



# VIETNAM VETERANS ASSOCIATION OF AUSTRALIA VICTORIAN BRANCH (INCORPORATED)

## ADMINISTRATION INSTRUCTION NUMBER 27

### VVAA (VIC) CHARITY STATUS AND TAX IMPLICATIONS

#### Introduction

1. The purpose of this AI is to advise of the relevant details regarding the charity status of the State Branch and Sub-Branches and also the applicable tax implications.

#### Detail

##### Victorian State Branch and Sub-Branches

2. The Victorian Branch of the Vietnam Veterans Association of Australia is a welfare organisation recognized as a registered charity.
3. Tax laws related to the "Goods and Services Tax" involve requirements and conditions that must be met to retain the benefits of a registered charity. Tax payments must be made unless specific exemptions are obtained.
4. The Victorian State Branch is registered under the Associations Incorporation Act 1981 and has been assigned an ABN.
5. Donations of \$2.00 and over paid to a State or Sub-Branch Welfare Patriotic Fund are tax deductible. The State Treasurer has appropriate receipt books available which will be provided on request.
6. All tax exemptions and benefits of the State Branch being a registered charity flow over to affiliated Sub-Branches

##### Other Relevant Information

7. Australian Business Number – the VVAA Victorian Branch, which includes all affiliated Sub-Branches, has been assigned ABN 34 750 672 219.
8. Charity Status – the VVAA Victorian Branch has been endorsed as a Charitable Institution.
9. Deductible Gift Recipient Status – the VVAA Victorian Branch has been endorsed as a deductible gift recipient with an effective date of 1<sup>st</sup> July 2000.
10. Income Tax Exemption – The VVAA Victorian Branch has been given income tax exempt charity status. As a consequence, all welfare fundraising activities for the Association are tax exempt.
11. VVAA Subscription – are tax free.

12. VVAA is a GST Free Service – because the VVAA provides service free of charge, these services are provided GST free.
13. Sales Tax (now GST) – The previous tax system allowed for sales tax exemption for charitable institutions that included the VVAA. The new tax system unfortunately does not allow tax exemptions when making a purchase. Therefore the VVAA as an end user cannot claim GST paid. As such, there is no reason for the VVAA to be registered for GST.
14. Government Grants – the following questions are generally asked on Government Grant forms provides an understanding of the effect of GST on Government Grants:

Is the Applicant (VVAA) an endorsed charity Yes

Is the Applicant (VVAA) registered for GST No

Notes:

1. The effect of the GST is overcome by the 10% gross up figure.
2. Grants will be paid to the State Welfare Patriotic Fund Account and transferred to the appropriate Sub-Branch Welfare Patriotic Fund Account.
3. The 48.5% withholding tax will not apply.

**Conclusion**

15. Whilst the State and as such Sub-Branchees have a charity status, care must be taken to ensure that nothing is done to jeopardise that status.