2605	Hughes, Curtin Garran	54.57%
WA 6753	Newman	52.17%
TAS 7053	Bonnet Hill, Taroon	50.42%
NT 0832	Bakewell, Bellamack, Gunn, Johnston, Mitchell, Rosebery, Rosebery Heights, Zuccoli	43.27%

Finally, Table 6 is constructed by postcode medians, rather than averages (or means).⁶ The median is the middle of a distribution: half the scores are above the median and half are below the median. A median that is lower than the statistical average (mean) indicates that the distribution of responses is skewed, with several large responses inflating the average. The ACT's median falls closest to the average across a range of measures indicating that it is the least skewed. In Victoria there appears to be skewing in average gift and participation rates, but not as great in percentage of taxable income that it gifted.

⁶ We are unable to analyse all individual deductible gifts by medians as the data is available only on an aggregated basis for individuals, unlike postcodes.

State	Gifts or donations (no.)	Gifts or donations (\$)	Average Gift Deduction	Percentage of tax payers making a gift to total tax payers	Total gifts given as a percentage of taxable income
NSW	1,300	395,861.00	273.11	40.63%	0.25%
VIC	435	103,480.00	205.84	39.64%	0.23%
QLD	685	135,398.00	200.44	34.03%	0.19%
SA	238	56,372.50	211.20	34.34%	0.18%
WA	154	43,455.00	224.42	27.06%	0.14%
TAS	284	59,195.00	177.65	31.40%	0.22%
NT	238	53,620.50	211.42	31.38%	0.13%
ACT	2,990	1,352,988.00	363.97	48.48%	0.32%
TOTAL	525	121,120.00	220.21	36.45%	0.22%

7.0 INDIVIDUAL TAXPAYER DONATIONS BY INCOME BAND

Table 4 in the Appendix to this paper (which forms the basis of Charts 15 to 18) contains data relating to the amount of tax-deductible donations made and claimed to DGRs by individual Australian taxpayers in their 2006 income tax return according to income bands.

Chart 15 Total Tax-Deductible Donations by Income Band reveals that in 2005-06 total tax-deductible donation made and claimed by individual taxpayers to DGRs earning over one million per year was \$142.45 million representing 9.15% of the total gifts claimed in the year.

Next is individual Australian taxpayers in the \$100,001-\$150,000 income band who made and claimed \$119.26 million. This represented slightly more than 7.66% of the total tax-deductible donations made and claimed by individual Australian taxpayers in that year. Those in the \$60,001-\$70,000 income band claimed \$119 million. This represented slightly more than 7.65% of the total tax-deductible donations made and claimed by individual Australian taxpayers in that year.

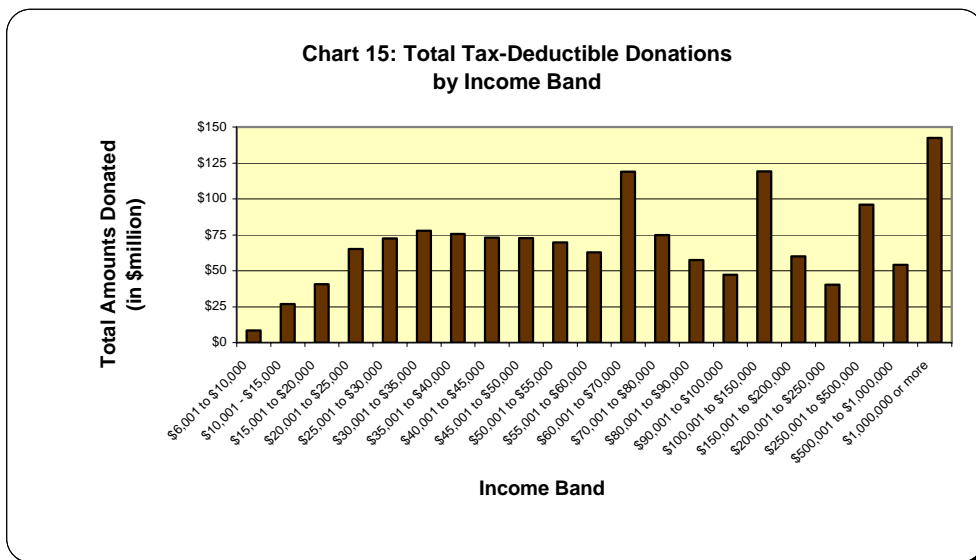
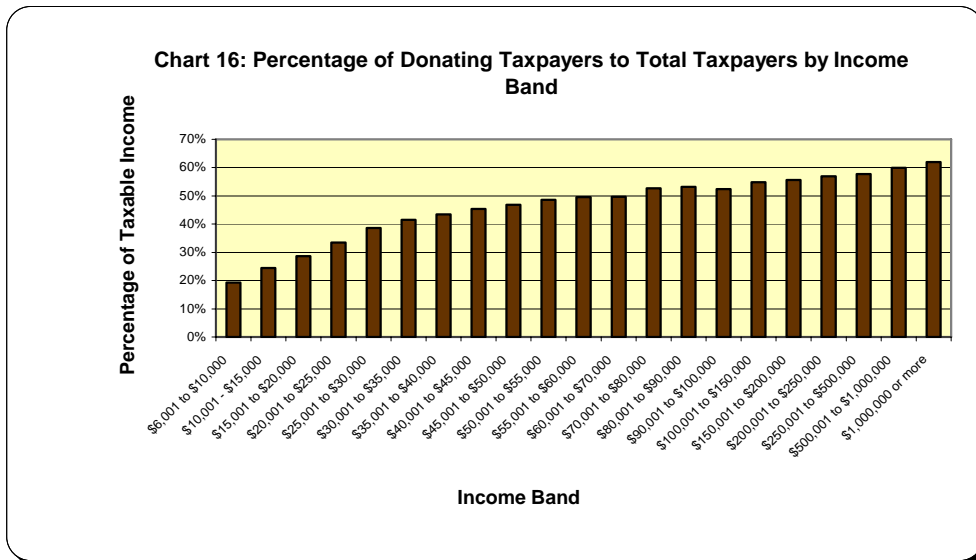


Chart 16 *Percentage of Donating Taxpayers to Total Taxpayers by Income Band* shows the percentage of individual taxpayers to total taxpayers who made and claimed tax-deductible donations by income in 2005-06. The figures reveal that there is a fairly smooth increasing trend from lower income bands (6.39% of taxpayers in the less than \$6,001 income band) to about 70% for those with over \$1 million in taxable income.



