

ACPNS Mission

To bring to the community the benefits of teaching, research, technology and service relevant to the philanthropic and nonprofit communities.

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Tax Deductible Giving in 2009 - 2010

Each year The Australian Centre for Philanthropy and Nonprofit Studies (ACPNS) at QUT analyses statistics on tax-deductible donations made by Australians in their individual income tax returns to Deductible Gift Recipients (DGRs). The information presented below is based on the amount and type of tax-deductible donations made by Australian taxpayers to DGRs for the period 1 July 2009 to 30 June 2010 extracted from the Australian Taxation Office's publication *Taxation Statistics 2009-2010*.¹

The figures presented below only represent those amounts donated and claimed as a tax deduction by individual Australian taxpayers in their individual income tax returns. It does not include giving by corporate and trust taxpayers and "non-tax contributions" such as raffles, sponsorships, fundraising purchases or volunteering. The *Giving Australia* Report used a more liberal definition of gift to arrive at an estimated total of giving at \$11 billion for 2005 (excluding Tsunami \$300m).²

The following is a summary of the significant findings from the ATO data.

1. How much was claimed as gift deductions?

- The total amount donated and claimed as tax-deductible donations in 2009-10 was \$1.96 billion (compared to \$2.09 billion for in 2008-09). This constitutes a decrease of \$128 million (or 6.14%)³ from the previous income year.⁴
- Deductible gifts claimed (\$1.96 billion) represented 6.60% of all personal taxpayer deductions (\$29.75 billion). In comparison, Australian taxpayers claimed 6.78% (\$2.02 billion) of all personal taxpayer deductions in tax agent fees and 57.59% (\$17.13 billion) of all personal taxpayer deductions for work related expenses.

¹ The data represents information in tax returns for the 2009-10 year processed by the ATO as at 31 October 2011.

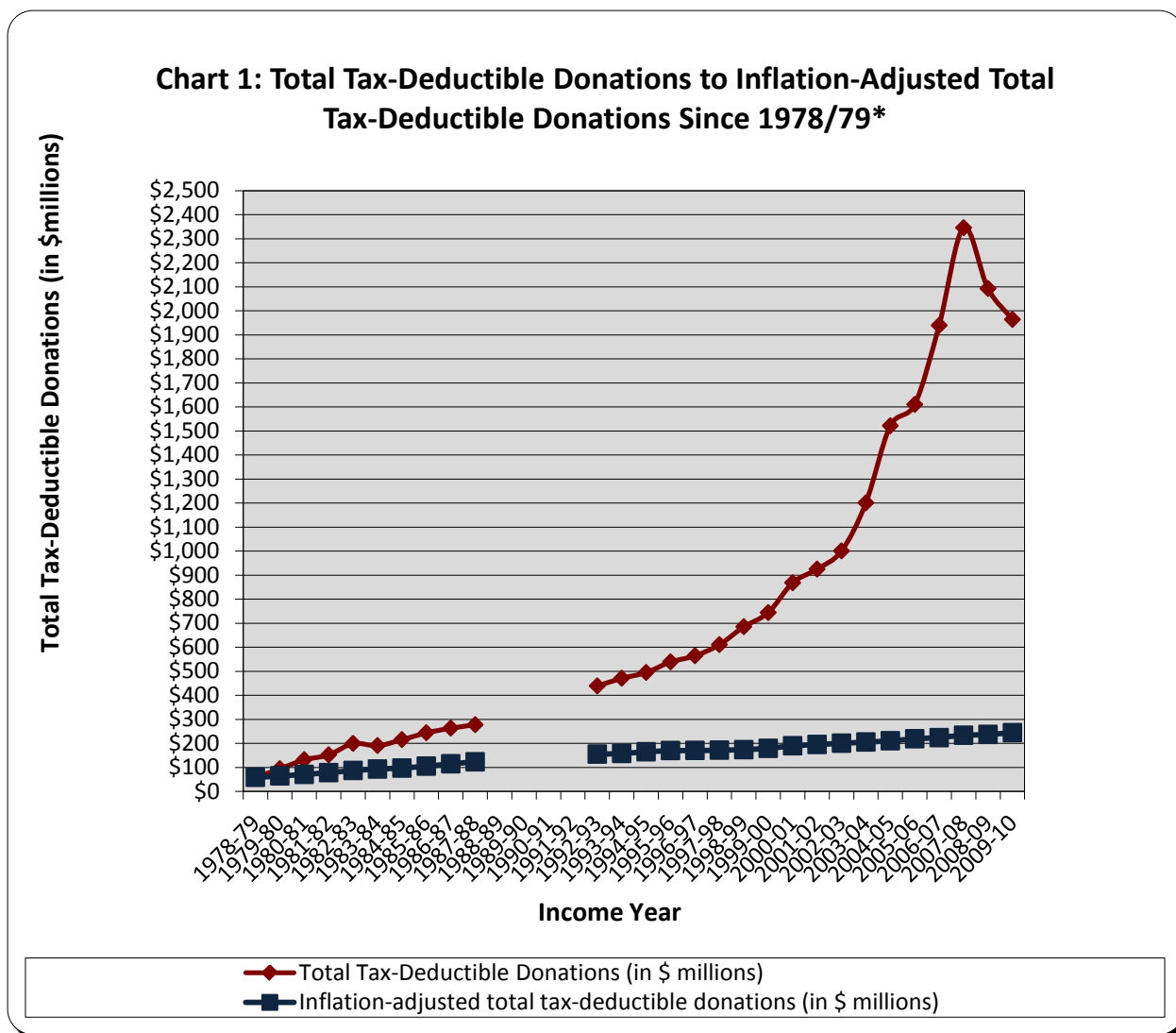
² The Prime Minister's Community Business Partnership. (2005). *Giving Australia: Research on philanthropy in Australia*. Retrieved May 30, 2012 from <http://www.qut.edu.au/business/about/research-centres/australian-centre-for-philanthropy-and-nonprofit-studies/publications-and-resources/publications>

