



## Service Standard 2.1.14

# Management of Deductible Gift Recipient Status for NSW RFS Brigades

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### 1. Purpose

- 1.1 Income tax law determines which organisations can receive tax deductible gifts/donations. They are called deductible gift recipients (DGRs).
- 1.2 Following the passing of the Tax Laws Amendment (2010 Measures No.4) Act 2010, new DGR categories for volunteer bushfire brigades became effective from 7 December 2010. These categories widened the accessibility of tax deductible gifts/donations to NSW rural fire brigades and to the NSW Rural Fire Service (NSW RFS).
- 1.3 NSW rural fire brigades wishing to receive tax deductible gifts/donations can apply to the Australian Tax Office (ATO) to be endorsed as a DGR. Alternatively, NSW rural fire brigades can apply to participate in the NSW Rural Fire Service and Brigades Donations Fund, a central public fund established and administered by the NSW RFS.
- 1.4 This Service Standard applies to brigades that want to receive tax deductible gifts/donations and either:
  - (a) have been endorsed by the ATO as a deductible gift recipient; or
  - (b) will participate in the NSW Rural Fire Service and Brigades Donations Fund.

### 2. Definitions

- 2.1 **Endorsement** – the process under which organisations apply to the ATO for approval to receive tax deductible gifts.
- 2.2 **Deductible gift recipient (DGR)** – an organisation that is entitled to receive tax deductible gifts.

### 3. Policy

- 3.1 The receipt of tax deductible gifts/donations is a form of fundraising. Brigades need to be aware of, and comply with, the *Charitable Fundraising Act 1991* (which governs fundraising activity in NSW) as well as the specific requirements of the ATO in relation to DGR fundraising.
- 3.2 Tax deductible receipts may only be issued by brigades for genuine gifts/donations (i.e. where the donor does not receive a benefit except for the tax deductible receipt). Proceeds of raffles, charity auctions, fund-raising dinners, sponsorships and commercial activities are not deductible gifts/donations.
- 3.3 Income tax law specifies certain minimum information that must be included on a receipt issued by a DGR for a tax deductible gift or donation. The ATO website provides further guidance.
- 3.4 Brigades which participate in the NSW Rural Fire Service and Brigades Donations Fund will receive donation receipt books which are to be used for all tax deductible donations received.
- 3.5 Brigades are required to maintain records of DGR activities for at least five years.
- 3.6 Tax legislation provides that tax deductible donations received by brigades can only be used in support of activities that are associated with the brigades volunteer-based fire and emergency service activities.

### 4. Links

- *Tax Laws Amendment (2010 Measures No. 4) Act 2010*
- ATO Guide for deductible gift recipients and donors - GiftPack (NAT 3132)
- ATO – DGR endorsement application pack
- *Charitable Fundraising Act 1991*
- NSW Office of Liquor, Gaming & Racing (administer the Charitable Fundraising Act 1991)
- Best Practice Guidelines for Charitable Organisations – issued by NSW Office of Liquor, Gaming & Racing
- Service Standard 1.1.16 Fundraising Activities (Provision of Goods and Services)
- MyRFS – Info About > Finance > Deductible Gift Recipient

- Questions about the NSW Rural Fire Services and Brigades Donations Fund can be directed to [dgr@rfs.nsw.gov.au](mailto:dgr@rfs.nsw.gov.au)
- Questions about establishing or operating a public fund can be directed to the ATO on 1300 130 248.
- Questions about the *Charitable Fundraising Act 1991* can be directed to NSW Office of Liquor, Gaming & Racing on 02 9995 0669 or [info@olgr.nsw.gov.au](mailto:info@olgr.nsw.gov.au)

## **5. Who is responsible for implementing the Service Standard/Policy?**

- Director Executive Services.

## **6. Amendments**

- Initial release

6 November 2012



# SOP 2.1.14 - 1

## Brigades Endorsed as a DGR

<b>This SOP forms part of</b>	SS 2.1.14 Management of Deductible Gift Recipient Status for NSW RFS Brigades
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<b>Related forms</b>	▪ None
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### 1. Purpose

- 1.1 This Standard Operating Procedure (SOP) applies to brigades that want to receive tax deductible gifts/donations and have been endorsed by the ATO as a deductible gift recipient.

### 2. Procedures

- 2.1 Brigades are to issue receipts for all tax deductible gifts/donations using donation receipt books that contain the information required by the ATO.
- 2.2 Brigades are to maintain effective controls over receipt books (e.g. register of receipt books and recording of receipt numbers).
- 2.3 All tax deductible gifts/donations received are to be deposited in the brigade's Gift Fund account as soon as practicable after receipt.
- 2.4 Brigades are to reconcile deposits made with receipts issued.
- 2.5 Brigades must retain records, as required by the ATO, for at least 5 years and have those records audited annually.
- 2.6 Brigade must keep all tax deductible gifts/donations separate from other monies at all times.
- 2.7 Tax deductible gifts/donations can only be used in support of activities that are associated with the brigades volunteer-based fire and emergency service activities.
- 2.8 A flow chart of the operating process is shown below.