In terms of average tax-deductible donations per income band, *Chart 17 Average Tax-Deductible Donation by Income Band* reveals that in 2005-06, the average tax-deductible donation made and claimed by taxpayers ranges in a smooth transition from \$158.18 for those in the band of taxable income \$6001-\$10,000 to \$47,245.68 for those with a taxable income over \$1 million.

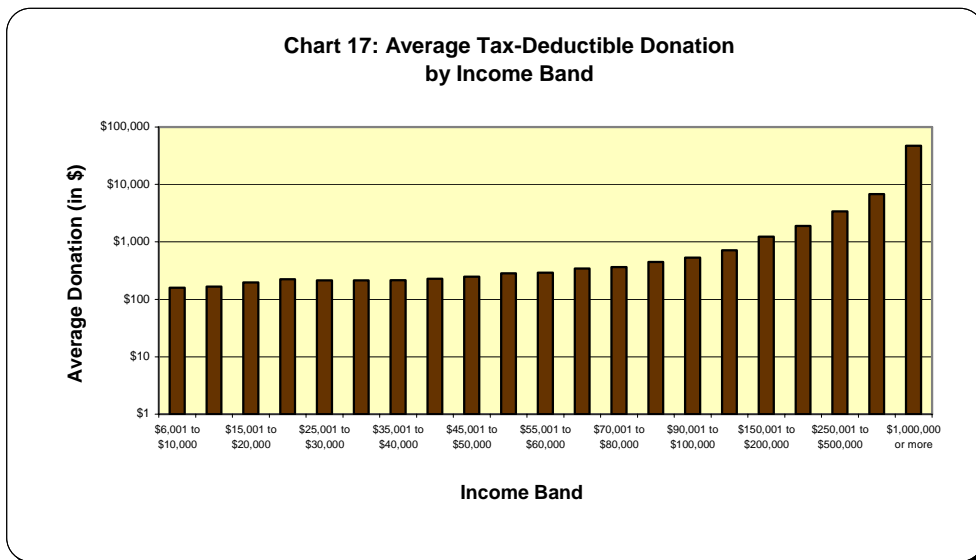
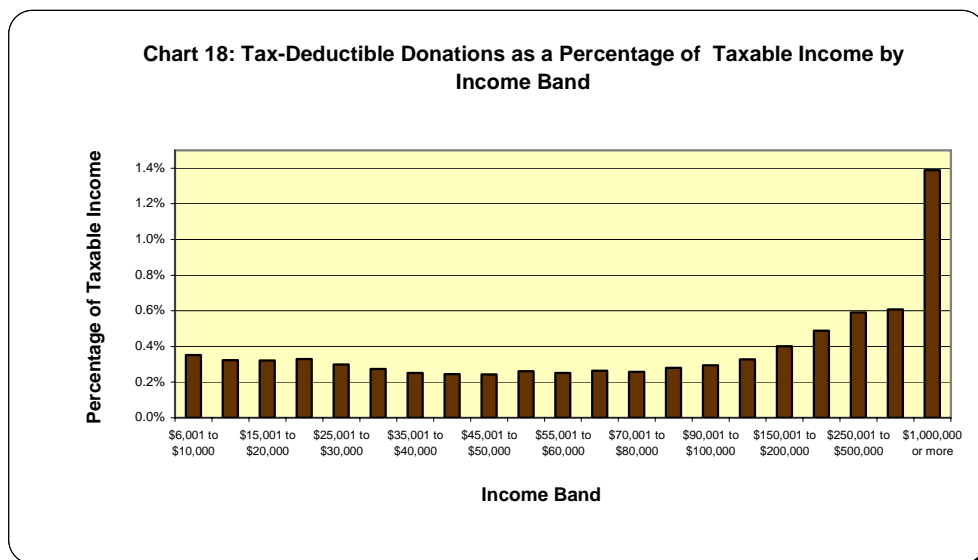


Chart 18 Tax-Deductible Donations as a Percentage of Taxable Income by Income Band graphs the amount of tax-deductible donation relative to the taxable income of taxpayers across each income band. The chart reveals that in 2005-06 the percentage that the gift represents of total income ranges in a smooth transition from 0.35% for those in the band of taxable income \$6001-\$10,000 to 1.39% for those with a taxable income over \$1 million.

At the higher end of the income scale, support is found for the contention that the more one earns, the greater the tax-deductible gift made. For instance, taxpayers in the \$150,001-\$200,000 income band made and claimed an average tax-deductible donation in 2006 equivalent to 0.4% of their taxable income, those in the next band \$200,001-\$250,000 had a 0.49%percentage.



Summary and Discussion

Based on the data extracted from Table 4 in the Appendix (comprising Charts 15 to 18), our analysis supports the general contention that the greater the taxable income, the greater the amount of tax-deductible donations made to DGRs and claimed by Australian taxpayers and it represents a greater percentage of their taxable income.

For those taxpayers with a taxable income between \$6,001 - \$10,000 the average claimed gift is \$158.23 being 0.35% of their taxable income and nearly 20% of taxpayers participate in claiming a gift.

In terms of taxpayers with taxable incomes of more than \$1 million, a total of 3,015 taxpayers made and claimed tax-deductible donations to DGRs in 2006 totalling \$142.45 million. This represented over 9.15% of the total tax-deductible donations made and claimed by individual Australian taxpayers in that particular income year.

8.0 TAXPAYER DONATIONS BY INDUSTRY CLASSIFICATION

Table 6 in the Appendix to this paper (which forms the basis of Charts 19 to 22) contains data relating to the amount of tax-deductible donations made and claimed by individual Australian taxpayers carrying on a business as a sole trader in their 2006 income tax return according to their Australian New Zealand Standard Industry Classification (ANZSIC).

According to the ATO Statistics for 2005-06, just over 60% of total taxpayers were salary and wage earners.

In the 2006 individual income tax return, an individual carrying on a business as a sole trader is required to complete the *Business and Professional Items Schedule* (comprising Items P1 to P19). Item P2 requires the taxpayer to provide a brief description of their main business or professional activity and classify the industry in which the business operates (Label A).

This industry classification is based on the ANZSIC system. The ANZSIC codes, numbered 1110 to 99070, form the basis of the following analysis. The ANZSIC code does **not** correlate to the taxpayer's occupation code (Item 1, Label X). The following analysis is based on data collected from taxpayers who operate a business as a sole trader. It does **not** capture information on salary and wage earners (i.e. employees) who work within these industries, nor does it include business taxpayers operating through partnerships, trusts or companies.

