

# Rating Exemptions and Remissions for Charitable Organisations Policy

## **PURPOSE:**

To set out the manner of rating certain properties owned by churches, charitable organisations and others.

## **SCOPE:**

This policy applies to all rates and charges levied under the Local Government Act 1993. It applies to organisations, not to individuals.

## **POLICY:**

### **Statutory Exemption**

Section 87 (d) of the Local Government Act 1993 provides exemption of the General Rate and Fire Levy for land or part of land **owned** and **occupied exclusively** for charitable purposes.

In determining if a ratepayer is eligible for an exemption the answer to each of the following questions must be yes:

#### 1. Is the ratepayer a charitable organisation?

##### *How to Assess*

- They must hold Australian Taxation Office certification that they are a charity with Deductible Gift Recipient (DGR) status.
- Examples of Charities that may be eligible include:
  - Religious institutions;
  - Aged persons homes;
  - Homeless hostels;
  - Organisations relieving the special needs of people with disabilities;
  - Non-profit child care services; and
  - Societies that promote the fine arts.
- Refer to the ATO Endorsed DGRs - Gift Pack for deductible gift recipients and donors. More information available on the ATO website [www.ato.gov.au](http://www.ato.gov.au), under non-profit organisations.
- What is not a charity?
  - An entity that is primarily for sporting, recreation or social purposes.
  - An entity that is primarily for political, lobbying or promotional purposes.
  - An entity that's purpose is illegal or against public policy.
  - An entity is carrying on a commercial enterprise to generate surpluses.
  - Government departments and instrumentalities carrying out the ordinary functions of government are unlikely to be charities.

AND

2. Is the ratepayer using the property exclusively for charitable purposes?

*How to Assess*

- The property cannot be used for non-charitable, commercial or for-profit activities in addition to charitable activities, unless part of the land can be separated by a tenancy and isolated exclusively for charitable use. (i.e. a church and a minister's house).
- Examples of charitable activities include:
  - Relief of poverty
  - Relief of needs of the aged
  - Relief of sickness or distress
  - The advancement of religion
  - The advancement of education
  - Provision of child care services on a non-profit basis; and
  - Other purposes beneficial to the community.
- Examples of non-charitable activities include:
  - Private halls or halls that are leased or hired out.
  - Residential properties and manses owned by Religious institutions even when occupied by a minister.
  - Commercial activities that support other charitable work.
- The DGR Endorsement Certificate from the ATO will specify the reason it was given. Assess if this meets the charity definitions. The Organisation should also have ATO endorsement for charitable tax exemption to support this.

AND

3. Is the charitable organisation the owner of the property?

- A lessee or tenant is not eligible for an exemption.

Properties which are eligible for an exemption from the General Rate and Fire Levy shall be liable for applicable service rates and charges.

**Discretionary Remission**

Organisations that are not eligible for an exemption under Section 87(d) of the Local Government Act 1993, may apply to Council for a rates remission.

The Council will provide a remission of the General Rate to those ratepayers that are:

- Charitable organisations that would otherwise be eligible for an exemption, except that they do not own the property that they occupy, where they are liable for the rates and charges.
- Religious institutions that own residential properties that are occupied solely by the church minister and his/her family.
- A combination of the above.

The Council may provide a remission (in full or in part) of the General Rate to those ratepayers where:

1. A charitable organisation would otherwise be eligible for an exemption, except that they conduct minor or incidental commercial activities, provided that the organisation is a

non-profit and all funds raised contribute to their charitable purpose (that has been endorsed by the ATO).

2. A charitable organisation leases (rents) properties (or tenancies within a property) for residential purposes to financially disadvantaged members of the community. In such cases the following tests shall apply:
  - i. Rentals are at a demonstrable discount to market rates, such as a rent similar to that applied by Housing Tasmania in respect of its own residential properties;
  - ii. There has been no up-front payments made by the occupier to secure the right to occupy the property; and
  - iii. No body corporate fees or similar are payable by the occupier; and
  - iv. The occupier does not have the lifetime tenancy or a lease period which effectively provides for lifetime tenancy.

No remission shall apply to a property owned by or subject to a lease or management agreement with the State Government.

Where the amount of the General Rate and Charge is less than \$1,000 the Director Corporate Services can make an interim determination. Where the amount is more than \$1,000 the percentage and amount of the remission will be determined by Council.

All remissions are reported annually to Council for ratification.

In determining the remission the factors considered would include whether the benefit from the organisations activities are within the municipality.

Benefits to the community would include activities such as health promotion, advancement of education, relief of poverty, relief of needs for the aged, relief of sickness or distress and the advancement of religion. This needs to be assessed in the context of what has already been assessed as charitable by the Australian Taxation Office.

For example where an organisation has charitable DGR endorsement from the Australian Taxation Office, is the ratepayer, occupies the property partially or fully for commercial activities to raise funds to support the activities endorsed by the ATO and those activities provide a benefit to the Launceston community (as opposed to activities focused towards other communities) then a remission would be granted.

Applications for a remission are to be made in writing. Eligibility for a remission will be reviewed annually.

Properties which receive a discretionary remission from the General Rate shall be liable for the Fire Levy and applicable service rates and charges.

If an organisation's charitable status changes or the purposes for which the property is used changes, it must notify Council.

Remissions processed under this policy will be taken to Council for endorsement on an annual basis.

**PRINCIPLES:**

Launceston City Council's Organisational Values apply to all activities.

**RELATED POLICIES & PROCEDURES:**

[Properties Management and Operation Diagram 23-HLPr-011](#)

[Rates and Charges Policy 23-Plx-010](#)

**RELATED LEGISLATION:**

Local Government Act 1993 - Part 9.

**REFERENCES:**

N/A

**DEFINITIONS:**

N/A

**REVIEW:**

This policy will be reviewed no more than 5 years after the date of approval.