

## Policy

# Tweed Regional Museum Deductible Gift Recipient (DGR) Fund

Version Draft

Adopted by Council at its meeting on  
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# Tweed Regional Museum Deductible Gift Recipient (DGR) Fund

## Policy Objective

This Policy sets out the Australian Tax Office (ATO) requirements for operation of a deductible gift recipient (DGR) Fund by Tweed Council as per the ATO's endorsement of the Tweed Regional Museum (TRM) as a public museum under item 12.1.3 of section 30-100 of the *Income Tax Assessment Act*. The financial and operational procedures for administering the Tweed Regional Museum Gift Fund are set out in a separate document, the *Tweed Regional Museum Deductible Gift Recipient (DGR) Fund Procedure*.

The areas covered by the Policy are:

- The basis for Australian Taxation Office endorsement of the Tweed Regional Museum as a deductible gift recipient (DGR)
- ATO Compliance and Reporting requirements for DGR institutions and Gift Funds
- Tweed Shire Council Tweed Regional Museum Gift Fund governance

## Definitions

**Deductible Gift Recipient (DGR) endorsement:** endorsement by the ATO of a fund, authority or institution as eligible to receive income tax deductible gifts and contributions.

**Gift Fund:** Sub-section 30-125 (2) of the *Income Tax Assessment Act 1997* provides that an organisation which has DGR endorsement for an institution it operates must maintain a Gift Fund for the principal purpose of the institution.

**Public Museum:** one of the categories of organisation recognised under the *Income Tax Assessment Act 1997* as eligible for endorsement as a DGR and defined as having the following characteristics: controlled by a government authority; makes its collections available to the public; is a building or place for the keeping, exhibition and study of objects of scientific, artistic or historical interest.

**Tax deductible gifts and contributions:** gifts and contributions defined by tax law as eligible for an income tax deduction by the donor upon donation to a DGR.

## Policy Background

The Australian Taxation Office endorsed the Tweed Regional Museum, an institution operated by the Tweed Shire Council, as a Deductible Gift Recipient (DGR) institution in

May 2008. A recent review of Council policies identified the need to develop a Tweed Regional Museum Deductible Gift Fund Policy.

This endorsement requires Council to establish and operate a Tweed Regional Museum Gift Fund to which income tax deductible gifts and contributions can be made by donors.

This policy sets out the key factors influencing ATO endorsement, requirements for continuing compliance, and governance arrangements for the Tweed Regional Museum Gift Fund.

The procedures and processes for maintenance and administration of the Gift Fund are set out in a separate document, the *Tweed Regional Museum Deductible Gift Recipient (DGR) Fund Procedure*.

## Policy

### **Tweed Regional Museum, deductible gift recipient (DGR) status**

The Tweed Regional Museum's recognition by the Australian Taxation Office as a public museum for the purposes of endorsement as a DGR is based on it being an institution:

- which is owned or controlled by government;
- which makes its collection available to the public;
- whose constituent documents clearly show that it is set up to be a museum;
- which from its activities, is recognised as a museum; and
- whose activities are consistent with being a museum.<sup>1</sup>

The Tweed Regional Museum's DGR status is further dependent on the requirements of Sub-section 30-125 (2) of the *Income Tax Assessment Act 1997*. This requires that Council maintain a Gift Fund for the Tweed Regional Museum which has the following characteristics<sup>2</sup>:

- it is a fund;
- it is maintained for the principal purpose of the institution (Museum);
- all gifts, and deductible contributions, of money or property for that purpose are made to it;
- any money received by the entity, because of such gifts, or deductible contributions, is credited to it;
- the fund does not receive any other money or property;
- the fund is used only for the principal purpose of the institution (Museum);
- the entity is required by a law, its constitution documents or governing rules to transfer any surplus assets of the gift fund to another gift deductible fund,

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<sup>1</sup> Summarised from ATO information providing definition of public libraries, public museums and public art galleries for the purposes of DGR endorsement <http://www.ato.gov.au/nonprofit> accessed 31/5/2013

<sup>2</sup> Letter to TSC from ATO 19 May 2008, and ATO information regarding Gift Fund requirements <http://www.ato.gov.au/nonprofit> accessed 31/5/2013

authority or institution when the institution is wound up or the DGR endorsement is revoked, whichever occurs first.

### **ATO compliance and reporting requirements for endorsed Deductible Gift Recipients and Gift Funds**

Requirements that are incumbent upon organisations endorsed by the ATO as DGR institutions are set out in the *Tweed Regional Museum Deductible Gift Recipient (DGR) Fund Procedures*. These include requirements for:

- reporting;
- self-review; and
- receipting of donations and gifts.

### **Tweed Shire Council Tweed Regional Museum Gift Fund governance**

Tweed Shire Council will:

- Establish and maintain a dedicated account called the Tweed Regional Museum Gift Fund in accordance with the relevant record keeping requirements of the Australian Taxation Office.
- Ensure that all gifts and contributions to the Fund are receipted in accordance with relevant Australian Taxation Office requirements.
- Provide quarterly reports to the Museum Advisory Committee detailing gifts and contributions to, and expenditure from, the Gift Fund.
- Ensure that contributions to the Fund and their accretions are used for the principal purpose of Tweed Regional Museum activities.
- Ensure that in all other respects, administration of the Tweed Regional Museum Gift Fund complies with Council finance and governance policies, protocols and procedures.
- Ensure that all gifts and contributions to the Gift Fund comply with the appropriate provisions of the *Income Tax Assessment Act 1997* and the rules governing tax deductible gifts and contributions.<sup>3</sup>

All fund raising and expenditure priorities for the Museum, including those for the Tweed Regional Museum Gift Fund will be compliant with the Museum Strategic Plan and the Museum Collection Policy.

A subcommittee of the Museum Advisory Committee will provide advice to Council in relation to the Tweed Regional Museum Gift Fund.

This subcommittee will be made up of the following members:

- Councillor or second nominated as Council representative on the Museum Advisory Committee;
- Council management representative on the Museum Advisory Committee;
- Museum Director; and
- 2 additional representatives of the Museum Advisory Committee nominated by Committee members

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<sup>3</sup> <http://www.ato.gov.au/nonprofit> Making tax deductible gifts and contributions.

The functions and administration of the subcommittee are set out in the *Tweed Regional Museum Deductible Gift Recipient (DGR) Fund Procedures*.

## **Related Legislation**

*Income Tax Assessment Act 1997*

## **Compliance**

Annual self review of ongoing compliance with DGR status as recommended by the ATO.

Record keeping and Gift Fund administration in accordance with ATO requirements.

## **Review Period**

This Policy will be reviewed in line with periodic reviews of the Tweed Regional Museum Strategic Plan, or as necessary to comply with Australian Taxation Office requirements.

## **Useful Links**

[Tweed Shire Council website](#)

<http://www.ato.gov.au/nonprofit>

