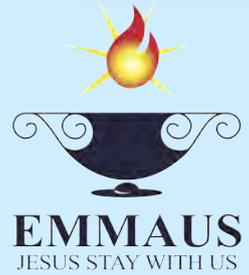




## Deductible Gift Recipient Funds Procedures



### 1. Purpose

These procedures support the Deductible Gift Recipient Funds Policy and are intended to ensure that funds for which Melbourne Archdiocese Catholic Schools Ltd (**MACS**) – as the operator of such funds – is endorsed as a Deductible Gift Recipient (**DGR**), are operated in compliance with the requirements of Division 30 of the [Income Tax Assessment Act 1997](#) (Cth) (**ITAA97**) and Subdivision 382-B of Schedule 1 of the [Taxation Administration Act 1953](#) (Cth) (**TAA**) (and any other applicable legislative / regulatory requirements).

### 2. Scope

These procedures apply to all DGR school building funds, scholarship funds and/or public libraries (collectively referred to as **DGR Funds**) which are proposed to be established, or have been established, as funds operated by MACS (either by the MACS office and/or by specific MACS schools).

## Procedures

### 3. Establishing a DGR Fund

#### Initial establishment procedure

- 3.1. MACS schools seeking to establish a DGR Fund should refer to the existing Deductible Gift Recipient Funds Policy for guidance and contact MACS Office Group Finance to discuss fund rules, compliance requirements, and the establishment of a fund management committee. Requests for assistance to establish a DGR Fund should be sent to [Groupfinance@macs.vic.edu.au](mailto:Groupfinance@macs.vic.edu.au) and must include a description of the type of DGR Fund to be established.
- 3.2. On and from establishment, each DGR Fund must be managed by a committee of at least three people (**Management Committee**), the majority of whom must be Responsible Persons. The inaugural Management Committee of a DGR Fund must be selected prior to the establishment of the fund. Further requirements in relation to the Management Committee of DGR Funds are set out in **Part 4** of this procedure.
- 3.3. The MACS office's finance team is responsible for preparing the rules of each DGR Fund prior to the fund's establishment.
- 3.4. Prior to the establishment of a DGR Fund, the Principal of the MACS school to which the fund relates (if any) must be provided with a copy of the fund's proposed rules and must provide written confirmation that the MACS school accepts such rules.
- 3.5. To establish a DGR Fund, the MACS' Executive Director (or their delegate) must pass a resolution confirming the fund's rules and declaring that the fund is established.

#### Australian Taxation Office endorsement of DGR Fund

- 3.6. Following approval of a DGR Fund's Management Committee and the acceptance and adoption of the fund's rules by relevant stakeholders noted above, MACS office's finance team will prepare the documents necessary for endorsement of the fund (**Application Pack**) with the Australian Taxation Office (**ATO**). These documents must be signed and approved by the General Manager, Group Finance prior to lodgment with the ATO. The Application Pack will include a covering letter, application form, fund schedule (for scholarship funds only) and approved fund rules document.
- 3.7. The Principal of the MACS school to which the fund relates (if any) must assist MACS office's finance team with preparing the Application Pack documents as required.

- 3.8. Once the General Manager, Group Finance approves the Application Pack, the Application Pack must be emailed by a member of MACS office's finance team to the ATO at [atoendorsements@ato.gov.au](mailto:atoendorsements@ato.gov.au).
- 3.9. No Gifts are to be received by a DGR Fund (through a MACS school or the MACS office) until the DGR Fund receives DGR endorsement from the ATO.
- 3.10. Once a DGR Fund receives DGR endorsement, MACS' Australian Business Register record (found using MACS' ABN) will be updated by the ATO to reflect such endorsement (and name the newly endorsed fund).
- 3.11. Once endorsed by the ATO, the approved rules governing the operation of the DGR Fund will be distributed by MACS office's finance team to the relevant school and the DGR Fund's Management Committee.