**Figure 1: Flow Chart of Operating Process**

RESPONSIBILITY	PROCESS	NOTES
<b>1. Brigade Member</b>	Use donation receipts book to issue receipts to donors	
<b>2. Brigade Treasurer or Delegated Member</b>	Deposit donations into the brigades Gift Fund account	Donations should be deposited as soon as practically possible after receipt
<b>3. Brigade Treasurer or Delegated Member</b>	Reconcile deposits with receipts issued. Reconcile Gift Fund a/c.	
<b>4. Brigade</b>	Spend donations	Use tax deductible donations/gifts only in support of activities that are associated with the brigades volunteer-based fire and emergency service activities



## SOP 2.1.14 - 2

# Brigades Participating in the NSW Rural Fire Service & Brigades Donations Fund

<b>This SOP forms part of</b>	SS 2.1.14 Management of Deductible Gift Recipient Status for NSW RFS Brigades
<b>Related forms</b>	<ul style="list-style-type: none"><li>▪ Application to Participate in the NSW Rural Fire Service &amp; Brigades Donations Fund</li><li>▪ Change of Primary Contact form</li></ul>

## 1. Purpose

- 1.1 This Standard Operating Procedure (SOP) applies to brigades that want to participate in the NSW Rural Fire Service and Brigades Donations Fund (the Fund).

