



PARLIAMENT OF AUSTRALIA
HOUSE OF REPRESENTATIVES

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Need to review Church/Charity business activities' status

Independent Member for New England, Tony Windsor has supported calls for an inquiry into the taxation arrangements currently in place for churches, charities and not-for-profit groups where those organisations move into direct competition with the private sector.

Mr Windsor's comments come on the back of allegations made in the Senate last night by the South Australian Independent Senator Nick Xenophon in relation to the Church of Scientology and its tax status.

Mr Windsor says that the broader issue raised by Senator Xenophon of unfair advantage via preferred taxation levels needs to be reviewed.

"The grey area where allegations of unfair advantage to the operator of church, charity or non profit government sponsored organisations when in competition with commercial private sector business needs to be clarified.

"I first looked at this issue in 2002 when similar concerns were raised and I investigated legislative arrangements in the United Kingdom.

"In the UK the Charities Commission administers charities and taxation issues relating to those charities.

"The Commission refers to 'primary purpose trade' which it describes as a trade that is exercised in the course of the actual carrying out a primary purpose of the charity, or a trade in which the work in connection with the trade is mainly carried out by beneficiaries of the charity.

"The profits of a primary purpose trade are exempt from tax provided that the profits are applied solely to the purposes of the charity.

"If profits are made from other 'business' activities they are taxed and treated as a commercial entity thereby levelling the playing field.

"Australia's system needs to be reviewed and tightened appropriately to better reflect principles of competitive neutrality and fairness to private business operators who are subject to tax and other commercial fund raising requirements," Mr Windsor said.

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