

17 April 2026
ACNCSUB2026/3

Committee Secretary
Senate Economics Legislation Committee
Parliament House
Canberra ACT 2600
economics.sen@aph.gov.au

Dear Committee,

Submission to the Inquiry into the Treasury Laws Amendment (Delivering an Efficient and Trusted Tax System) Bill 2026

The Australian Charities and Not-for-profits Commission (ACNC) welcomes the opportunity to provide a submission to the Inquiry into the *Treasury Laws Amendment (Delivering an Efficient and Trusted Tax System) Bill 2026* (the Bill).

This submission focuses on Schedule 1 of the Bill, which amends the *Income Tax Assessment Act 1997* to allow donors to claim a tax deduction for donation to deductible gift recipients (DGRs) regardless of value, removing the current \$2 minimum threshold.

The ACNC supports this amendment. The following submission outlines the reasons why, and I trust will assist the Committee in its consideration of the Bill.

For the Committee's benefit, this submission provides information on:

- (a) the ACNC, Australia's charity sector, and the role of donations in supporting the sector
- (b) changing donor trends and the alignment of Schedule 1 with contemporary giving practices.

If you have any questions about this submission, please contact Nadine Clode, Assistant Commissioner – Operations and Engagement, via email to [REDACTED]

Sincerely,

[REDACTED]

Sue Woodward AM
Commissioner
Australian Charities and Not-for-profits Commission



About the ACNC and Australia's charity sector

1. The ACNC is the national regulator of charities established by the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act). The objects of the ACNC Act are to:
 - (a) maintain, support and enhance public trust and confidence in the Australian not-for-profit sector; and
 - (b) support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector; and
 - (c) promote the reduction of unnecessary regulatory obligations in the Australian not-for-profit sector.
2. Although the ACNC Act refers to the not-for-profit sector, the ACNC's regulatory remit (as set out in the ACNC Act and Regulations) is limited to charities.
3. The ACNC currently regulates more than 65,000 registered charities. These charities vary considerably in size, purpose and activities, and deliver services across almost every part of the economy, including education, health, environment, social services, defence, and the arts.
4. Registered charities employ around 10.7% of the Australian workforce,¹ engage 3.77 million volunteers,² and report revenue of \$222 billion in the 2023 reporting period.³
5. Charities play a vital role in Australian communities, building social cohesion, supporting vulnerable groups and complementing public services.
6. The ACNC registers eligible organisations as charities,⁴ while the Australian Tax Office (ATO) determines endorsement as a deductible gift recipient (DGR). Not all registered charities are eligible for DGR endorsement, and registration with the ACNC is required before a charity can be considered for DGR status (unless an entity is specifically listed in tax law).
7. Further information about the charity sector is published in the ACNC's annual Australian Charities Report,⁵ which draws on data submitted by charities through their Annual Information Statements and provides a detailed analysis of finance, workforce, volunteer, and operational trends.
8. The most recent (11th) edition was published in June 2025 and is based on information reported in more than 50,000 Annual Information Statements submitted for the 2023 reporting period.

¹ ACNC, *Australian Charities Report – 11th edition (2025)* 11, <[Australian Charities Report - 11th edition | ACNC](#)>

² Ibid, 19.

³ Ibid, 24-25.

⁴ ACNC, *Deductible Gift Recipients (DGR) and the ACNC*, <[Deductible gift recipients \(DGR\) and the ACNC | ACNC](#)>

⁵ ACNC, *Australian Charities Report – 11th edition (2025)*, <[Australian Charities Report - 11th edition | ACNC](#)>

The role of donations in supporting the charity sector

9. Donations are a vital source of revenue for Australia’s diverse charity sector and play an important role in supporting the delivery of charitable services and activities for the public benefit.
10. Data reported to the ACNC through Annual Information Statements indicates that donations contribute materially to charity revenue across a wide range of charity sizes and subsectors, although small charities (with annual revenue of less than \$500,000) have the heaviest reliance on donations.
11. In total, charities reported \$18.9 billion in donations in the 2023 reporting period—this figure includes the single largest donation ever reported of \$3.9 billion—so, excluding that ‘one-off’ donation, the total was \$14 billion.⁶ While this figure is substantial in raw terms, it represents a year-on-year increase since 2013 of just 0.4%.
12. Charities are also operating in an environment of increasing costs of delivering services as well as increasing demand for services. This includes demand driven from cost-of-living pressures⁷, often stretching organisational capacity and resulting in some charities having to turn away people seeking assistance.⁸
13. At the same time, charities report ongoing pressure on traditional government funding sources.
14. Only 35.5% of charities reported receiving government funding in the 2023 reporting period, down from 41.2% in the previous period,⁹ representing the lowest proportion of charities receiving government funding since 2019.¹⁰
15. Against this backdrop, the ability for charities to access and diversify income streams—including through donations of all values—has become increasingly important in maintaining service delivery and financial viability.

The significance of donations for small and extra small charities

16. While donations are an important source of income across the charity sector, ACNC data indicates they are particularly significant for small charities, which comprise 60.2% of all registered charities in Australia.¹¹
17. Small charities play a key role in social cohesion at the local level. They often rely on broad-based community support and typically have limited access to government funding, large

⁶ Ibid, 31.

⁷ WA today, *Cost crisis: Where your budget is about to be squeezed even harder* (31 March, 2026), <[Cost of living Australia: Rising household expenses and interest rates fuel recession fears](#)>.

⁸ Institute of Community Directors Australia, *Charity sector revenue hits record high as demand keeps growing* (4 June, 2025), <[Institute of Community Directors Australia | Charity sector revenue...](#)>.

⁹ ACNC, *Australian Charities Report – 11th edition* (2025) 34. <[Australian Charities Report - 11th edition | ACNC](#)>

¹⁰ Ibid, 29.

¹¹ ACNC, *Australian Charities Report – 11th edition* (2025) 12. <[Australian Charities Report - 11th edition | ACNC](#)>

philanthropic gifts, corporate partnerships or diversified funding sources. For these charities, donations may constitute a substantial proportion of total income.

18. For small charities, donations form then majority of their revenue (77.8% of small charity revenue comes from donations and bequests, compared with 14.3% for large charities).¹²
19. Consistent with broader donor trends, contemporary charitable giving increasingly includes low-value, high-frequency donations, facilitated by digital and cashless payment systems.¹³
20. In this context, low-value donations made regularly can have a meaningful cumulative impact on a charity's capacity to sustain operations and respond to community need, particularly in periods of heightened demand and constrained funding environments.

Changing donor trends and the alignment of Schedule 1 with contemporary giving practices

21. Patterns of charitable giving in Australia have evolved in recent years alongside advances in digital technologies and cashless payment systems.¹⁴
22. Contemporary giving increasingly includes low-value, high-frequency contributions, such as micro-donations and transaction-based "round-up" donations. These mechanisms enable donors to integrate charitable giving into everyday activities and support broad participation in giving across the community.
23. The Productivity Commission has observed that these forms of giving are now a recognised feature of the philanthropic landscape, and that existing tax settings, including the \$2 minimum threshold for deductibility, do not fully align with these contemporary practices.
24. In this context, the removal of the minimum donation threshold better reflects current giving behaviour and supports charities' ability to adopt fundraising models that rely on regular, small contributions made by a wide donor base.

¹² Ibid, 31.

¹³ Productivity Commission, *Future Foundations for Giving – Inquiry report* (2024), <[Future foundations for giving](#)>.

¹⁴ Ibid, 138, 226, 262.