Any person who does not enter an ANZSIC code in the *Business and Professional Items Schedule* is automatically assumed to be a "salary and wage earner".

Furthermore, the category *Subsidiary Return Income from P & T* refers to taxpayers who are **not** engaged in businesses as sole traders, but receive distributions from partnerships and trusts (*Item 11 Partnerships and Trusts* in the 2006 tax return). This would include many small businesses structured as partnerships or discretionary trusts as well as distributions received by the individual from professional partnerships, such as accounting and law firms and medical practitioners, whose professional ethics and regulations prohibit them from incorporation.

Chart 19 shows the *Total Tax-Deductible Donations by Industry*. In 2005-06, 2,643,515 individual Australian salary and wage taxpayers (no other reported business income) made and claimed the greatest tax-deductible donations to DGRs totalling \$ 594.99 million. Personal taxpayers who reported direct income from investments (for example rental income, interest and dividends) made \$ 78.56 million in deductible gifts with an average deductible gift of \$736.99.

The next largest industry group that made and claimed tax-deductible donations to DGRs in 2006 (excluding 'other') came from sole trader business taxpayers operating within the financial and insurance services industry. These taxpayers made and claimed tax-deductible donations of \$228.65 million.

The next largest industry was sole trader business taxpayers operating in the professional, scientific and technical services industry. These taxpayers made and claimed tax-deductible donations to DGRs in 2006 totalling \$66.73 million.

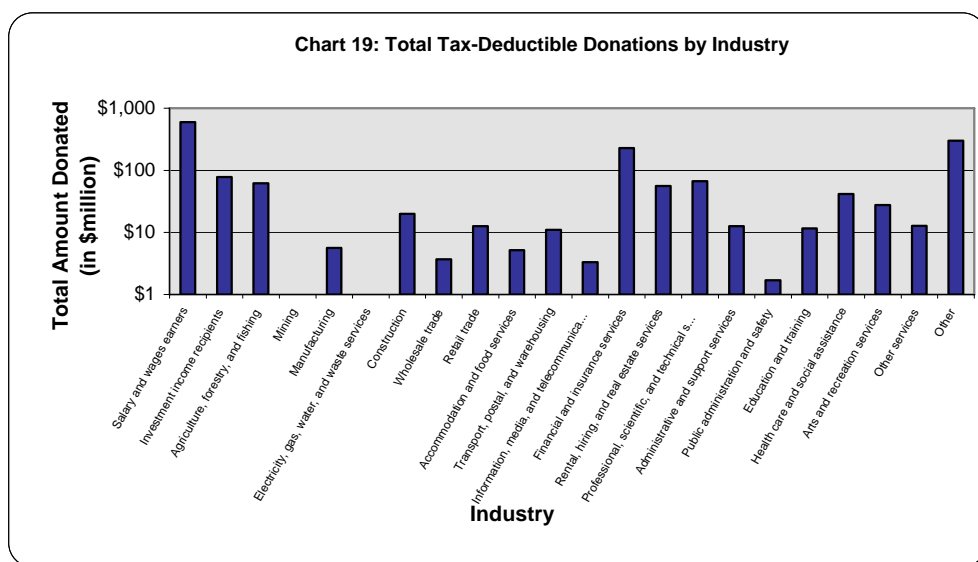
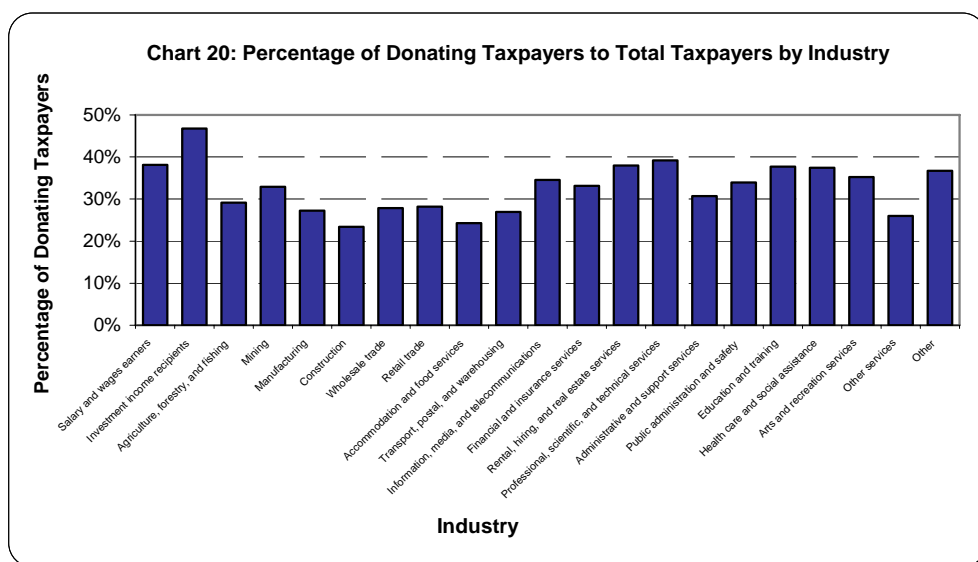


Chart 20 Percentage of Donating Taxpayers to Total Taxpayers by Industry shows the percentage of individual taxpayers who made and claimed tax-deductible donations by ANZSIC in 2005-06. The chart reveals that the highest percentage of donating taxpayers expressed as a percentage of total sole trader business taxpayers came from the taxpayers who nominated their industry as being from “investment income” with 46.74%.⁷ The next highest were sole trader business taxpayers working in the professional, scientific and technical services industry with 39.2%.

At the opposite end of the scale, the industry with the least amount of donating taxpayers was sole trader business taxpayers engaged in the construction industry. Only 23.41 of sole trader business taxpayers working in this sector made and claimed tax-deductible donations to DGRs in 2006. The next lowest donors came from sole trader business taxpayers working within the accommodation and food services industry 24.31%



In terms of average tax-deductible donations by industry code, *Chart 21 Average Tax-Deductible Donation by Industry* reveals that the highest average tax-deductible donations made and claimed by individual sole trader business taxpayers in 2005-06 came from taxpayers engaged in rental hiring and real estate services.⁸ These taxpayers made an average tax-deductible donation of \$1,409.29.

The next highest came from sole trader business taxpayers engaged in agriculture, forestry and fishing industry who made and claimed an average tax-deductible donation of \$1,406.84. Sole trader business taxpayers engaged in the financial and insurance services industry made and claimed an average tax-deductible donation in 2006 of \$1,116.30.

