

Monash University Procedure

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| Procedure Title | Gift Acceptance – Receipting for Charity Auctions Procedures (Australia) |
| Parent Policy | Gift Acceptance Policy |
| Date Effective | |
| Review Date | |
| Procedure Owner | |
| Category | Operational |
| Version Number | 1.1 |
| Content Enquiries | Donor Services |
| Scope | All Monash staff |
| Purpose | The University may conduct a charity auction as a fundraising activity but the tax considerations for these events in Australia are complex. Staff considering an auction should contact Tax, Corporate Finance at the planning stage. |
| PROCEDURE STATEMENT | |

1. Receipting for Items Sold at Charity Auctions

- 1.1. Faculties and portfolios who plan to conduct a charity auction must register the event with Tax, Corporate Finance Division, at the planning stage.
- 1.2. Faculty and portfolios must determine the market value of all items up for auction. An assessment of the market value of the minor benefit involves making a reasonable estimate of what would be charged for the benefit on the open market, in an Arm's Length Transaction.
- 1.3. Prior to the auction, complete an Auction Valuation form with the assistance of Research and Revenue Accounting Services staff. This form contains the list of items for auction and their market values.
- 1.4. Complete the pre-auction-related fields of the Auction Valuation form and send to Tax, Corporate Finance so that any potential tax deductible contributions can be identified before the auction.

| <u>Valuation method</u> | <u>Use this method where...</u> | <u>Base the valuation on...</u> |
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| Cost-based approach | You cannot establish a reasonable estimate using price or market comparisons | Actual costs, notional costs and a profit element associated with providing the benefit |
| Price or market comparison | The benefit is a standard good, service or event commercially available on the open market The benefit is a non-standard good, service or event not generally available to the public | Prices commercially charged for the good, service or event on the open market Market observations, taking into account prices charged in the commercial sector for a similar or comparable good, service or event |

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- 1.5. Record charity events as they are registered.
- 1.6. Advise and provide guidance to staff regarding conducting auctions and completing the Auction Valuation form.
- 1.7. Before the auction, assess items for sale to determine if any tax deduction could be potentially available taking into account the following. For a deduction:
 - the cash contribution must be more than \$150
 - the GST inclusive market value of the benefit must not exceed the lesser of \$150 and 20% of the value of the contribution
- 1.8. The tax deduction available for the contribution will be the value of the contribution less the market value of the item purchased - provided the above two conditions are met.
- 1.9. On the day of the auction, the name and address of the successful bidders, as well as the sale price, should be obtained and recorded on the Auction Valuation form
- 1.10. Successful bidders should be advised that an official receipt for their contribution will be mailed to them.
- 1.11. The completed Auction Valuation form must be forwarded to the relevant Research and Revenue Accounting Services staff member so that official receipts can be generated.
- 1.12. Forward the Auction Valuation form to Tax, Corporate Finance Division so that any tax deductible contributions can be identified
- 1.13. Finalise the Auction Valuation form so that it includes the tax deductibility of all items.
- 1.14. Send the completed Auction Valuation form to External Relations, Development and Alumni Division (for information only) and the Research and Revenue Accounting Services staff member so that receipts can be generated.
- 1.15. An online SAP ROMR form must be completed for contributions capturing the following information:
 - Name of the donor
 - Address of the donor
 - Name of the fundraising event
 - General Ledger Account:
 - Tax deductible amounts of the contributions for items purchased at auction are to be allocated to 532051 "Fundraising Events-Tax Deductible"
 - Non tax deductible amounts of the contributions for items purchased at auction are to be allocated to 532052 "Fundraising Events-Non Tax Deductible"
 - Cost centre
 - Fund
 - Tax code:
 - A tax code of S1 must be used for all items sold at auction
- 1.16. Issue tax invoice/receipts from the department standard tax invoice/receipt book.
- 1.17. Where receipts are given for deductible contributions for the purchase of goods or services as a successful bidder at an auction that is, or is at, a fundraising event in Australia, the ATO dictates the information that must be contained on those receipts. Receipts where there is a deduction must contain the following information:
 - The words "Monash University"
 - Monash University's ABN

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- Notification that the contribution was made for the purchase of goods or services as a successful bidder at a fundraising auction
- The amount of the contribution including GST
- The GST inclusive market value of the benefit
- The value of the tax deduction
- The date on which the contribution was made
- A description of the property purchased

1.18. Where there is no deduction available, a receipt should only contain the following information:

- The words "Monash University"
- Monash University's ABN
- Notification that the contribution was made for the purchase of goods or services as a successful bidder at a fundraising auction
- The amount of the contribution including GST
- The date on which the contribution was made
- A description of the property purchased
- This statement: *Note this amount is not a tax deductible gift or contribution for Australian taxation purposes. Please seek advice from your accountant to determine if it is deductible under any other category.*

1.19. Send tax invoice/receipts to all purchasers

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| Responsibility for implementation | All staff Research & Revenue Accounting Services staff Tax, Corporate Finance Division Faculty/Portfolio staff member collecting funds at auction |
| Status | |
| Approval Body | Name: Date: Author: |
| Definitions | Arm's Length Transaction: A transaction in which the buyers and sellers of a product act independently and have no relationship to each other. ATO: Australian Taxation Office. Auction Valuation form: A form used to determine if a tax deduction is available to a purchaser at auction. A completed form includes donor details, a description of the item for auction and its market value, the purchase price, the tax deductibility of the item and the information required to be provided on the receipt. Deductible Contribution: Monash University fundraising events encourage contributions which may extend a minor benefit to the contributor at the same time. As a benefit is received in return, the contributor is not entitled to claim the contribution as a tax deductible gift. However, some contributions |

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| | <p>made by individuals to Monash in relation to a DGR fundraising event such as a fete, ball, dinner or charity auction may be a tax deductible contribution if particular criteria are met.</p> <p>Deductible Gift Recipient (DGR): Entity endorsed by the ATO to receive tax deductible donations.</p> <p>Donor: Individual or entity who makes a gift or contribution to the University.</p> <p>Gift: Any transfer of money or property to the University made voluntarily by way of benefaction where no material benefit is received by the donor. The money or property must be owned in full by the University once received. Gifts cannot be refunded unless they were received in error. Grants received by the University may be considered gifts if they comply with this definition. Because the University is an endorsed deductible gift recipient, most gifts made to the University of AU\$2 or more are allowable deductions for income tax payers in Australia</p> <p>GST: Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999.</p> <p>Online SAP ROMR: Online SAP Record of Monies Received form – an online form used to record the details of funds received via cheque, cash and credit card.</p> <p>Non-deductible Gift: A gift will not be tax deductible to a donor where the funds are not spent on the University’s objects and purpose or where the beneficiaries are not in Australia.</p> <p>Property: Property has a wide meaning. As well as physical things, it includes rights and interests that are capable of ownership and have a value, for example, artwork, shares, equipment and trading stock.</p> |
| Legislation Mandating Compliance | |
| Related Policies | |
| Related Documents | <p>Gift Acceptance - Gift Receipting Procedures</p> <p>Gift Acceptance - Receipting for Fundraising Events Procedures</p> |