



Types of charities

Detailed information about types of charities.

Rules and tests for charity tax concessions endorsement



You need to meet certain requirements to be eligible for endorsement for charity tax concessions.

Is your not-for-profit a charity?



This document outlines the characteristics of a charity and explains who determines whether an organisation is a charity. Tax concessions and endorsement requirements for charities are also discussed.

Tax concessions for ACNC registered religious institutions



What a registered religious institution is and the requirements to access tax exemptions and concessions.

Public Benevolent Institution



This document outlines the characteristics of a public benevolent institution (PBI) and explains who determines whether an organisation is a PBI. Tax concessions and endorsement requirements for PBIs are also discussed.

Health Promotion Charity



This document outlines the characteristics of a health promotion charity (HPC) and explains who determines whether an organisation is an HPC. Tax concessions and endorsement requirements for HPCs are also discussed.

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Rules and tests for charity tax concessions endorsement

You need to meet certain requirements to be eligible for endorsement for charity tax concessions.

19 June 2017

Income tax exemption

To be endorsed as income tax exempt, your charity must meet certain requirements.

Your charity is entitled to be endorsed for income tax exemption if it:

- meets **at least one** of three tests
 - [In Australia test](#)
 - [Deductible gift recipient test](#)
 - [Prescribed by law test](#)
- meets **both** of the following conditions
 - [Governing rules condition](#)
 - [Income and assets condition.](#)

In Australia test

Your registered charity will meet this test if it meets both of the following requirements:

- It has a physical presence in Australia.
- It incurs its expenditure and pursues its objectives principally in Australia.

Physical presence

A registered charity has a physical presence in Australia if it is wholly in Australia, or it has a division, branch or sub-division in Australia.

It does not have a physical presence in Australia if it is present in Australia only through an agent, or it merely owns investment property in Australia.

Objectives and expenditure principally in Australia

If a registered charity has a physical presence in Australia only, it must pursue its objectives and incur its expenditure principally in Australia.

'Principally' means mainly or chiefly – less than 50% of expenditure is not principally.

The pursuit of objectives in Australia can include things done offshore if they are only a means of pursuing those objectives.

For example, sending employees to an offshore conference to aid their efficiency for the Australian objectives will be pursuing objectives in Australia.

Example – physical presence test met

An association is a registered religious charity. It is physically present only in Australia, but it also sends materials to missionaries overseas. As long as these activities and expenditure are not major, it will meet the physical presence test.

If your registered charity has a physical presence in Australia as well as another country, it is necessary to work out the extent to which it is physically present in Australia. Then it is only to that extent that the purposes and expenditure must be principally in Australia.

This means a registered charity that, when viewed as a whole, does not principally have its purposes and expenditure in Australia can still meet the physical presence test.

Example 1 – physical presence test met

A society is a registered medical charity. It operates two clinics, one in Australia and one in Papua New Guinea. Each clinic operates separately, with general administration being done in Papua New Guinea. If the Australian activities and expenditure are mainly for the Australian clinic, it will meet the physical presence test.

Example 2 – physical presence test not met

VBW Welfare is a registered charity running support programs through four centres, one in Australia and three in Malaysia. All funding comes from Australia and a similar amount is spent on each centre. To the extent VBW Welfare has a physical presence in Australia, it is not principally pursuing its objectives and incurring its expenditure in Australia. It could only meet the physical presence test through the distribution of disregarded amounts.

Disregarded amounts

A charity may still meet the in Australia test even if it does not pursue its purposes and incur its expenditure principally in Australia if it has a presence in Australia. This will depend on its distribution of disregarded amounts.

Disregarded amounts are amounts that your registered charity receives as:

- gifts, including testamentary gifts (that is, gifts made under a will)
- proceeds from raffles, dinners, charity auctions, jumble sales and similar fundraising activities
- government grants.

Distributions of these amounts are disregarded when working out where your registered charity pursues its objectives and incurs its expenses.

Example 1 – disregarded amounts: impact on physical presence test

A corporation provides religious instruction in Australia and New Zealand. The amounts it uses for the New Zealand teaching are never more than the disregarded amounts. Because the disregarded amounts are assumed to pay for the New Zealand activities, the corporation can still meet the physical presence test.

Example 2 – disregarded amounts: impact on physical presence test

Continuing the earlier example of VBN Welfare that runs support programs in Australia and Malaysia. If its disregarded amounts cover funding of the Malaysian programs, it could meet the physical presence test. This is because the disregarded amounts are assumed to be the first spent offshore.