At the opposite end of the scale, the lowest average tax-deductible donations made and claimed in 2005-06 came from construction the industry with \$195.28. Next lowest were sole trader business taxpayers engaged in the administrative and support services industry (\$227.36). followed by sole trader business taxpayers involved in manufacturing industry with an average tax-deductible donation of \$251.76

⁷ We have disregarded electricity, gas, water and waste service which is so small a sample to be unrepresentative.

⁸ See footnote 7.

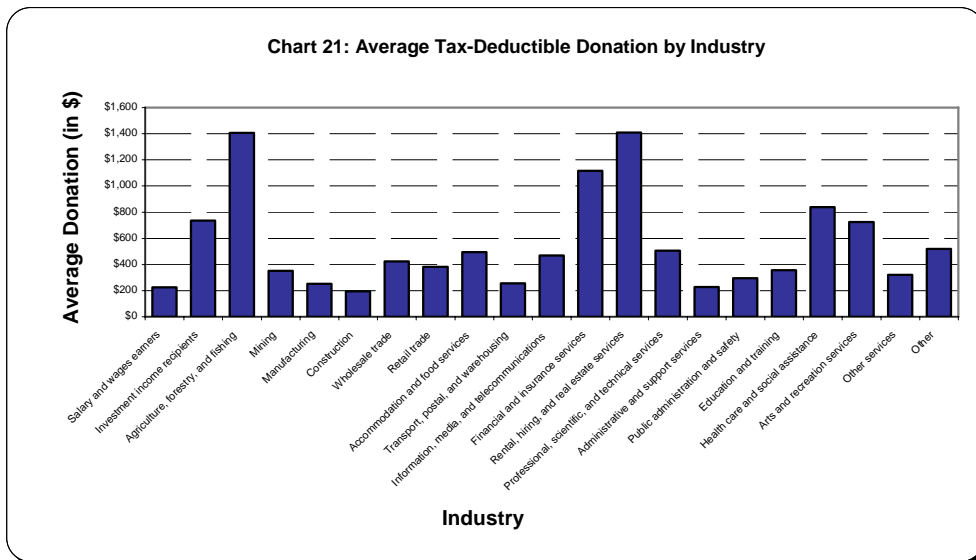
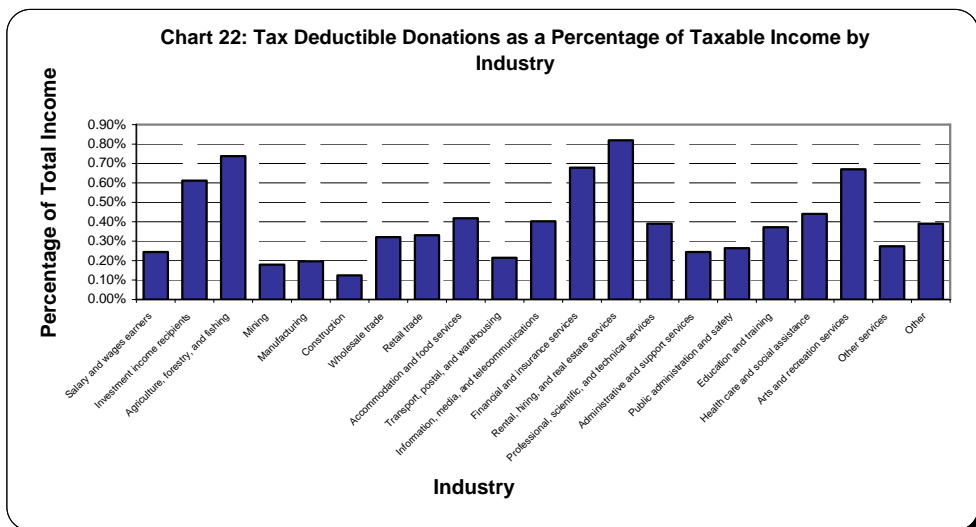


Chart 22 Tax-Deductible Donations as a Percentage of Taxable Income by Industry analyses the amount of tax-deductible donations relative to taxpayers' taxable income by ANZSIC of sole trader business taxpayers. The chart reveals that in 2005-06, sole trader business taxpayers carrying on rental, hiring and real estate services claimed the equivalent of 0.82% of their taxable income to DGRs in 2006.⁹

Taxpayers operating in the agricultural, forestry and fishing industry were the next highest donors, donating the equivalent of 0.74% of their taxable incomes to DGRs in 2006. At the opposite end of the scale, the industry that made and claimed the least amount of tax-deductible donations to DGRs in 2005 (when expressed as a percentage of taxable income) were sole trader business taxpayers operating in the construction industry. These sole trader business taxpayers donated the equivalent of 0.12% of their taxable income. The next lowest were sole trader business taxpayers operating in the transport, postal and warehousing industry who donated the equivalent of 0.21% of their taxable income.



⁹ We have disregarded electricity, gas, water and waste service which is so small a sample to be unrepresentative.

LIMITATIONS OF THE STUDY

- a. This study only uses information based on published ATO material and represents only the extent of tax-deductible donations made and claimed to DGRs by Australian taxpayers at Item *D9 Gifts or Donations* in their individual income tax returns for the 2005-06 income year. This study does not measure the total amounts gifted by Australian taxpayers. It is not known exactly what percentage of taxpayers make tax-deductible donations and forget to claim them in their income tax returns. Many smaller donations may not be claimed. For example, a \$2 door knock receipt may have been lost or forgotten to be claimed at tax time by many taxpayers. However, it is assumed that the larger the donation, the more likely that the donation will be claimed in their tax return by the taxpayer.
- b. It is not known how many erroneous tax-deductible donations are claimed by taxpayers. For instance, in 2002-03, the ATO found 265,547 discrepancies in reviewing individual tax returns.¹⁰
- c. This study is based only on the extent of charitable giving by individual taxpayers. It does not measure the extent of business or corporate giving. The statistics relating to the extent of tax-deductible donations made by non-individual taxpayers (such as companies, trusts, etc.) is not recorded in published ATO data. Unlike the individual income tax return, the partnership, trust and company income tax returns do not have an item equivalent to Item D9 Gifts or Donations.
- d. Furthermore, the amount recorded at item D9 Gifts or Donations only represents those donations that can be claimed as an income tax deduction. Many individual taxpayers make donations to organisations that cannot be claimed as tax deductions (e.g. purchasing badges or tea towels, buying food and small items from charity-run fetes, buying tickets to a fundraising event or dinner, and sponsorships). The ATO statistics capture pure philanthropic gifts and contributions by individuals to donation deductible organisations.
- e. Some taxpayers do not lodge their tax returns by the due date. The ATO adds new information to its aggregate data set when it is processed. This means that the total tax-deductible gifts in a previously reported year may increase in a subsequent annual report, which includes references to previous years. For instance, the data presented in this paper is based on information contained in individual taxpayers' 2006 tax returns processed by the ATO as at 31 October 2007.
- f. Any information contained in 2006 income tax returns lodged by Australian taxpayers after this date will not be reflected in the 2006 Taxation Statistics publication. Instead, information relating to 2006 tax returns of individuals lodged after 31 October 2007 will be incorporated into, and reflected in, future Taxation Statistics publications. In this paper, we found certain figures have been revised and updated from previous Taxation Statistics publications. This is particularly so with the total number of donors, total tax-deductible donations made and donations according to state of residence. This paper indicates the situations where late taxpayer filings have not been included. In all cases the late lodgements do not alter the trends identified.
- g. The analysis of industry classifications and gift deductions should not be confused with taxpayers' occupations. The analysis is solely based on taxpayers who are sole traders. For example, lawyers may be included in:
 - salary and wage taxpayers (employed lawyers);
 - sole trader lawyers who operate their own business;
 - lawyers who carry on business as partners in a partnership; or even
 - a company or trust.

