Deductible Gift Recipients (DGRs) Status Information Sheet

Arts north west

connections
creativity
communities

WHAT IS DEDUCTIBLE GIFT RECIPIENTS (DGRS) STATUS?

A Deductible Gift Recipient is an organisation with a 'special tax status'. If your organisation is endorsed (officially recognised) by the Australian Tax Office (ATO) as a DGR: people who make gifts or donations to your organisation are able to 'deduct' those gifts for their own income tax purposes (that is, the donor can claim the donation as a deduction when filing their personal income tax return), and your organisation can receive funds from certain grant makers and philanthropic bodies, which are only able to give money to organisations that have DGR status So, when you see wording 'donations over $2.00 are tax deductible' – the organisation offering this as an incentive to the donor must first be 'endorsed' by the ATO as a DGR.

USEFUL LINKS

Information for not-for-profits and their supporters about the tax rules for donations, gifts and fundraising. The ACNC is responsible for registering organisations as charities, and the Australian Taxation Office (ATO) is responsible for endorsing organisations as DGRs.

https://www.ato.gov.au/businesses-and-organisations/not-for-profit-organisations/gifts-and-fundraising

Australian Charities and Not-for-profits Commission

https://www.acnc.gov.au/tools/factsheets/deductible-gift-recipients-dgr-and-acnc

ELIGIBILITY FOR DGR ENDORSEMENT:

IT IS IMPORTANT TO REMEMBER THAT NOT ALL CHARITIES ARE ELIGIBLE FOR DGR ENDORSEMENT.

For a charity to be endorsed as a DGR, it must meet the specific criteria of the DGR category it is applying for. Information about the different DGR categories and the specific requirements for each is available on the ATO website.

Your charity can either be endorsed as a whole, or a fund, authority or institution it operates can be endorsed. If your charity's fund is endorsed as a DGR, only donations to that fund can be deductible.

In exceptional cases, an organisation may have DGR status through a specific listing by name in tax law (Federal Treasury is responsible for overseeing applications involving a specific listing for DGR endorsement)

It is a requirement for organisations to be registered as a charity with the ACNC to be eligible for DGR endorsement, unless the organisation is:

- a government organisation
- an ancillary fund, or
- specifically listed in tax law.

For more information, see the ATO's guidance on DGRs required to be registered charities.

From 1 January 2024, the responsibility for assessing eligibility for DGR endorsement of cultural organisations, environmental organisations, harm prevention charities, and developing country relief funds or organisations
transferred to the ATO. For more information, see the ATO's guidance on deductible gift recipient reforms.

HOW TO APPLY FOR DGR ENDORSEMENT:

The process for applying for DGR endorsement depends on whether your organisation is already registered as a charity with the ACNC. To check if your organisation is registered as a charity, you can search the name or Australian Business Number (ABN) on the ACNC Charity Register.

- If your charity is already registered with the ACNC
- If your organisation is already registered as a charity with the ACNC, but you want to apply for DGR endorsement, you need to apply directly to the ATO using the ATO's DGR application form.
- If your organisation is not yet registered as a charity with the ACNC
- If your organisation is not a charity, you can apply for both charity registration and DGR endorsement in the ACNC charity registration application.
- The ATO is still responsible for DGR endorsement, but you only need to complete the ACNC form. Once you complete this form, we will pass the relevant information on to the ATO if your charity registration application is successful.

To be able to register as a charity with the ACNC, your organisation must meet all the eligibility criteria. In the application form, you will need to select the type of endorsement you are seeking – either endorsement for the charity as a whole, or endorsement of a fund, authority or institution.

You will need to know the item number for the DGR category you are applying for – this can be found in the ATO's DGR table. The application will also ask from what date you are seeking DGR endorsement.

Your charity's governing document needs to include a revocation clause and you will need to provide the clause number in your application.

Visit the ATO website for more information about DGR eligibility, including sample clauses.