



Deductible Gift Recipient Funds Policy



1. Introduction

Melbourne Archdiocese Catholic Schools (**MACS**) is a company limited by guarantee established in 2021 by the Archbishop of the Catholic Archdiocese of Melbourne (**Archdiocese**) to assume the governance and operation of Catholic schools across the Archdiocese of Melbourne (**MACS schools**). MACS subsequently established Melbourne Archdiocese Catholic Specialist Schools Ltd (**MACSS**) to provide educational services to children with special needs and Melbourne Archdiocese Catholic Schools Early Years Education (**MACSEYE**) to provide early years care and education services.

The [Statement of Mission](#) in the MACS Constitution, and the constitutions of its subsidiaries, MACSS and MACSEYE, sets out the Archbishop's expectations of Catholic schooling in the Archdiocese and provides an important context and grounding for MACS and the direction which the MACS Board (**Board**) must always observe in the pursuit of MACS' objects.

The Board must ensure that all policies and procedures concerning the operations of MACS and its subsidiaries are consistent with the Statement of Mission and company objects, as well as any directions issued by the Archbishop from time to time.

Deductible gift recipient (**DGR**) school building funds, scholarship funds or public libraries may be established in MACS schools and MACS office in accordance with the requirements of Division 30 of the [Income Tax Assessment Act 1997](#) (Cth) (**ITAA97**).

2. Purpose

To ensure DGR school building funds, scholarship funds and public libraries (collectively referred to as **DGR Funds**) are created and operated by MACS in accordance with all legislative and regulatory requirements.

3. Scope

This policy applies to:

- the establishment, management and operation of DGR funds within MACS schools and MACS office. This includes all associated transactions and record-keeping relating to the establishment, management and operation of DGR Funds; and
- staff employed by MACS involved in the establishment, management and operation of DGR Funds.

4. Principles

- DGR Funds established by MACS are eligible for DGR endorsement (meaning donors to the fund can enjoy a tax deduction), provided such establishment follows MACS' Deductible Gift Recipient Funds Procedure.
- Once established, DGR Funds must comply with the relevant fund rules and certain regulatory requirements, the sources of which are set out in detail in the Schedule to this Policy.
- The assets of a DGR Fund established by MACS shall be applied exclusively towards the promotion of the fund's specified objects, as outlined in the corresponding DGR Fund's rules.

5. Policy

5.1. Types of DGR funds

MACS may establish and seek endorsement of any of the following DGR types:

- School Building Funds (which are public funds established and maintained solely for providing money for the acquisition, construction or maintenance of a building used, or to be used, as a school or college)¹;
- Scholarship Funds (which are public funds that are established and maintained solely for providing money for eligible scholarships, bursaries or prizes)²; and
- Public Libraries³.

5.2. Establishing a DGR fund

MACS schools that would like MACS to establish a DGR Fund should seek assistance from the Group Finance Team and must follow MACS' Deductible Gift Recipient Funds Procedure. Requests for assistance to establish a DGR Fund should be sent to Groupfinance@macs.vic.edu.au and must include a description of the type of DGR Fund to be established.

5.3. Compliance requirements for DGR funds

All DGR Funds must comply with the regulatory requirements for the relevant type of fund, along with the rules of the relevant fund. Further details of the regulatory requirements of each type of DGR Fund are set out in the Schedule to this Policy.

Ongoing DGR Fund compliance requirements include, but are not limited to:

- the income and property of a DGR Fund shall be applied exclusively towards the promotion of the fund's objects, as set out in the fund's rule document(s);
- no portion of a DGR Fund's capital or income may be allocated to transactions explicitly prohibited under the fund's rules;
- school and / or MACS office staff must manage DGR Fund account transactions wholly separate from school or general office finances; and
- a complete and accurate record of all receipts and expenditures relating to each DGR Fund must be maintained in accordance with section 382-15 of Schedule 1 of the *Taxation Administration Act 1953* (Cth) (*TAA*) (the requirements of which are set out in MACS' Deductible Gift Recipient Funds Procedure). The accounts of all DGR Funds must be audited as part of the audit of the accounts of MACS.

5.4. Termination of DGR Funds

The Management Committee of each DGR Fund may resolve to wind up or dissolve a DGR Fund if it determines that:

- it is impractical to continue the fund, or
- the fund has fully achieved its objectives, failed to achieve them, or achieved them to the maximum extent possible under the circumstances.

Where a DGR Fund is wound up, any surplus assets of that fund must be dealt with in accordance with MACS' Deductible Gift Recipient Funds Procedure and the rules of the relevant DGR Fund.

¹ See item 2.1.10 of section 30-25 of the *ITAA97*.

² See item 2.1.13 of section 30-25 of the *ITAA97* and section 30-37 of the *ITAA97*.

³ See item 12.1.2 of section 30-100 of the *ITAA97*.