¹⁰ Australian Taxation Office, "Updated Compliance Program 2002-03", 13 October 2004, page 5.

Thus, this data should not be applied as if it represents the gift deductions of all taxpayers who might provide legal services, **ONLY** those who are sole trader business taxpayers.

Despite these limitations, the ATO statistics are one of the few places in which donation information is collected on a rigorous basis. All taxpayers are required to make a formal declaration on the front cover of their tax return that the information contained therein is correct. Under the system of self-assessment, the ATO generally treats the tax return lodged by a taxpayer as being correct when lodged.

However, the ATO has a wide-ranging audit program to confirm whether the details disclosed in taxpayers' income tax returns is correct or not. If the taxpayer has made a false or misleading statement or claimed an amount that cannot be substantiated, then the taxpayer is faced with the prospect of fines, penalties and interest charges.

The ATO Taxation Statistics also provide a useful trend as the information collated and published is collected annually on much the same basis. Other surveys are usually snapshots with different questions, methodology and definitions of what is a gift or donation.

However, it is considered that the results of this study will prove useful to fundraisers and in the development of fundraising strategies. Knowing where donors come from, and how much taxpayers within certain industries and specific occupations give, can assist DGRs to target fundraising strategies towards these donor groups.

LIST OF REFERENCES

- Australian Taxation Office, "Updated Compliance Program 2005-06", 13 October 2005.
- Australian Taxation Office, *GiftPack*, released in 2006.
- Australian Taxation Office, *Taxation Statistics 2005-06*, released in March 2008.
- McGregor-Lowndes, M., and Marsden, S., "*An Examination of Tax-Deductible Donations Made by Individual Taxpayers in Australia for 1999-2000*", CPNS Working Paper No. 14, QUT, Centre of Philanthropy and Nonprofit Studies, October 2002.
- McGregor-Lowndes, M., and Marsden, S., "*An Examination of Tax-Deductible Donations Made by Individual Australian Taxpayers in 2000-01*", CPNS Working Paper No. 24, QUT, Centre of Philanthropy and Nonprofit Studies, February 2004.
- McGregor-Lowndes, M., and Marsden, S., "*An Examination of Tax-Deductible Donations Made by Individual Australian Taxpayers in 2001-02*", CPNS Working Paper No. 27, QUT, Centre of Philanthropy and Nonprofit Studies, August 2004.
- McGregor-Lowndes, M., and Marsden, S., "*An Examination of Tax-Deductible Donations Made by Individual Australian Taxpayers in 2003-04*", CPNS Working Paper No. 29, QUT, Centre of Philanthropy and Nonprofit Studies, December 2005.
- McGregor-Lowndes, M., and Marsden, S., "*An Examination of Tax-Deductible Donations Made by Individual Australian Taxpayers in 2003-04*", CPNS Working Paper No. 33, QUT, Centre of Philanthropy and Nonprofit Studies, April 2006.

LIST OF INTERNET SITES USED

- Australian Business Register
<http://www.abr.business.gov.au>
- Australian Taxation Office
<http://www.ato.gov.au>
- Australian Valuation Office
<http://www.avo.gov.au>

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- Lyons, Mark and Hocking, Susan, *Dimensions of Australia's Third Sector*, CACOM, UTS, Lindfield, 2000
- Salamon, Lester et al. *Global Civil Society, Dimensions of the Nonprofit Sector*, Centre for Civil Society, Johns Hopkins University, Baltimore, 1999



APPENDIX 1: ADDITIONAL TABLES



Taxation Statistics 2006
Table 1A: Total and Average Donations (Revised ATO Data)¹¹
Income Years Ending 30 June 1996 to 30 June 2006

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Number of Taxable Taxpayers	8,406,023	8,557,900	8,643,240	8,485,225	9,059,060	8,915,160	9,013,415	9,163,765	9,317,575	9,499,220	9,408,255
Number of Non-Taxable Taxpayers	1,782,590	1,713,235	1,674,345	1,879,510	1,668,285	1,964,575	2,000,170	2,066,830	2,149,760	2,116,265	2,102,705
Total Number of Individual Taxpayers	10,188,613	10,271,135	10,317,585	10,364,735	10,727,345	10,879,735	11,013,585	11,230,595	10,978,900	11,615,485	11,510,960
Taxable income (\$million)	\$264,564	\$273,609	\$294,734	\$309,084	\$334,953	\$353,517	\$364,964	\$383,553	\$411,029	\$439,079	\$457,202
Number of Individual Taxpayers Providing Tax-Deductible Donations	3,259,236	3,232,260	3,300,100	3,392,452	3,468,315	3,558,440	3,739,435	3,836,740	3,975,965	4,400,955	4,195,910
Total Tax-Deductible Donations (in \$ millions)	\$539.21	\$564.63	\$610.95	\$685.56	\$743.78	\$867.42	\$923.62	\$988.32	\$1,196.84	\$1,503.39	\$1,555.99
Percentage Increase	8.93%	4.71%	8.20%	12.21%	8.49%	16.62%	6.48%	8.09%	19.89%	25.61%	3.50%
Percentage of Donors to Total Taxpayers	31.99%	31.47%	31.99%	32.73%	32.33%	32.71%	33.95%	34.16%	36.21%	37.89%	36.45%
Donation as a Percentage of Taxable Income	0.20381%	0.20636%	0.20729%	0.22180%	0.22206%	0.24537%	0.25308%	0.26308%	0.29118%	0.34240%	0.34033%
Average Tax-Deductible Donation	<u>\$165.44</u>	<u>\$174.69</u>	<u>\$185.13</u>	<u>\$202.08</u>	<u>\$214.45</u>	<u>\$243.77</u>	<u>\$247.00</u>	<u>\$260.20</u>	<u>\$301.02</u>	<u>\$341.60</u>	<u>\$370.83</u>

¹¹ The ATO revise their figures to take account of newly processed returns and adjustments for three years after initial release and this table reflects all revisions to April 2008. For calculation of the last year percentage increase in giving Table 1B using unrevised data should be used for a more accurate comparison.

