

# Claimable Expense: Gifts and Donations

## Claiming a Deduction for Your Gifts and Donations



You can claim a deduction for your gifts or donations if they meet the following requirements:

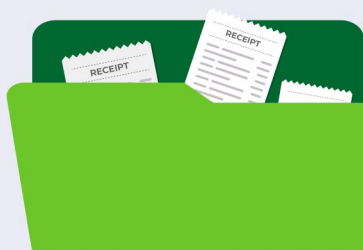
- ✓ The recipient of the donation is a recognised deductible gift recipient (DGR).
- ✓ The donation should truly embody what a gift is about. That means it is a voluntary transfer of property or money. The donor should not gain anything out of it, whether as a material benefit or any other advantage.
- ✓ The gift should only be in two specific classifications: money or property. Therefore, it can be your shares and other financial assets.
- ✓ The donation should be recorded, such as through a receipt.

## Essential Terminologies to Understand

Before you lodge a claim, it is important to know certain terms, especially:

- ✓ Contribution, which is the material benefit that you gain after donating a specific DGR
- ✓ Deductible Gift Recipient (DGR), which pertains to an organisation or fund recognised by law to receive tax-deductible gifts

It should be noted that giving to charities is not the same as donating to DGRs. Some charities are not DGRs, including several crowdfunding campaigns. Make sure that the organisation you give to is an endorsed DGR, which only the Australian Business Register can proclaim.



## Donation Documentation

As with any claims, you should always have records to prove that you have given gifts to DGRs. These organisations will typically hand you a receipt whenever you donate. Check that the record comes with the following:

- ✓ The Australian Business Number (ABN) of the DGR
- ✓ Name of the institution, group, or authority that received the gift
- ✓ A proclamation that the receipt is given for a donation or gift

If the receipt does not contain the DGR's ABN, it may still be accepted when lodging your claim.

Some DGRs are registered by their name and not their business number.

Some instances, however, may result in the non-issuance of the receipt for you. That is because these organisations are not required to do so. If you did not receive a receipt, you could still claim a deduction by providing a copy of your bank statement.

Another form of evidence is a payment summary or written document from your employer. It is often used when you give through a regular workplace-giving program.

## Bucket Collections

- ✓ When giving to bucket collections, such as those created for victims of floods, bushfires, or any natural disaster, you can claim a deduction.

Remember that the bucket should be by an approved DGR organisation. One or more donations of at least \$2 entitle you to up to \$10 of tax deduction.

You do not need a receipt to make a claim.



## Guidelines on Claiming a Deduction

Claims can only be made for donations of at least \$2. All gifts should come with a receipt. Other rules include:

- ✓ You have donated shares or property.
- ✓ Heritage and Cultural gift program donations may also be deductible.

Items used to promote a DGR are often claimable, which include stickers and wristbands.

Meanwhile, gifts and donations that cannot be claimed are the costs or money used to:

- ✗ Buy raffle or art union tickets
- ✗ Buy fundraising items with an advertised price, such as chocolates, caps, toys, and mugs
- ✗ Attend fundraising dinners, even if your presence exceeds the dinner value
- ✗ Pay school programs to prevent increased school fees
- ✗ Donate to families and friends
- ✗ Participate in a salary sacrifice arrangement
- ✗ Donate under a will



You may be able to claim a deduction for a political party, member, or candidate if these groups are DGR-registered. Again, your donation should be at least \$2 and in the form of money or property.

If it is a property, it should be purchased 12 months prior to the donation. Subscriptions or memberships to a political property should be performed 12 months before the donation, as well. All donations should be made as an individual and not as a business or a transaction.

The maximum amount that you can claim for contributions to political parties and independent candidates is \$1,500 in an income year. A written record of the donation is required to claim a deduction.