³ The ATO Publication 'Taxation Statistics 2009-10' is in error at p.104 and p.109 where the decrease is stated as '6.3%' and '6.2%' respectively.

⁴ The 2009-10 figures are those returns entered onto the ATO database as at 31 October 2011. The 2009-10 figures are likely to alter over the next couple of years as more returns are processed.

2. Is tax deductible giving keeping pace with inflation?

- Using a base year of 1978-79, the actual total tax-deductible donations made by Australian taxpayers far exceeds the inflation-adjusted total tax-deductible donations as measured by the Consumer Price Index (CPI). However, from the high recorded in the 2007-08 financial year, in 2008-09 and in 2009-10 there has been a decrease in total tax-deductible donations.



*Disclosure of tax-deductible donations was not required in income tax returns from 1988-1992.

Chart 1 above shows that the actual total tax-deductible donations made by Australian taxpayers since 1978 far exceeds the inflation-adjusted total tax-deductible donations as measured by the Consumer Price Index (CPI).

3. Is the average gift deduction increasing?

- The average tax-deductible donation made and claimed by Australian taxpayers to DGRs in 2009-2010 was \$446.31 (compared to \$450.05 in the previous income year and \$523.10 in 2007-08). This average amount is two times that of a decade ago.

4. Are more individual taxpayers making deductible gifts?

- In absolute terms there was a decrease in individual taxpayers making deductible gifts in 2009-10 (4.40 million compared to 4.65 million in the previous year). In terms of percentage of Australian taxpayers making deductible gifts there was also a decrease (35.55% for 2009-10 compared to 37.83% in the previous year). This is despite an increase in the total number of individual taxpayers of 0.72% (88,315).

5. Is a greater percentage of an individual's taxable income being gifted?

- On average, those individual taxpayers who make tax-deductible donations to DGRs donate approximately 0.34% of their taxable income. This represented a decrease from the previous income year, in which the average percentage of taxable income donated was 0.38%. With the exception of this year and 2005-06 and 2009-10, the trend of increased giving has been sustained over the past decade from a starting point of 0.22%.

6. Are male or female taxpayers more likely to claim deductible donations?

- In 2009-10, 2,206,265 males (or 34.58% of male Australian taxpayers) made and claimed tax-deductible donations to DGRs of \$1.1 billion. This represents 58.32% of the total tax-deductible donations made and claimed in 2009-10. A total of 2,194,520 females (or 36.58% of female Australian taxpayers) made and claimed tax-deductible donations to DGRs totaling \$818.57 million in 2009-10. The combined average was 35.55% of all Australian taxpayers.
- The average tax-deductible donation made and claimed by Australian male taxpayers to DGRs in 2009-10 was \$519.22, compared to \$373.00 for Australian female taxpayers.
- On average, female Australian taxpayers who donate to DGRs give approximately 0.37% of their taxable income compared to 0.32% for Australian males. The average taxable income of males was \$56,865 in comparison to \$37,032 for females.