5.5. Penalties for non-compliance

Where the operation of a DGR Fund is found to be non-compliant with the relevant regulatory requirements, the Australian Taxation Office may levy fines and/or penalties on MACS and/or those charged with governance of the DGR Fund. DGR status of the DGR Fund may also be revoked.

6. Roles and reporting responsibilities

Role	Responsibility	Reporting requirement
General Manager, Group Finance	Review and approve school DGR fund request, including fund rules and liaise with the Australian Taxation Office on DGR fund application on behalf of MACS schools. Oversight the reporting and audit of DGR funds across MACS. Regularly review the composition of the DGR funds' management committees.	Annual reports of the fund operations are to be prepared and audited.
DGR Fund's Management Committee	Monitor compliance requirements for DGR fund(s).	Minutes of any meetings of the Management Committee must be maintained.
MACS staff	Manage DGR fund account transactions, including by ensuring that such transactions are kept wholly separate from the school or office general finances.	Include all DGR Funds in the Annual Financial Statements of MACS.

7. Definitions

Definitions of standard terms used in this Policy can be found in the [Glossary of Terms](#), but are otherwise expanded upon and/or modified by the following:

Deductible gift recipient (DGR)

DGRs are entities / funds that are entitled to receive tax deductible Gifts.

Types of DGRs include school building funds, scholarship funds and public libraries.

The concept of a "DGR" is more specifically described in section 30-125 of the *ITAA97* (noting that MACS' DGR Funds are covered by subsection 30-125(2) of the *ITAA97*).

Gift

A voluntary transfer of a beneficial interest in property, where the transfer confers no material benefit or advantage to the donor and the donor does not expect anything in return. Gifts may be money, property (land or objects) or cultural items.

The concept of a "gift" is described in more detail in *Taxation Ruling TR 2005/13 – Income tax: tax deductible gifts – what is a gift*.

Responsible Person

This term takes a different meaning for the purpose of this policy to that found in the [Glossary of Terms](#).

In this policy, "Responsible Person" means a person who, at all times, meets the description set out in *Taxation Ruling 95/27 – Income tax: public funds (TR 95/27)*, as amended or replaced from time to time. As at the date of this policy, *TR 95/27* provides that a responsible person is a person who is considered to have "a degree of responsibility to the community as a whole. This could arise, for example, from a person's occupation or tenure of some public office, or a person's ... position in the community".

Examples of possible responsible persons include (but are not limited to) school principals, judges, religious practitioners, solicitors, doctors and other professional persons, mayors, councillors, town clerks, members of parliament and an individual before whom a statutory declaration may be made.

8. Related policies and documents

Supporting documents

Deductible Gift Recipient Funds Procedure

Further supporting documents and templates are available from MACS office Finance Team.

Related MACS policies

Bank, Loan, Receipting and Bank Accounts Policy

Resources

[ATO DGR school building fund guidelines](#)

[ATO DGR scholarship fund guidelines](#)

[ATO Public libraries guideline](#)

9. Legislation and standards

[Income Tax Assessment Act 1997 \(Cth\)](#)

[Taxation Administration Act 1953 \(Cth\)](#)

[Taxation Ruling 2013/2 – Income tax: school or college building funds](#)

[Taxation Ruling 2000/10 – Income tax: public libraries, public museums and public art galleries](#)

[Taxation Ruling 95/27 – Income tax: public funds](#)

[Taxation Ruling TR 2005/13 – Income tax: tax deductible gifts – what is a gift](#)

10. Policy information

Responsible executive	Director, Finance, Infrastructure and Digital
Policy owner	General Manager, Group Finance
Approving authority	Executive Director
Assigned board committee	Finance and Audit
Approval date	7 May 2025
Risk Rating	High
Review by	May 2029
Publication	CEVN, Gabriel
Supporting documents	See list of supporting documents and related policies above
Superseded documents	Deductible Gift Recipient Policy – v1.0 – 2022 Deductible Gift Recipient Policy – v2.0 – 2023 (rebranding only)

Schedule – DGR Fund Regulatory Requirements

Fund Type	Relevant Regulatory Requirements
School building funds	1. Division 30 of the <i>ITAA97</i>; 2. Subdivision 382-B of Schedule 1 of the <i>TAA</i>; 3. <i>Taxation Ruling 2013/2 – Income tax: school or college building funds</i>; and 4. <i>TR 95/27</i>.
Scholarship funds	1. Division 30 of the <i>ITAA97</i>; 2. Subdivision 382-B of Schedule 1 of the <i>TAA</i>; and 3. <i>TR 95/27</i>.
Public libraries	1. Division 30 of the <i>ITAA97</i>; 2. Subdivision 382-B of Schedule 1 of the <i>TAA</i>; 3. <i>Taxation Ruling 2000/10 – Income tax: public libraries, public museums and public art galleries</i>; and 4. <i>TR 95/27</i>.