



[Home](#) / [Non-profit](#) / [Gifts and fundraising](#) / Receiving tax-deductible gifts

Receiving tax-deductible gifts

When people donate to your organisation they may seek a tax deduction.

To receive such a deduction, certain requirements must be met.

The most important things for you to do to ensure your donors can claim tax deductions are:

- ensure your organisation is a DGR
- understand gift and contribution conditions
- provide receipts with specific information.

A donor will follow different rules for claiming a tax deduction depending on whether their donation is a gift or a contribution, so it's also important you understand the difference between a gift and a contribution:

- A donor **does not** receive material benefit in return for their **gift** (for example, a donor puts \$5 in a collection box)
- A donor **does** receive a material benefit in return for their **contribution** (for example, a donor purchases a ticket to a fundraising dinner).

Find out about:

- [Gift types and conditions \(/non-profit/gifts-and-fundraising/receiving-tax-deductible-gifts/gift-types-and-conditions/\)](/non-profit/gifts-and-fundraising/receiving-tax-deductible-gifts/gift-types-and-conditions/)
- [Receipts \(/non-profit/gifts-and-fundraising/receiving-tax-deductible-gifts/receipts/\)](/non-profit/gifts-and-fundraising/receiving-tax-deductible-gifts/receipts/)

See also:

- [Types of DGRs \(/Non-profit/Getting-started/In-detail/Types-of-DGRs/DGR-table/\)](/Non-profit/Getting-started/In-detail/Types-of-DGRs/DGR-table/)

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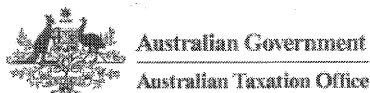
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[Home](#) / [Non-profit](#) / [Gifts and fundraising](#) / [Receiving tax-deductible gifts](#) / Gift types and conditions

Gift types and conditions

On this page:

- [Conditions](#)
- [What is a gift?](#)
- [Tax deductible gift types](#)
- [Acknowledgment in appreciation of a payment](#)
- [Multi-purpose appeals](#)

Conditions

People can donate to charities in whichever way they please.

However, if donors are seeking tax deductions for their donations, certain rules apply. This includes the gift meeting the following requirements. The gift must:

- be made to a [deductible gift recipient \(DGR\)](http://www.abn.business.gov.au/DgrListing.aspx) (<http://www.abn.business.gov.au/DgrListing.aspx>)
- truly be a gift
- fall within at least one of our 'gift types'
- comply with any extra [gift conditions](#) ([/Non-profit/Gifts-and-fundraising/In-detail/Fundraising/Extra-conditions-for-some-DGRs/](#)).

What is a gift?

- There is a transfer of money or property
- The transfer is made voluntarily
- The donor does not expect anything in return for the gift
- The donor does not materially benefit from the gift.

If the donor benefits from the donation, it may still be tax-deductible as a contribution.

Tax deductible gift types

To be tax deductible, a donor's gift must be covered by what we call a 'gift type'.

If their gift falls into more than one gift type category, they can choose the gift type that is most appropriate.

If someone donates any of the following to your DGR they may be able to claim a tax deduction:

- **Money:** Gifts of \$2 or more
- **Property:** As well as physical things (such as land and objects), property includes rights and interests that can be
- **Cultural items:** If your organisation is a public art gallery, museum or library the Cultural Gifts Program allows you to receive gifts of cultural items. These donations are exempt from capital gains tax (CGT) and your donor may be able

to claim a tax deduction

- **Heritage gifts:** If your organisation is a National Trust and you receive a heritage gift to preserve it for the benefit of the public, your donor may be able to claim a tax deduction.

See also:

- [Gift types, requirements and valuation rules \(/non-profit/gifts-and-fundraising/claiming-tax-deductions/gift-types,-requirements-and-valuation-rules/\)](#)
- [Is it a gift or contribution? \(/non-profit/gifts-and-fundraising/claiming-tax-deductions/is-it-a-gift-or-contribution-/\)](#)

Acknowledgment in appreciation of a payment

Even if you give the donor a small token in acknowledgment of a payment, the payment may still be a gift.