7. Which state's taxpayers claim the most deductible gifts?

- A total of 1,441,580 taxpayers in **New South Wales** claimed tax-deductible donations to DGRs of \$794.35 million in 2009-10. This amount represented almost 40.44% of the national total. The next largest donor state was **Victoria** whose taxpayers made and claimed tax-deductible donations to DGRs of \$511.44 million, representing 26.04% of the national total. **Queensland** taxpayers claimed \$286.40 million in deductible gifts, followed by **Western Australia** with \$161.16 million.
- **New South Wales** taxpayers made and claimed the largest average tax-deductible donation to DGRs of \$551.02 compared to the national average of \$446.31. Taxpayers from the **Australian Capital Territory** made the next highest average tax-deductible donation to DGRs with \$497.71, followed by **Victoria** with an average tax-deductible donation of \$429.44. **Queensland** taxpayers made and claimed an average tax-deductible donation of \$347.48 in 2009-10.
- Taxpayers in **New South Wales** donated an average of 0.42% of their taxable income to DGRs, followed by the **Australian Capital Territory** (0.40%), and **Victoria** (0.36%). This compares to the national average of 0.34%. Taxpayers in **Queensland** donated an average of 0.26% of their taxable income.

8. How much do the wealthy claim as deductible gifts?

- The more one earns, the more one claims as a tax-deductible donation. Whilst the average tax-deductible donation was \$446.31 in 2009-10, donating taxpayers with a taxable income over \$1 million per year claimed an average of \$27,451.27 (previous year was \$48,706.38) in tax-deductible donations. This represents 0.81% (previous year 1.71%) of their taxable income, compared to the national average of 0.34%.

9. How do age groups differ in their deductible gift claims?

- In 2009-10, 158,105 people aged 75 years or more claimed deductible gifts. This age group recorded the highest average gift of any age group of \$1,645.47, with the total value of gifts from this age group amounting to \$260.16 million. At the other end of the scale, 18-25 year old group had 352,365 deductible gift claimants with an average gift of \$155.86.

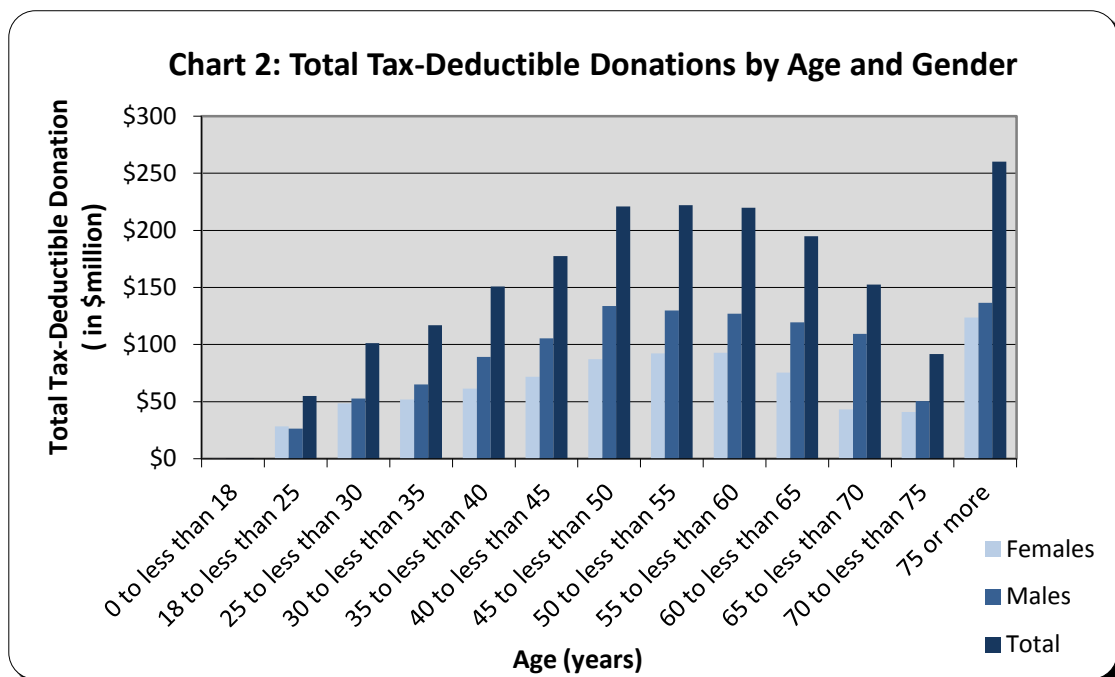


Chart 2 above shows the total tax-deductible donations claimed by age group and gender.

