



20 October 2008

Dr Ken Henry  
Chair  
The Australia's Future Tax System Review Panel  
AFTS Secretariat  
The Treasury  
Langton Crescent  
PARKES ACT 2600

By e-mail: AFTSubmissions@treasury.gov.au

Dear Dr Henry

### **Australia's Future Tax System Review**

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit law and policy organisation that seeks to promote a just and democratic society by making strategic interventions on public interest issues.

PIAC identifies public interest issues and, where possible and appropriate, works co-operatively with other organisations to advocate for individuals and groups affected.

PIAC welcomes the review of Australia's taxation system, and urges the review panel to give special consideration to issues related to the definition, regulation and taxation status of charities and not-for-profit organisations.

Over the past 15 years there have been four major Commonwealth inquiries into these issues.<sup>1</sup> There have also been numerous academic research papers, journal articles and books and major reports by the state governments. Very few of the recommendations of these inquiries and reports have been implemented. They represent a valuable body of knowledge and a considerable commitment of resources, both from government and the not-for-profit sector.

PIAC recommends that this Inquiry build on the findings and recommendations of these reports, rather than investing further resources in conducting additional research. In particular, the findings of the Charities Definition Inquiry are relevant and should be implemented.

PIAC has recently made a submission to the Senate Standing Committee on Economics, 'Inquiry into the disclosure regimes for charities and not-for-profit organisations', which has considerable relevance to your current inquiry.<sup>2</sup>

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<sup>1</sup> The Industry Commission inquiry into Charitable Organisations in Australia (1995) <<http://www.pc.gov.au/ic/inquiry/45charit>>; Inquiry into the Definition of Charities and Related Organisations, 2001. <http://www.cdi.gov.au/html/report.htm>; the Board of Taxation consultation on the draft Charities Bill 2003 (2003) <<http://www.taxboard.gov.au/content/charities.asp>>; and the Treasury consultation on Financial Reporting by Unlisted Public Companies (2007) <<http://www.treasury.gov.au/contentitem.asp?NavId=037&ContentID=1269>>.

<sup>2</sup> A copy of PIAC's submission, *Not-for-profit Accountability*, PIAC, 2008, is attached.

It is PIAC's view that thorough reform of the taxation and regulation of charities and not-for-profit organisations is needed, but that the focus needs to be on simplifying government requirements and reducing the regulatory burden through better and more targeted regulation.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Robin Banks', with a long horizontal line extending to the right.

**(Ms) Robin Banks**  
Chief Executive Officer

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Encl: *Not-for-profit Accountability: Submission to the Inquiry into the disclosure regimes for charities and not-for-profit organisations, 2008.*