Deductible gift recipient test

Your registered charity will meet this test if it either:

- has been endorsed as a deductible gift recipient (DGR) in its own right and not merely for a fund, authority or institution it operates
- is listed by name in the tax law as a deductible gift recipient.

If a registered charity is a DGR, it still needs to apply for endorsement to access income tax exemption.

If a registered charity is endorsed as a DGR only for a fund or institution it operates, it does not meet the DGR test.

Example – DGR test not met

A charitable school is endorsed as a DGR for a school building fund it operates and deductible gifts can be made to its building fund. The school would not meet the DGR test because it is a DGR only for the operation of its building fund.

Prescribed by law test

Your registered charity will meet this test if it is prescribed by name in the income tax regulations, and one of the following applies:

- It is located outside Australia and is exempt from income tax in its country of residence.
- It has a physical presence in Australia but incurs its expenditure and pursues its objectives principally outside Australia.

Governing rules condition

Your registered charity will meet this condition if it complies with all the substantive requirements in your governing rules, being those rules that authorise the policy, actions and affairs of your registered charity.

Breaches of procedural requirements set out in the governing rules will not prevent a registered charity from meeting this condition for income tax exemption.

If your registered charity is new, it will meet this condition if it intends to comply with all the requirements in its governing rules.

If your registered charity does not meet this condition **it is not entitled to be endorsed for income tax exemption.**

Income and assets condition



Your registered charity will meet this condition if it applies its income and assets solely for the purpose or purposes for which it is established.

If your registered charity is new, it will meet this condition if it intends to apply its income and assets solely for the purpose for which it is established.

If your registered charity does not meet this condition **it is not entitled to be endorsed for income tax exemption.**

Table 1 summarises the requirements charities must meet to be endorsed as income tax exempt

Check	Question	Yes	No
1	Does your charity have an ABN?	Go to 2	Your charity must have an ABN. See Australian

			Business Number.
2	Is your charity registered with the ACNC? See Registered charity  .	Go to 3	Your charity must be registered with the ACNC  .
3	Does your registered charity have a physical presence in Australia and to that extent incur its expenditure and pursue its objectives principally in Australia? See In Australia test .	Go to 4	Go to 6
4	Does your registered charity comply with all the substantive requirements in its governing rules? See Governing rules condition .	Go to 5	Your charity is NOT entitled to be endorsed.
5	Does your registered charity apply its income and assets solely for the purpose for which it is established? See Income and assets condition .	Your charity is entitled to be endorsed.	Your charity is NOT entitled to be endorsed.
6	Is your registered charity a deductible gift recipient? See Deductible gift recipient test .	Go to 4	Go to 7

7	<p>Is your registered charity prescribed by name in the income tax regulations, and meets one of the following:</p> <p>Is it located outside Australia and exempt from tax in its country of residence?</p> <p>Does it have a physical presence in Australia but incur its expenditure and pursue its objectives principally outside Australia?</p> <p>See Prescribed by law test.</p>	Go to 4	Your charity is NOT entitled to be endorsed.
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GST charity concessions

To be endorsed to access GST charity concessions your charity must:

- have an ABN
- be a registered with the ACNC.

No additional tests are required to be passed for this endorsement.

See also:

- GST concessions

FBT concessions

FBT charity concession are the FBT rebate for registered charities that are institutions, and the FBT exemption for PBIs and HPCs.

- [FBT rebate](#)
- [FBT exemption](#)

FBT rebate

The FBT rebate is only available to registered charities endorsed to access income tax exemption.

However, the FBT rebate is **not** available to:

- Registered charities that are **not institutions**
- Registered charities that are institutions of the Australian Government, a state or a territory (examples are public universities, public museums and public art galleries).
- Registered public benevolent institutions and registered health promotion charities – these organisations may be eligible for the [FBT exemption](#).

Institutions

An institution can include an organisation established by:

- will or instrument of trust, or
- its legal structure might be an incorporated association or instrument of trust or a corporation.
- Incorporation is not enough, on its own, to show a registered charity is an institution: its activities are also relevant.

An institution is **not**:

- a structure with a small and exclusive membership that is controlled and operated by family members and friends and carries out limited activities
- a fund.