Taxation Statistics 2006
Table 1B: Total and Average Donations (Unrevised ATO Data)¹²
Income Years Ending 30 June 2005 to 30 June 2006

	2004-05	2005-06
Number of Taxable Taxpayers	9,099,080	9,408,255
Number of Non-Taxable Taxpayers	<u>2,136,915</u>	<u>2,102,705</u>
Total Number of Individual Taxpayers	11,235,995	11,510,960
Taxable income (\$million)	\$447,450	\$457,202
Number of Individual Taxpayers Providing Tax-Deductible Donations	4,312,815	4,195,910
Total Tax-Deductible Donations (in \$ millions)	\$1,471.94	\$1,555.99
Percentage Increase	26.39%	5.75%
Percentage of Donors to Total Taxpayers	38.38%	36.45%
Donation as a Percentage of Taxable Income	0.32896	0.34033%
Average Tax-Deductible Donation	<u>\$341.60</u>	<u>\$370.83</u>

¹² This table uses unrevised figures (no additional late returns or adjustments) and permits a more accurate comparison of the percentage increase in giving as it compares two similar points in time in relation to the collection of income tax data.

Taxation Statistics 2006
Table 2: Donations by Gender (Sex)
Income Year Ending 30 June 2006

Gender	Total Number of Individual Taxpayers	Taxable Income \$m	Total Tax-Deductible Donations		Percentage of Donating Taxpayers to Total Taxpayers %	Donations as a Percentage of Taxable Income %	Average Tax-Deductible Donation \$	Percentage of National Total %
			no.	\$m				
Male	5,949,490	282,382	2,157,065	937.75	36.26%	0.33209%	\$434.73	60.27%
Female	<u>5,561,470</u>	<u>174,821</u>	<u>2,038,845</u>	<u>618.24</u>	<u>36.66%</u>	<u>0.35364%</u>	<u>\$303.23</u>	<u>39.73%</u>
Total	<u>11,510,960</u>	<u>\$457,202</u>	<u>4,195,910</u>	<u>\$1,555.99</u>	<u>36.45%</u>	<u>0.34033%</u>	<u>\$370.83</u>	<u>100.00%</u>

Taxation Statistics 2006
Table 3: State of Residence
Income Year Ending 30 June 2006

State of Residence	Total Number of Individual Taxpayers	Taxable Income \$million	Total Tax-Deductible Donations		Percentage of Donating Taxpayers to Total Taxpayers %	Donations as a Percentage of Taxable Income %	Average Tax-Deductible Donation \$	Percentage of National Total %
			no.	\$m				
New South Wales	3,733,055	156,042	1,403,850	648.72	37.61%	0.41573%	\$462.10	41.69%
Victoria	2,863,435	112,722	1,132,740	411.80	39.56%	0.36532%	\$363.54	26.47%
Queensland	2,279,760	84,966	775,805	219.28	34.03%	0.25808%	\$282.65	14.09%
South Australia	868,685	31,472	303,720	90.70	34.96%	0.28820%	\$298.64	5.83%
Western Australia	1,177,820	48,777	365,730	119.34	31.05%	0.24467%	\$326.31	7.67%
Tasmania	267,045	9,080	84,435	21.36	31.62%	0.23522%	\$252.96	1.37%
Northern Territory	100,835	4,109	32,840	7.20	32.57%	0.17518%	\$219.17	0.46%
ACT	211,830	9,943	96,505	37.34	45.56%	0.37554%	\$386.94	2.40%
Other Taxpayers	<u>8,500</u>	<u>91</u>	<u>280</u>	<u>0.24</u>	<u>3.29%</u>	<u>0.26728%</u>	<u>\$868.30</u>	<u>0.02%</u>
Total	<u>11,510,960</u>	<u>\$457,202</u>	<u>4,312,820</u>	<u>\$1,471.94</u>	<u>36.45%</u>	<u>0.34033%</u>	<u>\$370.83</u>	<u>100.00%</u>

Taxation Statistics 2006
Table 4: Income Band
Income Year Ending 30 June 2006

Taxable Income Bands	Total Number of Individual Taxpayers	Taxable Income \$m	Percentage of Taxpayers in Income Band to Total Taxpayers	Total Tax-Deductible Donations		Percentage of Donating Taxpayers to Total Taxpayers %	Donations as a Percentage of Taxable Income %	Average Tax-Deductible Donation \$	Percentage of National Total %
				no.	\$m				
Non-taxable	2,102,705	14,411	18.27%	301,885	97.67	14.36%	0.68%	\$323.52	6.28%
Less than \$6,001	40,895	106	0.36%	2,615	1.53	6.39%	1.45%	\$586.18	0.10%
\$6,001 to \$10,000	279,820	2,435	2.43%	54,070	8.56	19.32%	0.35%	\$158.23	0.55%
\$10,001 - \$15,000	661,565	8,322	5.75%	161,910	26.84	24.47%	0.32%	\$165.79	1.73%
\$15,001 to \$20,000	719,810	12,629	6.25%	206,480	40.67	28.69%	0.32%	\$196.95	2.61%
\$20,001 to \$25,000	875,620	19,720	7.61%	293,095	65.12	33.47%	0.33%	\$222.18	4.19%
\$25,001 to \$30,000	880,370	24,218	7.65%	340,355	72.49	38.66%	0.30%	\$212.97	4.66%
\$30,001 to \$35,000	877,625	28,507	7.62%	364,805	77.92	41.57%	0.27%	\$213.60	5.01%
\$35,001 to \$40,000	802,220	30,042	6.97%	348,660	75.61	43.46%	0.25%	\$216.85	4.86%
\$40,001 to \$45,000	704,250	29,891	6.12%	319,615	73.14	45.38%	0.24%	\$228.84	4.70%
\$45,001 to \$50,000	627,415	29,798	5.45%	294,320	72.81	46.91%	0.24%	\$247.38	4.68%
\$50,001 to \$55,000	507,615	26,627	4.41%	246,740	69.69	48.61%	0.26%	\$282.44	4.48%
\$55,001 to \$60,000	436,235	25,060	3.79%	216,335	62.88	49.59%	0.25%	\$290.67	4.04%
\$60,001 to \$70,000	697,940	44,990	6.06%			49.65%	0.26%	\$343.40	7.65%