## 4. Management Committee of DGR Funds

- 4.1. DGR Funds must always be administered or controlled by Management Committee of at least three people, the majority of whom must be Responsible Persons.
- 4.2. In the case of school building funds, the MACS office is responsible for appointing and removing members of the Management Committee from time to time, in compliance with the rules of the relevant school building fund.
- 4.3. In the case of scholarship funds and public libraries, the relevant MACS School principal must serve as a member of the Management Committee (and will satisfy one of the Responsible Person places) and holds the right to appoint the other members of the Management Committee in compliance with the rules of the relevant scholarship fund / public library.
- 4.4. The General Manager, Group Finance is responsible for reviewing the proposed Management Committee of each new DGR fund to confirm that a majority of the Management Committee will satisfy the description of a Responsible Person.
- 4.5. Where there is a proposed change in the Management Committee of a DGR Fund such that one or more existing Responsible Persons are to be replaced, the General Manager, Group Finance is responsible for reviewing and confirming the proposed replacement member(s) will satisfy the description of a Responsible Person, such that the composition of the Management Committee remains compliant with the fund's rules.
- 4.6. The General Manager, Group Finance is responsible for reviewing the composition of the Management Committee of each DGR Fund annually, to ensure that a majority of the Management Committee of each DGR Fund remain Responsible Persons. For example, if an existing Management Committee ceases to hold an external office which otherwise made them a Responsible Person, then this change may require the appointment of a replacement / additional Responsible Person.
- 4.7. If at any time the Management Committee of a DGR Fund does not comprise a majority of members who are Responsible Persons, the Management Committee must not exercise any discretion or power given under the fund's rules until the deficiency in appointment is rectified by the MACS office and/or the MACS school's principal (as applicable), other than in the case of any urgency to protect the DGR Fund.
- 4.8. A minimum of one Management Committee meeting must be held in each financial year (which ends 31 December each year) and minutes of all Management Committee meetings are to be maintained.

## 5. Operation and maintenance of a DGR Fund

- 5.1. All DGR Funds must comply with the regulatory requirements applicable for the relevant type of fund, along with the rules of the relevant fund. Further details of the regulatory requirements of each type of DGR Fund are set out in the Schedule to this Procedure.
- 5.2. All MACS employees involved in the establishment, maintenance and/or operation of a DGR Fund, and the management committee of each DGR Fund, must read and become familiar with, the regulatory requirements that apply to the DGR Fund(s) that they are involved with, along with the rules of the relevant fund(s).

## Establishment and operation of gift account

- 5.3. MACS will establish and maintain a public gift fund for each DGR Fund, wherein:
  - a. the public must be invited to contribute to the gift fund
  - b. all donations made to the relevant DGR Fund will be deposited into the gift fund
  - c. all monies deposited into the gift fund will be kept separate from other funds of the MACS (including the funds of the MACS school to which the DGR Fund relates [if any]) and will only be used to further the purpose of the DGR Fund (as set out in the fund's rules); and
  - d. investment of monies in this gift fund will be made in accordance with guidelines for public funds as specified by the ATO (if any), the DGR Fund's rules, MACS' constitution and any other relevant policy of MACS.
- 5.4. Upon establishment and endorsement by the ATO of a DGR Fund, a separate bank account must be opened in compliance with MACS' Instrument of Delegation. This account is to be exclusively maintained by the respective MACS school or the MACS office for the DGR Fund, ensuring that all Gifts of money are deposited and managed independently from other school or office finances. The bank account is to be used as the DGR Fund's public gift fund in accordance with the principles set out in **paragraph 5.3**.
- 5.5. When Gifts are deposited into a DGR Fund bank account, they are to be exclusively and permanently committed for eligible expenditures related to that specific DGR Fund.
- 5.6. Where a Gift is made to a DGR Fund, a receipt must be issued to the donor. Such receipt must contain the following information:
  - a. MACS' full legal name and its ABN;
  - b. the name of the DGR Fund to which the Gift relates;
  - c. a note that the receipt is for a Gift;
  - d. the amount of money donated and/or a description of the Gift (if it was property);
  - e. the date the Gift was given.
- 5.7. Gifts that are made by MACS school staff to a DGR Fund as a pre-tax deduction from salary are not tax deductible.
- 5.8. The assets of a DGR Fund may only be applied in accordance with the fund's purpose, and in compliance with the funds rules and the relevant legislative / regulatory requirements set out in the Schedule to this Procedure.