A registered charity that is an institution will carry out activities to further its charitable purpose, while a registered charity that is a fund is established under an instrument of trust or a will to mainly manage or hold trust property.

However, if the trustee mainly carries out activities (rather than mainly managing or distributing trust property), the fund will be treated as an institution.

FBT exemption

The FBT exemption is only available to registered public benevolent institutions or registered health promotion charities that are endorsed to access the FBT exemption.

Public and NFP hospitals and public ambulance services are eligible for FBT exemption and do not need to be endorsed to access the FBT exemption.

However, if a hospital is controlled by an NFP society or association that is a charity, that NFP society or association must be a registered charity and endorsed for the FBT rebate to claim the FBT exemption.

See also:

- FBT concessions

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Is your not-for-profit a charity?

This document outlines the characteristics of a charity and explains who determines whether an organisation is a charity. Tax concessions and endorsement requirements for charities are also discussed.

12 October 2016

To be a charity, your organisation must:

- be not-for-profit
- have a charitable purpose
- be for the public benefit (other than where the charitable purpose is the relief of poverty).

Examples of charities include:

- religious groups
- not-for-profit aged care homes
- homeless shelters
- disability service organisations

- universities and colleges
- animal welfare societies
- artistic or cultural groups.

See also:

- ACNC registration process at [acnc.gov.au](https://www.acnc.gov.au) 

Who determines charitable status?

The Australian Charities and Not-for-profits Commission (ACNC) registers organisations as charities. Registration as a charity is voluntary. However, your organisation must be registered with the ACNC to access any charity tax concessions.

If your organisation was endorsed by us as a charity before 3 December 2012, your organisation is automatically registered with the ACNC and you do not have to re-register.

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Tax concessions for ACNC registered religious institutions

What a registered religious institution is and the requirements to access tax exemptions and concessions.

2 August 2023

Registered religious institutions may be entitled to the following tax concessions:

- income tax exemption
- fringe benefits tax (FBT) concessions
- goods and services tax (GST) concessions.

If your organisation is a registered religious institution, this will help you to determine the requirements for accessing tax concessions.

What is a registered religious institution?

Your organisation is a registered religious institution if it's:

- a registered charity with the Australian Charities and Not-for-profits Commission (ACNC)
- registered with the ACNC for the charity subtype 'advancing religion'
- an [institution](#)

It does not matter if an organisation is registered with more than one charity subtype, provided one of its charity subtypes is 'advancing religion'.


See Taxation Ruling TR 2019/3 *Fringe benefits tax: benefits provided to religious practitioners* for more information on what is considered a religious institution.

What is a registered charity?



A registered charity is an entity registered with the ACNC as a charity.

The ACNC is responsible for determining charity status for all federal tax purposes. Registration with the ACNC is voluntary. However, ACNC registration is now a prerequisite for charities to access charity tax concessions.

Next steps

- To apply for registration with the ACNC, go to acnc.gov.au 
- To find out how to register with the ACNC, see [Steps to access tax concessions](#)

See also

- [Fact sheet: Who can register with the ACNC?](#)  for the meaning of 'charity'
- [ACNC Topic Guide: Religious charities](#)  for more about religious charities registered with the ACNC.

What is an institution?

An institution can have different legal forms. It may be a trust established by will or instrument of trust. It may have the legal

structure of an unincorporated association or a corporation.

However, incorporation is not enough on its own for an organisation to be an institution. Its activities, size, permanence and recognition will be relevant.

An institution is **not**:

- a fund – for example, a trust merely to manage or hold trust property to make distributions to other entities or people
- a structure with a small and exclusive membership that is controlled and operated by family members and friends and carries out limited activities.

Example: Not an institution

A corporation is set up and controlled by the small and exclusive membership of a family. Its object is to spread the gospel. The only activities are holding assets and arranging for the father of the family to speak at churches on some Sundays.

The corporation is not an institution.

Types of tax concessions available

There is a range of tax concessions that religious institutions can access.

