



## DEDUCTIBLE GIFT RECIPIENCY FOR WA MEN'S SHEDS

### WHAT IS A DGR?

A deductible gift recipient (DGR) is an organisation or fund that registers to receive tax deductible gifts. When a donation is tax deductible, donors can deduct the amount of their donation from their taxable income when they lodge their tax return.

Not all charities are DGRs. Many men's sheds chose to register as charities but have not found it necessary to register as a DGR. This is because unless you are receiving donations there is no benefit and Men's Sheds of WA can auspice donations using its DGR status.

You can check if an organisation is registered on the ABN Lookup website:

<https://abr.business.gov.au/Tools/DgrListing>

### BENEFITS OF DGR STATUS

Organisations or agencies who are endorsed (approved) by the Australian Taxation Office (ATO) or named in tax law as 'Deductible Gift Recipients' (DGRs) may receive:

- tax deductible gifts, such as financial donations.
- tax deductible contributions, such as the purchase of a ticket to attend a fundraising event.
- some donor organisations and grant makers can only fund DGRs.

### CHANGES SINCE OCTOBER 2020

Since October 2020 Men's Sheds have been encouraged to focus their applications on the 'Community Shed' stream of DGR organisations.

"Community sheds (such as men's sheds and women's sheds) are not-for-profit organisations that provide a range of activities for their members with the purpose of advancing mental health and preventing or relieving social isolation."

### ELIGIBILITY CRITERIA

A community shed will need to meet all the following criteria to be eligible for DGR endorsement. It must:

1. have an active ABN
2. have the characteristics of a community shed
3. be in Australia
4. Registered as a charity with the Australian Charities and Not-for-profits Commission (ACNC)
5. have a DGR winding up and revocation clause in the Constitution or Rules.

A community shed is not required to have 'community' or 'shed' in its name to be eligible for DGR endorsement.

More information and examples around the 'Characteristics' of a community shed can be found on the ATO website <https://www.ato.gov.au/Non-profit/Getting-started/In-detail/Types-of-DGRs/Community-sheds/>



## COMMON ISSUES

The Men's Sheds in Western Australia have often used the State 'Model Rules' as the foundation of their governance. This has worked well and still does on the state level however to fit the 'characteristics' of a 'community shed' the rules of your association may need to be amended.

### Winding up clause

Some men's sheds have found that their Constitution or Rules do not have a winding up or revocation clause. This is a clause in your rules of association or constitution that outlines the proposed distribution of surplus property if the association dissolves. It is necessary to have that in place to be approved for DGR status.

### Membership process

A community shed must be open to the community to join and generally not impose criteria restricting membership based on matters such as age, ethnicity or background and rejecting an application for arbitrary reasons will not constitute open membership.

Membership may only be restricted in relation to gender or indigenous heritage or both. There are a small number of other exceptional reasons for restricting membership. For example:

1. age restrictions in your state or territory
2. capacity reached by the shed
3. failing a working with children check required by the premises.

The WA model rules contain clauses that describe how new members can join your organisation. These rules require new members to be nominated by a current member and approved by a committee. Nomination and approval rules will only meet open membership requirements where the nomination and approval process results in **all** new members being approved for membership without restriction or discrimination.

## SOLUTIONS TO THE MEMBERSHIP PROCESS ISSUES

To meet the open membership requirements, you must have a policy and process in place that clearly demonstrates all new members are nominated and approved without exception. This should be reflected in your governing rules. Or you may have a special resolution to change the rules of your association to remove the nomination and approval process.

Those rules need to be provided to the Department of Commerce in the Associations Portal at <https://associations.commerce.wa.gov.au/associations/public/publicHomePage.jspx>.