



DOCUMENT NUMBER	DN001
TYPE	Procedures
SUBJECT	Donations Procedures
AUTHORISED BY	David C. Ray, Registrar
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1 Specific Grants & Donations

1.1 Legal entity for receipt of specific grants and donations

It is increasingly common that specific grants and donations are only provided to legal entities. Where this is the case, any agreement or memorandum of understanding associated with the specific grant or donation shall be made in the name of The Synod of the Diocese of the Northern Territory Incorporated and signed by the Bishop and/or the Registrar and registered by the Registrar.

1.2 Direct expenditure

The following may be treated as expenses to be offset against specific grants and donations:

- a) Direct third-party expenditure, being amounts clearly attributed to the purpose of the specific grant/donation (e.g. purchase of building materials for a building project);
- b) Costs of the use of Diocesan resources including but not limited to:
 - a. Kilometres travelled based on the casual rate as set out in the Administration Circular and amended from time to time;
 - b. Photocopying based on estimated number of pages (av. 2.5c/page);
 - c. Labour of persons paid by the Diocese based on the direct cost of staff fixed until this policy is updated as follows:
 - i. Bishop: \$75/hour
 - ii. Clergy: \$55/hour
 - iii. Laity: \$55/hour; and
 - d. Any other expenditure that can be indirectly applied by means of objective data (e.g. binding, laminating etc.).

For removal of doubt, *expenditure made for the sole or dominant purpose of a specific grant* shall be debited against the liability account. This does *not* include an allowance for administration charges (i.e. only costs attributable to the project should be charged).

1.3 Example of sole or dominant purpose

If there were a specific grant for the supervision of Indigenous church workers and a trip were *planned* for the sole or dominant purpose of that activity, the entire cost of the trip could be claimed against that particular specific grant, notwithstanding that another activity arose



during the course of that activity or that the planned activity did not eventuate due to no fault of those planning the trip.

1.4 Objects of specific grants and donations may override this policy

The Diocese will honour existing terms of specific grants and donations, where they differ from those in this policy.

1.5 Management of Specific Grants & Donations by means of Xero Projects

From 1st April 2022, the Diocesan Office will trial the implementation of managing specific grants and donations by means of Xero Projects (estimated cost \$500/annum). It is expected that this application, also available as an app for mobile phones, will enable more effective project planning and for staff hours to be tracked to a particular Project. Projects will track costs excluding GST and be internally invoiced to a Specific Grant code (“tracking category” used to carry grant liabilities in Xero).

1.6 Responsibility for Acquittal Reporting

Ordinarily, the Business Manager/Rector of the parish (whichever is applicable) will be responsible for standard financial acquittal reporting and commentary thereto, including acknowledgement of receipt of grants, donations and bequests. This may be varied by agreement.

1.7 Goods and Services Tax

General grants and donations are not subject to GST. Specific grants and donations are also not subject to GST *provided that the* use of those funds is only limited in terms of purpose. By contrast, specific grants and donations may be subject to GST if they are not unfettered; that is, for a donation or grant to retain its status as not being a taxable supply for GST purposes “there must be no obligations to do anything in recognition of the gift and no expectation on the part of the donor to receive anything in return for donation.” Accordingly, GST will be deducted from the gross amount of any grant which contains obligations to do anything in recognition of or in return for the specific grant or donation. An example of receiving something in return is advertising or acknowledgment of provision of the said grant or donation, which is akin to advertising.

2 Standard terms and conditions for receiving bequests

Using the Anglican Diocese of Melbourne’s model for receiving bequests, unrestricted or restricted forms of bequest may be received on the following suggested terms and conditions:

Unrestricted bequest



“I direct my Executor to pay an amount ofdollars (\$.....) to The Synod of the Diocese of the Northern Territory Incorporated of 2–4 Smith Street, Darwin, for the general purposes [equally] of The Anglican Diocese of the Northern Territory [and] [The Anglican parish of].”

Restricted bequest

“I direct my Executor to pay an amount of.....dollars (\$.....) (clear of all other deductions) to The Synod of the Diocese of the Northern Territory Incorporated (“the Trustee”) as an endowment [equally] of [The Anglican Diocese of the Northern Territory] [and] [The Anglican parish of] and I declare that

- a) the endowment is to be known as ‘TheBenefaction’
- b) the income is to be applied annually for the purpose of except that the Trustee:
 1. may accumulate a proportion of any year’s income calculated to preserve the real value of corpus having regard to the then national rate of inflation;
 2. may accumulate the income of a particular year if it considers the income is not required, and add it to the corpus; and
 3. if it considers that the purpose of the benefaction can no longer be achieved, may apply the corpus and income to some other purpose or purposes which in the opinion of the Trustee most nearly approximates the original purposes of the benefaction.”