Table 1: Requirements to access tax concessions

Tax concession	Requirement
Income tax exemption	Must be a registered charity and endorsed by us
FBT concessions	Must be a registered charity and endorsed by us
FBT exempt car parking for employees	Must be a registered charity Endorsement by us is not required

<p><u>FBT exempt benefits</u> for:</p> <ul style="list-style-type: none"> • religious practitioners • live-in residential carers • domestic employees 	<p>Must be a <u>registered religious institution</u></p> <p>Endorsement by us is not required</p>
<p><u>GST charity concessions:</u></p> <ul style="list-style-type: none"> • GST religious groups • non-profit sub-entities for branches • donated second-hand goods • raffles and bingo • fundraising events • non-commercial activities • accounting on a cash basis • reimbursement of volunteer expenses • retirement villages 	<p>Must be a <u>registered charity</u> and endorsed by us</p>
<p><u>GST-free supply of religious services</u></p>	<p>Must be a <u>registered religious institution</u></p> <p>Endorsement by us is not required</p>
<p><u>GST not-profit concessions:</u></p> <ul style="list-style-type: none"> • gifts • GST registration threshold 	<p>Can self-assess its entitlement to these concessions</p> <p>Endorsement by us is not required to access these concessions</p>

Income tax exemption

Being exempt from income tax means your organisation does not need to lodge an income tax return (unless specifically asked to) or pay income tax.

To access income tax exemption, a registered religious institution must be a registered charity **and** endorsed by us as exempt from income tax.

A registered charity is entitled to be endorsed by us for income tax exemption if it:

- has an Australian business number (ABN)
- meets at least one of the following three tests
 - in Australia test
 - deductible gift recipient test
 - prescribed by law test
- meets both of the following conditions
 - governing rules condition
 - income and assets condition.

Next steps

- [Steps to access tax concessions](#)

See also

- Income tax exemption

FBT concessions

FBT rebate

If you are eligible for the FBT rebate you will receive a refund equal to 47% of the gross FBT payable up to a cap of \$30,000.

To access the FBT rebate, an organisation must be a registered charity **and** endorsed as a registered charity by us.

Next steps

- [Steps to access tax concessions](#)

FBT exempt car parking

Certain organisations that are employers are exempt from FBT for car parking fringe benefits and car parking expense payment benefits provided to their employees.

Generally, a car parking fringe benefit may arise for each day an employer provides a car parking space to an employee.

Also, a car parking expense payment benefit occurs when an employer reimburses or pays for an employee's car parking costs.

To access these FBT exempt car parking benefits, an organisation must be a registered charity but it is **not** required to be endorsed as a registered charity by us.

Next steps

- [Steps to access tax concessions](#)

FBT exempt benefits

To access the following FBT exempt benefits, a registered religious institution is **not** required to be endorsed as a registered charity by us.

Religious practitioners

Subject to certain requirements, benefits provided by registered religious institutions to religious practitioners or their spouse or children are FBT exempt if they are mainly for the practitioner's pastoral duties, or other duties related to the practice, study, teaching or propagation of religious beliefs.

Live-in residential carers

If a registered religious institution's activities include caring for elderly or disadvantaged people, then certain benefits it provides to employees are FBT exempt.

The exemption is for live-in carers who reside with the elderly or disadvantaged person in residential accommodation your institution provides. The benefits that may be exempt include the employee's live-in accommodation, residential fuel, meals or other food and drink.

Domestic employees

Benefits that registered religious institutions provide to live-in and non-live-in domestic employees are FBT exempt in certain circumstances.

For a live-in employee, their duties must involve mainly domestic or personal services for religious practitioners and the practitioner's relatives who reside with them. The benefits that may be exempt include the employee's live-in accommodation, residential fuel (any form of fuel, including electricity, used for domestic purposes), meals or other food and drink.

For a non-live-in employee, their duties must also mainly involve domestic services for religious practitioners and the practitioner's relatives who reside with them. The exempt benefits are limited to food and drink consumed by the employee at the place of residence while carrying out employment-related duties.

Next steps

- [Steps to access tax concessions](#)

See also

- Non-profit organisations and FBT
- What is a car parking fringe benefit?
- Section 20.5 'Religious and non-profit organisation exemptions' in *Fringe benefits tax exempt benefits*
- Taxation Ruling TR 2019/3 *Fringe benefits tax: benefits provided to religious practitioners*

GST concessions

These concessions, unless specified, do not require GST registration. However, to claim GST credits, a registered religious institution must be registered for GST and, where required, endorsed as a charity by us to access either:

- GST charity concessions
- income tax exemption.

A registered religious institution can **register for GST** if it is carrying on an enterprise.

GST charity concessions

A registered religious institution that is endorsed as a charity by us can access GST charity concessions.

