



# **YWAM Melbourne**

*Developing People ~ Impacting Cities ~ Changing Nations*

August 5, 2011

## **Submission regarding: Exposure Draft –**

### **'In Australia' Special Conditions for Tax Concession Entities'**

Dear Sir / Madam,

Youth With A Mission Australia is a youth based training organization that trains young people to engage with poorer communities both within Australia and overseas. We are entirely volunteer driven.

Our organization also works at a local level with those who are of necessitous circumstance or who are in need; providing positive community based programs that give hope to thousands of needy people around the nation.

Recently the Australian Tax Office has released its exposure draft for public comment. We are very concerned about this document and professional advice that we have received suggests that our organization stands to lose its tax exempt status if we donate funds to another organization that is not tax exempt.

Youth With A Mission Australia supports many programs that benefit those who are in need, we also donate funds to projects in the developing world. Although great care is taken with the funds we donate to make sure that they are used wisely, ethically and appropriately; it is not always possible to donate funds to a recognized organization that is tax exempt. Therein lies the problem.

But this problem cuts both ways as under the proposed legislation the donor organizations that we receive funds from which include, churches, mission societies, schools and public and private trusts; could also lose their tax exempt status if we were to lose ours and they donated funds to us. The negative impact of this situation on our organization would be catastrophic.



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Also, some of our offices directly support international projects amongst the poor in developing nations, according to the advice we have we could also lose our tax exempt status under 50-50(d) of the Income Tax Assessment Act as a member of Australian Evangelical Alliance Inc (Missions Interlink) which is prescribed by law under regulation 50.50.02. This would put at risk the positive impact that organizations such as ours are having in situations where poverty and injustice abound.

The compliance burden of this proposed law would be very serious for us and as a volunteer organization we would have to consider looking for paid sources to assist us with the compliances that the draft legislation infers. This would increase our costs and effectively reduce the funds that were available for the programs that we support amongst the poor.

We would like to ask the ATO to reconsider aspects of this legislation and we would like to make the following recommendations to the ATO on this matter;

1. That a minimum threshold for donations to entities without income tax exempt status be written into the legislation.
2. The new law retain the exemptions for the prescribed organizations that listed in the current legislation.

I remain yours sincerely

Steve Aherne

National Director

Youth With A Mission Australia