For example you may give a donor the following for a gift:

- a sticker or lapel badge
- a mention in a newsletter or periodical
- a plaque, if it is of small cost and prominence.

However, if you give larger acknowledgments for example in the form of commercial advertising, it may prevent the payment from being a gift. If a donor incurs advertising and sponsorship expenses when deriving assessable income they may be able to claim a tax deduction as an expense, rather than as a gift.

Multi-purpose appeals

If you are conducting an appeal for more than one purpose (and not all of the purposes are for the benefit of DGRs), your donor must state how much of their gift will be given to the DGR.

Your donor can make a pledge on a contribution envelope or a pledge form to the fundraising body, specifying the name of each DGR and the amount or percentage of the total to be applied to each DGR. Your donor can only claim a deduction for the amount of the gift donated to DGRs.

Alternatively, the terms of the appeal may state the proportion to be applied to each DGR. Your donor can claim a deduction for the stated proportion of the gift.

Example – Split DGR fundraisers

Sandy is a parent of a year seven student. Her daughter's school is asking for annual donations to:

- The year seven netball team
- The debating society
- The school building fund.

The school is endorsed as a DGR only for its school building fund - meaning only funds to the school building fund are deductible. Sandy decides to donate \$50 to the netball team, \$20 to the debating society, and \$30 to the school building fund. Sandy fills out the form provided by the school, which clearly shows where she would like her money donated. Sandy can claim \$30 as a tax deduction, as the school has DGR status for the building fund only.

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[Home](#) / [Non-profit](#) / [Gifts and fundraising](#) / [Receiving tax-deductible gifts](#) / [Receipts](#)

Receipts

As a DGR you are not required to issue a receipt, but if you do you must include certain information. If you don't include the specified information in your receipts, your DGR endorsement may be revoked.

There are three situations where you may issue a receipt:

- you receive a gift
- you receive a contribution for a fundraising event
- you sell goods through an auction

Gifts

When you receive a gift the receipt must include:

- the name of your organisation (an abbreviation will be acceptable where the full name of your organisation cannot be shown on the receipt – however if the abbreviation does not readily identify your organisations you may need to publish the abbreviation publicly, such as on your website).
- your Australian business number (ABN).
- a note that the receipt is for a gift.

You can also include:

- the amount of money donated
- a description of the gift if it was property
- the date the gift was given.

Contributions for fundraising events

If you run a fundraising event the receipt must include:

- the name of your organisation (an abbreviation will be acceptable where the full name of your organisation cannot be shown on the receipt – however if the abbreviation does not readily identify your organisations you may need to publish the abbreviation publicly, such as on your website).
- your Australian business number (ABN).
- a note that the receipt is for a contribution made in return for a right to attend, or participate in, the fundraising event
- the amount of the contribution – if the contribution is money
- the GST-inclusive market value of the benefit received in return for the contribution (that is, the right to attend the event).

Contributions for auctions

If you sell goods at an auction event the receipt must include:

- The name of your organisation (an abbreviation will be acceptable where the full name of your organisation cannot be shown on the receipt – however if the abbreviation does not readily identify your organisations you may need to

publish the abbreviation publicly, such as on your website).

- your Australian business number (ABN).
- a note that the receipt is for a contribution made for the purchase of goods or services
- the fact the contribution was made because the contributor was a successful bidder at an auction that was a fundraising event
- the amount of the contribution – if the contribution is money
- the GST-inclusive market value of the goods or services received in return for the contribution.

If you choose not to issue a receipt, it may be helpful to let your donors know they can use other records for their tax return, such as bank statements.

See also:

- [Valuing contributions and minor benefits \(/non-profit/gifts-and-fundraising/valuing-contributions-and-minor-benefits/\)](#)
- [Keeping a record of your donation \(/non-profit/gifts-and-fundraising/claiming-tax-deductions/keeping-a-record-of-your-donation/\)](#)

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