Next steps

- [Steps to access tax concessions](#)

See also

- GST religious groups
- Non-profit sub-entities for branches
- Donated second-hand goods
- Raffles and bingo
- Fundraising events
- Non-commercial activities
- Accounting on a cash basis
- Reimbursing volunteer expenses
- Retirement villages

GST-free supply of religious services

Some goods and services are not subject to GST and do not include GST in their price. These goods and services are referred to as GST-free supplies. If a GST-registered organisation provides a GST-free supply, they are entitled to credits for the GST included in the price of its 'inputs' (the goods or services used to make the GST-free supply).

A religious service is a service supplied by an ACNC- registered religious institution and is integral to the practice of that religion.

Examples of a religious service include:

- worship
- Sunday school
- a wedding, funeral or baptism service
- religious retreats
- bible study groups.

To access this concession, a registered religious institution is **not** required to be endorsed as a charity by us.

Next steps

- [Steps to access tax concessions](#)

GST non-profit concessions

A registered religious institution, as a non-profit organisation, can self-assess its entitlement to access:

- the GST non-profit concessions for gifts
- the GST registration threshold

The registered religious institution does not need to be endorsed as a charity by us to access these concessions.

A non-profit organisation must register for GST if its annual turnover is \$150,000 or more. If its turnover is less, it can register if it chooses.

See also

- GST concessions

Steps to access tax concessions

The steps that a registered religious institution needs to take to access tax concessions are detailed in the table below.

Use this table to check if you need the following to access these concessions:



- ABN registration
- [ACNC registration](#) 
- ATO endorsement

Table 2: Steps to access tax concessions

Tax concession	ABN registration	ACNC registration	ATO endorsement
Income tax exemption	Yes	Yes	Yes
Fringe benefits tax (FBT) rebate	Yes	Yes	Yes
FBT exempt car parking for employees	Yes	Yes	No

FBT exempt benefits for: <ul style="list-style-type: none"> • religious practitioners • live-in residential carers • domestic employees 	Yes	Yes	No
GST-free supply of religious services	Yes	Yes	No
GST charity concessions: <ul style="list-style-type: none"> • GST religious groups • non-profit sub-entities for branches • donated second-hand goods • raffles and bingo • fundraising events • non-commercial activities • accounting on a cash basis • reimbursement of volunteer expenses • retirement villages 	Yes	Yes	Yes

Next steps

- ABN registration
- [ACNC registration](#) 
- Application for endorsement as a tax concession charity

Where to go for help

If you cannot work out if your organisation is entitled to:

- register with the ACNC, phone the ACNC on **13 22 62** between 9.00am and 5.00pm AEST Monday to Friday
- tax concessions and endorsement, phone us on **1300 130 248** between 8.00am and 6.00pm Monday to Friday.

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Public Benevolent Institution

This document outlines the characteristics of a public benevolent institution (PBI) and explains who determines whether an organisation is a PBI. Tax concessions and endorsement requirements for PBIs are also discussed.

12 October 2016

A public benevolent institution (PBI) is a charity whose main purpose is to relieve poverty, sickness, suffering or disability.

Examples of PBIs include:

- disability support services
- some not-for-profit homes for the aged
- housing bodies that provide low rental or subsidised accommodation to underprivileged persons affected by poverty, sickness or disability.

See also:

- ACNC registration process at [acnc.gov.au](https://www.acnc.gov.au) 

Who determines PBI status?

The Australian Charities and Not-for-profits Commission (ACNC) is responsible for determining PBI status. The ACNC registers organisations as charities, including particular types of charities such as PBIs.

The ATO accepts that an organisation is a PBI if it is registered by the ACNC as a PBI.

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Health Promotion Charity

This document outlines the characteristics of a health promotion charity (HPC) and explains who determines whether an organisation is an HPC. Tax concessions and endorsement requirements for HPCs are also discussed.

12 October 2016

A health promotion charity (HPC) is a charity whose principal activity is promoting the prevention or control of human diseases.

Examples of HPCs include:

- some community health care providers
- medical research organisations
- organisations that seek to prevent human diseases by raising public awareness of such diseases.

See also:

- ACNC registration process at [acnc.gov.au](https://www.acnc.gov.au) 

Who determines HPC status?

The Australian Charities and Not-for-profits Commission (ACNC) is responsible for determining HPC status.

The ACNC registers organisations as charities, including particular types of charities such as HPCs.

We accept that an organisation is an HPC if it is registered by the ACNC as an HPC.

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Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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