## 6. Record keeping

- 6.1. Accurate records and clear documentation must be maintained to demonstrate that all DGR assets are applied in accordance with **paragraph 5.7**.
- 6.2. The Management Committee of each DGR Fund is responsible for ensuring that the record keeping obligations imposed under Subdivision 382-B of Schedule 1 of the TAA are complied with by the relevant fund.
- 6.3. Records and explanations of all transactions and other acts engaged in by each DGR Fund which are related to that fund's status as a DGR must be retained for at least 5 years after the completion of the transactions or acts to which they relate.
- 6.4. The records of each DGR Fund must:
  - a. be in English; and
  - b. demonstrate that all Gifts to the DGR Fund (and all of the DGR Fund's assets) are used only for the purpose of the fund (in accordance with **paragraph 5.7**).

## 7. Reporting and audit requirements

- 7.1. Promptly after the end of each financial year (ending 31 December each year), the Management Committee of each DGR Fund will prepare and present a report of the relevant fund's operations during the preceding financial year, accompanied by a copy of the statement of accounts balanced as at the preceding 31 December.
- 7.2. The accounts of each DGR Fund must be audited as part of the audit of the accounts of MACS.

## 8. Rules of the DGR Fund

- 8.1. Any proposed change to the rules of a DGR Fund must be sent to MACS office's finance team via email at [Groupfinance@macs.vic.edu.au](mailto:Groupfinance@macs.vic.edu.au), with a description of the nature and purpose of change. MACS office's finance team will determine whether the change is necessary and appropriate, and, if so, will draft the required changes to the DGR Fund's rules in collaboration with the Management Committee of the fund.
- 8.2. The MACS' Executive Director (or their delegate) will be responsible for approving any changes to the rules of a DGR Fund.
- 8.3. As soon as possible after the change of a DGR Fund's rules, the General Manager, Group Finance must notify the ATO in writing of the change (and its nature).

## 9. Penalties for non-compliance

- 9.1. Where the operation of a DGR Fund is found to be non-compliant with the relevant regulatory requirements, the ATO may levy fines and/or penalties on MACS and/or those charged with governance of the DGR Fund. DGR status of the DGR Fund may also be revoked.

## 10. Winding up a DGR Fund

- 10.1. The Management Committee of a DGR Fund may resolve to wind up or dissolve the fund if it determines that:
  - a. it is impractical to continue the fund, or
  - b. the fund has fully achieved its objectives, failed to achieve them, or achieved them to the maximum extent possible under the circumstances.
- 10.2. Upon the winding up or dissolution of a DGR Fund, or upon the revocation of the fund's endorsement as a DGR, whichever occurs first:
  - a. any surplus remaining after the satisfaction of all debts and liabilities of the fund must be:
    - i. transferred to another MACS DGR Fund or
    - ii. if there is no suitable MACS DGR Fund available, transferred to a charitable institution, body, entity, or organisation that:
      - has objectives similar in nature to those of the DGR Fund
      - prohibits the distribution of its income and property to its members to at least the same extent the DGR Fund and
      - is eligible to receive tax-deductible gifts.
- 10.3. The designated MACS DGR Fund or charitable institution (as applicable) must be approved by MACS' Board or a delegate of MACS' Board.
- 10.4. The Management Committee must determine the recipient organisation (and receive approval from MACS's Board or a delegate of MACS' Board) at or before the winding up of the DGR Fund. In the absence of an agreement, an application may be made to the Supreme Court of Victoria for a determination.

## 11. Definitions

Definitions of standard terms used in this Procedure can be found in the [Glossary of Terms](#), but are otherwise expanded upon and/or modified by the following:

### **Deductible gift recipient (DGR)**

DGRs are entities / funds that are entitled to receive tax deductible Gifts.

Types of DGRs include school building funds, scholarship funds and public libraries.

The concept of a "DGR" is more specifically described in section 30-125 of the *ITAA97* (noting that MACS' DGR Funds are covered by subsection 30-125(2) of the *ITAA97*).

## Gift

A voluntary transfer of a beneficial interest in property, where the transfer confers no material benefit or advantage to the donor and the donor does not expect anything in return. Gifts may be money, property (land or objects) or cultural items.