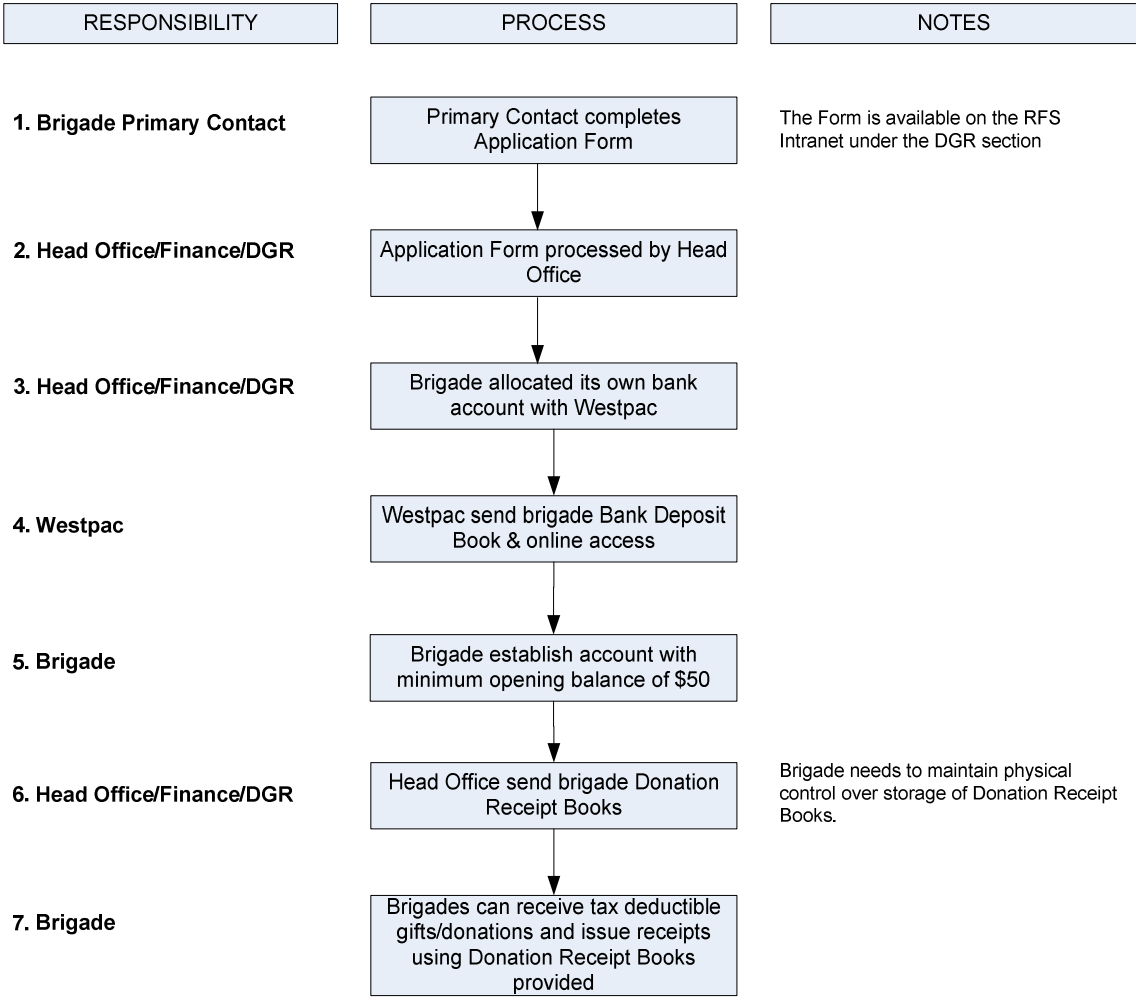
## 2. Procedures - Application

- 2.1 Brigades wishing to participate will need to complete the '*Application to Participate in the NSW Rural Fire Service & Brigades Donations Fund*' form. This form can be downloaded from the DGR section of the MyRFS website.
- 2.2 Brigades need to nominate a Primary Contact who will have responsibility for operating the brigade's bank account with the Fund. In the event that the Primary Contact changes, brigades will need to complete '*Change of Primary Contact*' form. This can be downloaded from the DGR section of the MyRFS website.
- 2.3 Brigades need to nominate a brigade bank account to which tax deductible gifts/donations deposited with the Fund, will be transferred when requested by the brigade.
- 2.4 In considering which brigade bank account to nominate, brigades need to know that the ATO requires all tax deductible gifts/donations be kept separate from other monies at all times. While tax law doesn't specifically require a separate bank account to achieve this, many brigades will prefer to maintain a separate bank account. This will provide transparency, a clear audit trail, and enable brigades to fulfil obligations to the ATO and the Trustees of the Fund in an easy to account for manner.
- 2.5 If the brigade is currently endorsed as a DGR, then the brigade must either transfer unspent tax deductible gifts/donations to the Fund or

advise the Fund of the unspent gifts/donations being retained by the brigade.

- 2.6 If the brigade chooses to retain unspent gifts/donations, then the brigade must comply with the Tax Office requirement to keep those gifts/donations separate from other monies.
- 2.7 A flow chart of the application process is shown below.

**Figure 2: Flow Chart of Application Process**



### **3. Procedures - Ongoing**

- 3.1** Brigades are to issue receipts for all tax deductible gifts/donations using the Donation Receipt Books supplied by the Fund.
- 3.2** Brigades are to maintain effective controls over Donation Receipt Books, including physical security of books and reconciliation of receipts issued with donations received.
- 3.3** All tax deductible gifts/donations received are to be deposited in the brigade's bank account with the Fund as soon as practically possible after receipt.
- 3.4** Deposits can be made either directly using the Westpac deposit book provided or indirectly via deposit into brigade bank account and subsequent transfer to the brigade's bank account with the Fund.
- 3.5** Brigades are to reconcile deposits made with receipts issued.
- 3.6** Monies deposited in the brigade's bank account with the Fund will earn interest. Higher rates of interest can be earned by putting monies on term deposit.
- 3.7** Brigades are to retain records, as required by the ATO and Trustees of the Fund, for at least 5 years and allow those records to be audited by the Fund or the Fund's appointee.
- 3.8** Brigades are to keep all tax deductible gifts/donations separate from other monies at all times.
- 3.9** Tax deductible gifts/donations are only to be used in support of activities that are associated with the brigades volunteer-based fire and emergency service activities.
- 3.10** A flowchart of the ongoing procedure is shown below.



**Figure 3: Flowchart of Ongoing Processes**

RESPONSIBILITY	PROCESS	NOTES
<b>1. Brigade Member</b>	Use Donation Receipts Book, provided by Fund, to issue receipts to donors	Instructions for issuing deductible gift receipts are printed on the inside cover of Donation Receipts Book Cheques are to be made payable to the NSW Rural Fire Service and Brigades Donations Fund
<b>2. Brigade Treasurer or Delegated Member</b>	↓ Deposit gifts/donations in the brigade's bank account with the Fund	Donations should be deposited as soon as practicable after receipt
<b>3. Brigade Treasurer or Delegated Member</b>	↓ Reconcile deposits with receipts issued. Reconcile bank account with the Fund	Record of receipts issued and donations/gifts received to be kept and reconciled against deposits
<b>4. Brigade Treasurer or Delegated Member</b>	↓ Initiate online requests online for term deposit transfers or transfers to pre-nominated brigade bank a/c	Requests for term deposits must be placed after 11:00 am and before 2:00 pm for same day transaction. Note: Rates change daily
<b>5. Brigade</b>	↓ Spend donations	Only use tax deductible donations/gifts in support of activities that are associated with the brigade's volunteer-based fire and emergency service activities;