



# **VIETNAM VETERANS ASSOCIATION OF AUSTRALIA SOUTH AUSTRALIA BRANCH INCORPORATED**

## **Administrative Instruction 21/2011**

### **VVAA CHARITY STATUS AND TAX IMPLICATIONS**

#### **Introduction**

1. VVAA South Australia is a welfare organisation recognised as a registered charity. 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 have to be made unless specific exemptions are obtained.
2. The aim of this Instruction is to explain the various tax requirements of a registered charity and exemptions obtained for the VVAA South Australia Branch.

#### **Detail**

3. Under the 'Associations Incorporation Act 1981' all sub-branches are part of the VVAA South Australia State Branch and therefore have the Australian Business Number ABN 13 260 169 156.
4. All tax exemptions and benefits of being a registered charity flow onto VVAA sub-branches because of the link to the Australian Business Number (ABN).
5. Donations over \$2 to VVAA welfare patriotic funds are tax deductible. The State Office Manager has appropriate receipt books available which will be provided on request.
6. Enclosed is a detailed list of the different tax requirements with appropriate explanations.

#### **Authority**

State Council meeting 20<sup>th</sup> Feb. 2011

**Australian Business Number**

The VVAA South Australia Branch [which includes all sub-branches] has been assigned ABN 13 260 169 156

**Charity Status**

The VVAA South Australia Branch has been endorsed as a Charitable Institution

**Deductible Gift Recipient Status**

The VVAA South Australia Branch has been endorsed as a deductible gift recipient with an effect date of ?

**Income Tax Exemption**

The VVAA South Australia Branch has been given income tax exempt charity status; so consequently, all welfare fundraising for the Association is GST exempt.

**VVAA Subscriptions**

All membership fees are GST free.

**VVAA is a GST Free Service**

Because the VVAA provides all welfare services free of charge these services are provided GST free

**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: consequently there is no reason for the VVAA to be GST registered.

**Government Grants**

To understand the effect of GST on Government grants, follow the attached flow chart by answering the questions as advised

Is the applicant (VVAA) an endorsed charity?                      Answer              YES

Is the applicant (VVAA) registered for GST?                      Answer              No

Note: The effect of GST is overcome by the 10% gross up figure

Note: Grants will be paid to the State Welfare Patriotic Fund Account and transferred to the appropriate sub-branch.

Note: The 48.5% withholding tax will not apply.