

1 August 2025
(Submitted [online](#))

Submission to the Treasury on giving fund reforms

Justice Connect welcomes the opportunity to provide our views on the Government's steps to improve support provided to charities through giving fund reforms.

About Justice Connect and our expertise

In the face of huge unmet legal need, [Justice Connect](#)'s vision is a world in which legal support is within everyone's reach. We have been serving the community for more than 25 years. We are a registered charity and accredited community legal center.

Our specialist, national [Not-for-profit Law](#) program provides free and low-cost legal assistance to a diverse range of not-for-profit organisations. Of the more than 1,800 enquiries we receive annually, many relate to navigating access to philanthropic and other funding.

The Government needs to prioritise DGR system reform

The Government's stated aim for the proposed giving fund reforms is strengthening philanthropy to ensure more money flows to Australian charities.¹ It is our strong view that the Government should prioritise long called for reforms to the Deductible Gift Recipient (DGR) system over other reforms, for the reasons set out below.

Recent reviews commissioned by the Government have identified a key barrier in the current tax system for enhancing and amplifying the work and impact of the not-for-profit sector through philanthropic giving: the current DGR system.²

DGR endorsement opens up critical funding opportunities from grant makers, philanthropy and the broader community, but many organisations are missing out on this vital additional support because the DGR system is overly complex, ineffective and unfair.

DGR categories are ad hoc and incoherent

Over the past 100 years, successive governments have created new DGR categories in an ad hoc manner.³ There are currently 52 categories, and organisations can also apply to be specifically listed but the process for such requests is opaque.⁴

This complexity does not just burden organisations at the application stage: it also creates ongoing compliance costs as organisations with DGR endorsement must ensure they do not lose their endorsement by accidentally straying from their given category.

The rules for DGR endorsement are too complex

¹ The Hon Dr Andrew Leigh MP, [More to give: new giving fund rules aim to boost charity support](#), Media release, 10 June 2025.

² See Productivity Commission 2024, *Future foundations for giving*, Inquiry report no. 104, Canberra; Blueprint Expert Reference Group 2024, Not-for-profit Sector Development Blueprint.

³ See Ann McConnell, *Taxation of Charities and Not-for-Profits* (LexisNexis Australia, 2020) 254; Not-For-Profit Sector Tax Concession Working Group, *Fairer, simpler and more effective tax concessions for the not-for-profit sector*, 2013.

⁴ See Fiona Martin, *Tax Deductibility of Philanthropic Donations: Reform of the Specific Listing Provisions in Australia*, Australian Tax Forum, Vol. 33(3), 2018.

Each of the 52 DGR categories has detailed eligibility criteria which is often described in technical, bureaucratic, or old-fashioned language. Organisations often face challenges when they have a diversity of purposes and activities that do not fit neatly into one DGR category.

According to the latest Australian Charities and Not-for-profits Commission Charities Report, over 65% of Australia's registered charities are classified as 'extra small', 'small', or 'medium'.⁵ Many of these organisations are not equipped to understand and navigate the DGR system without costly legal assistance and, as a result, are locked out of the benefits of receiving tax deductible donations and philanthropic funding.

DGR categories do not support a contemporary not-for-profit sector

Current DGR categories are out of step with community expectations and hold organisations back from taking contemporary approaches to address complex social and environmental problems. For example, under the current system, an organisation focused on preventing choking hazards for toddlers or a neighbourhood house delivering food relief and community cohesion projects may not be able to secure DGR endorsement.

Reforming the DGR system will unlock more philanthropic funding for the not-for-profit sector

The Productivity Commission's recent *Future foundations for giving* report provides a common sense pathway for DGR system reforms which, if progressed, would significantly support the Government's goal of doubling philanthropic giving by 2030 and lead to long term gains for the not-for-profit sector and the broader community it supports.⁶

Without reform, we are missing out on a critical opportunity to increase the sector's productivity, economic resilience and impact, for the benefit of all Australians.

For further information or to discuss this submission, please contact Amy Williams, Principal Lawyer of Not-for-profit Law, at Amy.Williams@justiceconnect.org.au.

Yours sincerely

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⁵ Australian Charities and Not-for-Profits Commission, [Australian Charities Report 11th Edition](#) (2025).

⁶ See above no. 2.