3 Standard terms and conditions for receiving specific grants and donations

An agreement or memorandum of understanding (MOU) should be struck for all specific grants and donations. These agreements or MOUs should be on standardised terms to minimise complexity in managing multiple projects and may only be varied in accordance with this Policy. The standard terms and conditions for receiving specific grants and donations are as follows, based on a grant received by the Diocesan Office:

1. The Grant/Donation is to be treated with strict confidentiality unless otherwise indicated at point A of Schedule 1;
2. The Grant/Donation is provided for a specific purpose and subject to the obligations set out at item B of Schedule 1;
3. The Grant/Donation is expected to be provided to the bank account of the Diocese in the sum and on the date set out at item C of Schedule 1;
4. The Grant/Donation is expected to be expended in phases and by the End Date set out at item D of Schedule 1;
5. The Grant/Donation will be recognised as a liability in accordance with the timing of expenditure in accordance with Clause 4;
6. The Grant/Donation may be expended for the sole or dominant of fulfilling the purpose as set out in accordance with Clause 2 on direct expenditure paid to third-parties (including direct purchase of products and services) and costs of the use of Diocesan resources (including but not limited to travel allowances, Diocesan staff



- costs charged at standard hourly rates and other expenses which are able to be directly attributed to that purpose);
7. The Grant/Donation may be expended on administration costs, determined as an additional percentage of that expenditure referred to in Clause 6 as set out in item D of Schedule 1;
 8. If the Diocese has genuinely attempted to expend the grant/donation in accordance with Clause 4 yet the grant/donation has not been fully expended by the end of that term, the Diocese will be entitled to recognise the balance of the grant/donation unexpended as income unless otherwise indicated at item E of Schedule 1;
 9. The donor of the grant/donation warrants that these funds are provided from a source consistent with the External Conduct Standards of the Australian Charities and Not-for-profits Commission;
 10. The Diocese warrants that the grant/donation will be used in accordance with both the specific purpose and in accordance with the External Conduct Standards established by the Australian Charities and Not-for-profits Commission;
 11. The Grant/Donation is provided on the basis that the Diocese is not obliged to promote, recognise or perform any act in return for the benefit of the Donor unless otherwise stated at Item F of Schedule 1;
 12. The Diocese agrees to provide its standard acquittal reporting and commentary on the fulfilment of the specific purpose of the Grant/Donation to the donor within 28 days of the end of each calendar year unless otherwise set out in Item G of Schedule 1, as well as at the End Date of the Grant/Donation.

Schedule 1

Item	
Name and Contact Details of Donor	
A. Public name of Donor (leave blank if Grant/Donation to be confidential)	
B. Specific purpose and obligations associated with Grant/Donation	
C. Recipient of Grant/Donation	Bank Account Details: <ul style="list-style-type: none">• Account Name: The Synod of the Diocese of the Northern Territory Incorporated• Bank: Westpac Banking Corporation, 24 Smith Street, Darwin• BSB: 035302• Account No.: 322646 Expected Amount(s): \$



	Expected Date(s) of Receipt:
D. Administration costs allowed	10% of costs referred to in Clause 6
E. Phasing of Expenditure and End Date of Grant/Donation	Expected Timing and Amounts of Grant Donation: End Date of Grant/Donation:
F. Obligation to promote, recognise or perform act for the benefit of the Donor (note: such obligation causes GST to be levied)	
G. Alternate acquittal reporting cycle (if any)	

4 Taxation Treatment of Donations and Grants

General grants and donations are not subject to GST. However, specific grants and donations may be subject to GST if it is not unfettered; that is, for a donation or grant to retain its status as not being a taxable supply for GST purposes “there must be no obligations to do anything in recognition of the gift and no expectation on the part of the donor to receive anything in return for donation.”

<https://www.ato.gov.au/Business/GST/In-detail/GST-issues-registers/Charities-consultative-committee-resolved-issues-document/?page=20>

This issue arose upon receipt of the Czako grant from Heritage NT, wherein the grant was issued “excluding GST”. Condition 10 of the Grant states “you must prominently acknowledge the Northern Territory Government (using our logo, which we will provide) in all promotional and advertising material in connection with the Activity, and provide us with copies of that material on request.” This would appear to trigger the “sponsorship” provisions in the ATO’s guiding principle on Fundraising, Gifts and Donations for Charities:

Part 4 - Fundraising, gifts and donations

Issue 1: How will revenue-raising activities such as sponsorships (including 'in kind' sponsorships and 'contras'), gala events and membership fees be treated?

Non-interpretative – straight application of the law

Principle



There is a need to differentiate between the different types of revenue raising activities.

Sponsorships usually require the recipient to do something, for example, provide advertising. The provision of these rights is a taxable supply. The sponsor will generally be entitled to input tax credits where it has been made as part of carrying on their enterprise.

Membership fees and gala events are generally payments in return for services or rights and therefore will be subject to GST.

Other revenue raising events by a charity which is registered for GST and where the supplies are for nominal consideration or a supply of second hand goods will be GST-free. Raffles and bingo conducted by charities are GST-free. Most other supplies made by charities will be taxable. Charities will be able to claim input tax credits for acquisitions used to make taxable or GST-free supplies.

Last modified: 18 Nov 2013 QC 27139

<https://www.ato.gov.au/Business/GST/In-detail/GST-issues-registers/Charities-consultative-committee-resolved-issues-document/?page=19#Part 4> Fundraising gifts and donations

On this basis, the Diocese will ensure that it tracks what projects come with GST obligations in terms of revenue. However, it is standard procedure that the Diocese will only remit GST on grants and donations if the donor expects something in return other than an accounting for the payment of those funds (which is not a benefit but rather assurance of fulfilment of fiduciary duties); that is, if the donor expects advertising or some other benefit.

For completion when document supersedes and existing policy, procedure or protocol.

VERSION NUMBER OF THIS DOCUMENT	DATE OF PREVIOUS DOCUMENT	SUMMARY OF CHANGE	REASON FOR CHANGE
V2	17 th December 2020	Assurance that receipts are issued to donors/grant providers in a timely basis	
V3	23 rd November 2021	Application of DN002 Donations Policy	