				346,530	119.00				
\$70,001 to \$80,000	388,780	29,003	3.38%	204,770	75.00	52.67%	0.26%	\$366.26	4.82%
\$80,001 to \$90,000	241,600	20,448	2.10%	128,450	57.47	53.17%	0.28%	\$447.40	3.69%
\$90,001 to \$100,000	168,780	15,982	1.47%	88,440	47.15	52.40%	0.30%	\$533.10	3.03%
\$100,001 to \$150,000	305,695	36,297	2.66%	167,635	119.26	54.84%	0.33%	\$711.40	7.66%
\$150,001 to \$200,000	87,770	15,008	0.76%	48,800	60.16	55.60%	0.40%	\$1,232.83	3.87%
\$200,001 to \$250,000	37,270	8,280	0.32%	21,230	40.41	56.96%	0.49%	\$1,903.53	2.60%
\$250,001 to \$500,000	48,830	16,278	0.42%	28,195	96.04	57.74%	0.59%	\$3,406.13	6.17%
\$500,001 to \$1,000,000	13,280	8,896	0.12%	7,960	54.15	59.94%	0.61%	\$6,802.34	3.48%
\$1,000,000 or more	<u>4,865</u>	<u>10,256</u>	0.04%	<u>3,015</u>	<u>142.45</u>	61.97%	1.39%	\$ 47,245.68	9.15%
Total	<u>11,510,960</u>	<u>\$457,202</u>	<u>100.00%</u>	<u>4,195,910</u>	<u>\$1,555.99</u>	<u>36.45%</u>	<u>0.34%</u>	<u>\$370.83</u>	<u>100.00%</u>

Taxation Statistics 2006
Table 5: Highest average deductible gift by State and Postcode
Income Year Ending 30 June 2006

Postcode	Locations	No. of Gifting taxpayers	Amount of Gift \$	Average gift	% making gift	% of taxable Income
NSW						
2027	Darling Point, Edgecliff, HMAS Rushcutters, Point Piper	2,305	27,368,159	11,873	46.85%	3.80%
2108	Coasters Retreat, Currawong Beach, Great Mackerel Beach, Palm Beach, The Basin	445	2,959,918	6,652	43.41%	2.62%
2339	Big Jacks Creek, Braefield, Cattle Creek, Chilcotts Creek, Little Jacks Creek, Macdonalds Creek	60	383,205	6,387	21.43%	3.29%
2030	Dover Heights, HMAS Watson, Rose Bay North, Vaucluse, Watsons Bay	3,495	21,767,324	6,228	44.47%	2.25%
2084	Cottage Point, Duffys Forest, Terrey Hills	750	2,938,978	3,919	49.54%	0.66%
VIC						
3944	Portsea	120	821,355	6,844.63	40%	1.75%
3142	Hawksburn, Toorak	3,760	23,684,365	6,299.03	44.05%	2.01%
3141	Chapel Street North, Domain Road PO, South Yarra	4,288	16,338,045	3,810.18	40.07%	2.05%
3943	Sorrento	308	779,085	2,529.50	37.79%	1.58%
3004	Melbourne City, St Kilda Road Central	1,333	3,189,085	2,392.41	36.77%	1.12%
ACT						
2601	Acton, Black Mountain, Canberra, City	580	469,572	809.61	42.35%	0.56%
2618	Hall, Nanima, Springrange, Wallaroo	245	174,735	713.20	37.98%	0.43%
2603	Forrest, Griffith, Manuka, Red Hill	2,395	1,681,684	702.16	47.47%	0.41%
2600	Barton, Canberra, Capital Hill, Deakin, Deakin West, Duntroon, Harman, HMAS Harman, Parkes, Parliament House, Russell, Russell Hill, Yarralumla,	2,575	1,679,877	652.38	50.15%	0.46%
2604	Causeway, Kingston, Narrabundah	2,485	1,379,808	555.25	46.32%	0.42%
TAS						
7001	Hobart, Tasman Island	133	136,625	1,027.26	32.05%	0.39%
7210	Campbell Town, Lake Leake	103	88,085	855.19	24.82%	0.58%
7113	Franklin	91	64,105	704.45	27.16%	0.57%
7258	Breadalbane, Relbia, White Hills	159	89,295	561.60	34.95%	0.37%
7004	Battery Point, South Hobart	1,584	790,045	498.77	44.12%	0.44%