The concept of a “gift” is described in more detail in *Taxation Ruling TR 2005/13 – Income tax: tax deductible gifts – what is a gift*.

## Responsible Person

This term takes a different meaning for the purpose of this policy to that found in the [Glossary of Terms](#).

In this policy, “Responsible Person” means a person who, at all times, meets the description set out in *Taxation Ruling 95/27 – Income tax: public funds (TR 95/27)*, as amended or replaced from time to time. As at the date of this policy, *TR 95/27* provides that a responsible person is a person who is considered to have “a degree of responsibility to the community as a whole. This could arise, for example, from a person’s occupation or tenure of some public office, or a person’s ... position in the community”.

Examples of possible responsible persons include (but are not limited to) school principals, judges, religious practitioners, solicitors, doctors and other professional persons, mayors, councillors, town clerks, members of parliament and an individual before whom a statutory declaration may be made.

## 12. Related policies and documents

### Supporting documents – available from Finance Team, MACS office

Deductible Gift Recipient Funds – Public Library Rules – Template  
Deductible Gift Recipient Funds – Public Library Application – Form  
Deductible Gift Recipient Funds – Public Library Application – Covering Letter – Template  
Deductible Gift Recipient Funds – Scholarship Fund Rules – Template  
Deductible Gift Recipient Funds – Scholarship Fund Application – Form  
Deductible Gift Recipient Funds – Scholarship Fund Schedule - Form  
Deductible Gift Recipient Funds – Scholarship Fund Application – Covering Letter – Template  
Deductible Gift Recipient Funds – School Building Fund Rules – Template  
Deductible Gift Recipient Funds – School Building Fund Application – Form  
Deductible Gift Recipient Funds – School Building Funds Application – Covering Letter – Template

### Related MACS policies and documents

[Instrument of Delegation](#)

Deductible Gift Recipient Funds Policy

### Resources

[ATO DGR school building fund guidelines](#)

[ATO DGR scholarship fund guidelines](#)

[ATO Public libraries guideline](#)

## 13. Legislation and standards

[Income Tax Assessment Act 1997 \(Cth\)](#)

[Taxation Administration Act 1953 \(Cth\)](#)

[Taxation Ruling 2013/2 – Income tax: school or college building funds](#)

[Taxation Ruling 2000/10 – Income tax: public libraries, public museums and public art galleries](#)

[Taxation Ruling 95/27 – Income tax: public funds](#)

[Taxation Ruling TR 2005/13 – Income tax: tax deductible gifts – what is a gift](#)

# Policy information table

<b>Responsible director</b>	Director, Finance, Infrastructure and Digital
<b>Procedure owner</b>	General Manager, Group Finance
<b>Approving authority</b>	Director, Finance, Infrastructure and Digital
<b>Approval date</b>	7 May 2025
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<b>Review by</b>	May 2029
<b>Publication</b>	CEVN, gabriel, internal school use
<b>New procedure</b>	<b>New</b>

Fund Type	Relevant Regulatory Requirements
<b>School building funds</b>	<ol style="list-style-type: none"> <li>1. Division 30 of the <i>ITAA97</i>;</li> <li>2. Subdivision 382-B of Schedule 1 of the <i>TAA</i>;</li> <li>3. <i>Taxation Ruling 2013/2 – Income tax: school or college building funds</i>; and</li> <li>4. <i>TR 95/27</i>.</li> </ol>
<b>Scholarship funds</b>	<ol style="list-style-type: none"> <li>1. Division 30 of the <i>ITAA97</i>;</li> <li>2. Subdivision 382-B of Schedule 1 of the <i>TAA</i>; and</li> <li>3. <i>TR 95/27</i>.</li> </ol>
<b>Public libraries</b>	<ol style="list-style-type: none"> <li>1. Division 30 of the <i>ITAA97</i>;</li> <li>2. Subdivision 382-B of Schedule 1 of the <i>TAA</i>;</li> <li>3. <i>Taxation Ruling 2000/10 – Income tax: public libraries, public museums and public art galleries</i>; and</li> <li>4. <i>TR 95/27</i>.</li> </ol>