

Workplace Planned Giving Programmes

(written by The Association for Payroll Specialists 12/08/2002, updated 10/01/2005)

Employers can now reduce the amount required to be withheld from an employee's pay where the employee donates to a deductible gift recipient (DGR) via regular payroll deductions

The Australian Taxation Office has recently announced a PAYG variation to payment for work and services where:

- part of an employee's pay is paid, or is to be paid, as a donation to a deductible gift recipient (DGR)
- the donation is paid by the employer at the direction of the employee
- the donation is made under a regular planned giving arrangement, and
- the employee has not advised the employer that they do not want the variation to apply.

When working out the PAYG amount required to be withheld from such payments, employers may now disregard that part of an employee's pay that the employer pays to a DGR on behalf of the employee. This means that employees will get the benefit of the reduced tax for their donation to a DGR immediately in their pay.

(Note: - in simple terms it is treated in a similar way to other variations to withholding granted by the ATO – e.g. for car allowances – you reduce the amount of tax you withhold from the employee's pay, but report all income in the normal fashion and then report the donation in the "union box" on the payment summary)

Employees will need to claim the donations as tax deductions when they lodge their annual income tax returns. If the employee does not have a receipt from the DGR, the ATO will accept confirmation from the employer that the gift has been made.

According to Practice Statement PS 2002/15, acceptable means of providing the confirmation include:

- The PAYG Payment Summary (in the Union Fees etc box)
- Other written or electronic communication from the employer to the employee (e.g. on the payslip)

Where possible, the advice from the employer should identify each DGR. If space or printing constraints are such that each DGR cannot be identified in the advice to the employee, a statement to the effect that each gift is being made to a Division 30 DGR can be accepted. The total quantum of gifts made to the DGRs should be stated.

(Editors note from the PAYG Payment Summary instructions, do the following: If payments have been made to more than one union, professional association or DGR on behalf of the payee, print 'various' in the 'Name of organisation' field. You should give the payee a list showing details of these amounts.)

The reason for putting the gift on the payslip or payment summary, is that while the DGR can be expected to provide a receipt to the employer for gifts that are made by all employees of that employer, the individual employee will not always be able to obtain a receipt from the DGR. The employer will have the capacity to confirm to individual employees the quantum of gifts forwarded to DGRs on their behalf.

The variation to withholding is effective for payments made on or after 1 July 2002.

For the full text of the variation refer to Special Gazette issued 2 July 2002 on the ATO website www.ato.gov.au

Example of how this variation will apply to payroll:

	Donations made prior to variation applying		Donations made after variation applying
Gross salary per week for payment summary and super	\$923.08	Gross salary per week for payment summary and super	\$923.08
Tax	\$224.00	Regular donation	\$10.00
Nett	\$699.08	tax	\$221.00
Regular donation	\$10.00	nett	\$692.08
Take home pay	\$689.08		

For further help on this issue please contact The Association for Payroll Specialist's PayAssist line on 02 9233 3799.

Note: The above information, written by The Association for Payroll Specialists is intended for general information purposes only and should not be taken to constitute advice. Further, as the information is extracted from external sources, and while all care is taken, the authors cannot guarantee the accuracy of the information contained within this document.

The ATO provides the following information on Workplace giving, it is provided for information purposes only:

Workplace giving

Workplace giving programs allow employees to make regular donations to eligible charities through a payroll system.

Employers and their staff can choose to donate to any charity they like as long as it is a charity that is eligible to receive tax deductions for any donations made to it. (ie, the charity must have DGR - deductible gift recipient – status).

There are new simple rules in place that mean implementing a workplace giving program is an easy way for employers to help the community. Employees benefit too, as most people will get a tax benefit in their pay every time they donate. Charities have the advantage of receiving stable, regular funding with little or no administration costs.

See below for further information on workplace giving. If you would like to talk to someone about workplace giving and you are an employer please call 13 28 66. If you are an individual or an employee please call 13 28 61.

More information

Guide to workplace giving

An easy, practical guide for employers wanting to set up workplace giving. Includes software requirements.

Access [A guide to workplace giving](#)

FAQ's

Frequently asked questions about workplace giving.

Access [FAQ's](#)

Tax tables for workplace giving

Tables indicate what your tax benefit will be according to how much you donate and how much you earn.

Access [Tax tables for workplace giving](#)

Australian Business Register

Be sure to check that the charities you use in your workplace giving program are DGR's (deductible gift recipients).

Access the [Australian Business Register](#)

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