Postcode	Locations	No. of Gifting taxpayers	Amount of Gift \$	Average gift	% making gift	% of taxable Income
NT						
0852	Arnold, Baines, Barunga, Beswick, Beswick Creek, Binjari, Birdum, Bradshaw, Buchanan, Bulman Weemol, Creswell, Daguragu, Daly Waters, Delamere, Dunmarra, Edith, Elsey, Elsey Station, Florina, Flying Fox, Gregory, Gulung Mardrulk, Gurindji, Jilkmingganm Kalkarindji, Katherine, Lajamanu, Larrimah, Limmen, Manbulloo, Maranboy, Mataranka, McArthur, Miniyeri, Ngukurr, Nitmiluk, Numbulwar, Pellew Islands, Pigeon Hole, Robinson River, Sturt Plateau, Tanami East, Timber Creek, Top Springs, Uralla, Venn, Victoria River, Victoria River Downs, Warumungu, Wave Hill, Wilton, Yarralin	130	52,361	402.78	15.95%	0.17%
0872	Aherrenge, Ali Curung, Alice Springs, Amata, Amoonguna, Ampilatwatja, Anatyte, Anmatjere, Antewenegerrde, Areyonga, Atitjere, Ayers Rock, Barrow Creek, Burt Plain, Canteen Creek, Chilla Well, Costello, Davenport, Docker River, Engawala, Eridunda, Ernabella, Finke, Fregon, Ghan, Gibson, Desert North, Gibson Desert South, Haasts Bluff, Hale, Hart, Hart Range, Hermannsburg, Hugh, Imanpa, Indulkana, Jay Creek, Kaltukatjara, Kintore, Kiwirrkurra, Kulgera, Kunparrka, Lake Mackay, Laramba, Mereenie, Mimili, Mount Liebig, Mount Zeil, Mulga Bore, Murputja Homelands, Mutitjulu, Namatjira, Ngaanyatjarra-Giles, Nyapari, Nyirripi, Papunya, Patjarr, Petermann, Pitjantjatjara Homelands, Sandover, Santa Teresa, Simpson, Tanami, Tara, Thangkhenharengge, Ti Tree, Titjikala, Tjirrkarli, Tjukurla, Uluru, Umpangara, Urapuntja, Wallace Rockhole, Wanarn, Willowra, Wilora, Wingellina, Wutunugurra, Yuelamu, Yuendumu, Yulara	400	153,991	384.98	18.48%	0.20%
0885	Alyangula	145	51,497	355.15	28.16%	0.15%
0880	Gunyangara, Nhulunbuy, Yirrkala	290	98,737	340.47	32.58%	0.17%
0854	Borrooloola, King Ash Bay	25	8,260	330.40	14.29%	0.11%
WA						
6395	Cherry Tree Pool, Jinalup, Kojonup, Lumeah, Moberup, Ryansbrook	279	1,164,190	4,172.72	23.06%	2.43%
6012	Mosman Park	1,515	5,080,425	3,353.42	36.03%	1.26%
6004	East Perth	905	1,792,400	1,980.55	30.57%	1.00%
6517	Carnamah	74	141,715	1,915.07	28.46%	1.36%
6313	Highbury	14	26,620	1,901.43	20.00%	0.60%

Postcode	Locations	No. of Gifting taxpayers	Amount of Gift \$	Average gift	% making gift	% of taxable Income
SA						
5354	Bakara Well, Fisher, Greenways Landing, Langs Landing, Marks Landing, Naidia, Punyelroo, Sunnydale, Swan Reach	41	1,060,285	25,860.61	28.28%	20.00%
5006	North Adelaide, North Adelaide Melbourne St	1,427	5,404,360	3,787.22	39.10%	2.06%
5062	Brown Hill Creek, Clapham, Hawthorn, Kingswood, Lower Mitcham, Lynton, Mitcham, Mitcham Shopping Centre, Netherby, Springfield, Torrens Park	3,691	6,251,360	1,693.68	46.40%	1.23%
5081	Collinswood, Gilberton, Medindie, Medindie Gardens, Vale Park, Walkerville	2,161	3,162,240	1,463.31	45.54%	0.90%
5415	Mintaro	21	23,645	1,215.95	30.00%	0.99%
QLD						
4364	Brookstead	25	388,588	15,543.52	20.83%	6.54%
4217	Benowa, Bundall, Chevron Island, Gold Coast MC, Isle of Capri, Main Beach, Surfers Paradise	4,750	11,956,222	2,517.10	27.57%	1.26%
4677	Agnes Water, Captain Creek, Colosseum, Eurimbula, Miriam Vale, Mount Tom, Round Hill, Seventeen Seventy	270	609,465	2,257.28	25.23%	1.52%
4567	Castaways Beach, Noosa Heads, Sunrise Beach, Sunshine Beach	1,600	2,634,536	1,646.59	30.16%	1.06%
4572	Alexandra Headland	570	878,972	1,542.06	33.93%	1.20%

Taxation Statistics 2006
Table 6: ANZIC Industry Code (for Sole Trader Taxpayers)
Income Year Ending 30 June 2006

ANZSIC Industry Classification	Total Number of Individual Taxpayers	Taxable Income \$m	Total Tax-Deductible Donations		Percentage of Donating Taxpayers to Total Taxpayers %	Donations as a Percentage of Taxable Income %	Average Tax-Deductible Donation \$
			no.	\$m			
Salary and wages earners	6,934,360	243,395	2,643,515	594.99	38.12%	0.24%	\$ 225.07
Investment income recipients	228,065	12,848	106,595	78.56	46.74%	0.61%	\$ 736.99
Agriculture, forestry, and fishing	151,715	8,438	44,260	62.27	29.17%	0.74%	\$ 1,406.84
Mining	5,450	352	1795	0.63	32.94%	0.18%	\$ 351.78
Manufacturing	82,195	2,879	22,420	5.64	27.28%	0.20%	\$ 251.76
Electricity, gas, water, and waste services	4,625	0	761	0.00	16.45%	82.65%	\$ 1.00
Construction	434,800	15,976	101,805	19.88	23.41%	0.12%	\$ 195.28
Wholesale trade	31,220	1,147	8,705	3.69	27.88%	0.32%	\$ 423.45
Retail trade	117,025	3,806	33,045	12.59	28.24%	0.33%	\$ 381.07
Accommodation and food services	42,925	1,237	10,435	5.17	24.31%	0.42%	\$ 495.53
Transport, postal, and warehousing	161,315	5,152	43,385	11.07	26.89%	0.21%	\$ 255.15
Information, media, and telecommunications	20,410	822	7,055	3.30	34.57%	0.40%	\$ 468.35
Financial and insurance services	617,680	33,668	204,825	228.65	33.16%	0.68%	\$ 1,116.30
Rental, hiring, and real estate services	104,230	6,811	39,620	55.84	38.01%	0.82%	\$ 1,409.29

Professional, scientific, and technical services	336,190	17,090	131,800	66.73	39.20%	0.39%	\$	506.29
Administrative and support services	180,330	5,149	55,415	12.60	30.73%	0.24%	\$	227.36
Public administration and safety	16,945	642	5,750	1.69	33.93%	0.26%	\$	294.71
Education and training	69,500	3,106	32,600	11.57	46.91%	0.37%	\$	354.98
Health care and social assistance	132,485	9,434	49,575	41.50	37.42%	0.44%	\$	837.16
Arts and recreation services	107,705	4,106	37,925	27.51	35.21%	0.67%	\$	725.37
Other services	151,955	4,647	39,475	12.72	25.98%	0.27%	\$	322.33
Other	<u>1,579,830</u>	<u>76,965</u>	<u>580,335</u>	<u>300.77</u>	36.73%	0.39%	\$	518.27
Total	<u>11,510,960</u>	<u>\$457,202</u>	<u>4,195,910</u>	<u>1,555.99</u>	<u>36.45%</u>	<u>0.34%</u>	\$	<u>370.83</u>