10. What are Private Ancillary Funds (PAFs) contributing?

As at 31 October 2010 there were 879 PAFs approved representing a 5.6% increase. PAFs received \$321 million in donations being an 18.02% increase over the previous period. PAFs had a closing a closing value of \$2.3billion. Distributions in 2009-10 reached \$197 million which is the highest level to date.

The Fall in Tax-Deductible Donations

For the five years prior to the GFC and changes to the regulatory regime of Private Ancillary Funds (PAFs), tax deductible giving in Australia increased by an average of nearly 15% per annum. Like the year before, the 2009-10 period was still in the midst of the recent global financial instability. In 2009-10, the number of taxpayers claiming tax-deductible donations decreased and the amount of these donations also decreased for the second year in row (down 6.14% in 2009-10 from 2008-09 and down 10.79% in 2008-09 from 2007-08).

To put the decline in context, in the United States, Giving USA 2010 estimated that total charitable contributions from American individuals, corporations and foundations fell to \$303.75 billion in 2009, down from a revised total of \$315.08 billion for 2008. The 2008-09 drop represented a fall of 3.6 percent in current dollars.⁵ In February 2010, Boston College's Center on Wealth and Philanthropy projected that US Charitable giving for 2009 would decline between 4.8% to 5.7% from 2008.⁶ In the UK, Charities Aid Foundation (CAF) estimated that the total annual amount donated in the UK fell to £9.9 billion, an 11.4% reduction in real-terms from 2007-08.⁷ In 2009, Canadian taxpayers reported a total of \$7.8 billion in charitable donations, down approximately 5.4% from the \$8.2 billion reported for 2008. This decrease continues a decline that started in 2007, when reported donations totaled \$8.6 billion. However these figures may be distorted because of tax shelter activity.⁸

Tax Deductible Gifts by Postcode

Table 1 identifies the postcode in each state with the **highest total claimed** deductible gift amount in each state and territory. Again, a clear link can be made in most cases to postcodes which one would expect to contain significant numbers of wealthy taxpayers. This year, in New South Wales Bronte/Waverley was replaced by Manly/Manly East as the postcode with the highest total gifts claimed. Hawksburn/Toorak remained in the top position in Victoria. In Queensland, last year's number one Ascot/Hamilton/Hamilton Central was replaced by Corinda, Graceville, Graceville East, Oxley, Sherwood.

Table 1: Highest TOTAL Gifts Claimed by Taxpayers 2009-10 by POSTCODE for each State			
State & Postcode		Places within Postcode	Total gifts claimed (\$)
NSW	2095	Manly, Manly East	37,897,508
VIC	3142	Hawksburn, Toorak	17,777,198
QLD	4075	Corinda, Graceville, Graceville East, Oxley, Sherwood	10,107,237
SA	5066	Beaumont, Burnside, Erindale, Hazelwood Park, Stonyfell, Waterfall Gully, Wattle Park	2,721,467
WA	6011	Cottesloe, Peppermint Grove	6,106,235

⁵ Giving USA. (2010). *The annual report on philanthropy for the year 2009*. Retrieved May 30, 2012 from <http://www.givingusareports.org/free.php>

⁶ Havens, J., & Schervish, P. (2010). *Center on Wealth and Philanthropy Giving Model: Forecast for 2009*. Retrieved May 30, 2012 from http://www.bc.edu/content/dam/files/research_sites/cwp/pdf/individualgiving.pdf

⁷ Charities Air Foundation & National Council for Voluntary Organisations. (2009). *The impact of the recession on charitable giving in the UK*. Retrieved May 30, 2012 from <http://www.cafonline.org/PDF/UKGivingReport2009.pdf>

⁸ Statistics Canada. (2010). *Charitable donors*. Retrieved May 30, 2012 from <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/famil90-eng.htm>

TAS	7250	Blackstone Heights, East Launceston, Launceston, Newstead, Norwood, Prospect, Prospect Vale, Ravenswood, Riverside, St Leonards, Summerhill, Travellers Rest, Trevallyn, Waverley, West Launceston	3,764,149
ACT	2602	Ainslie, Dickson, Downer, Hackett, Lyneham, O'Connor, Watson	4,665,080
NT	0810	Alawa, Brinkin, Casuarina, Coconut Grove, Jingili, Lee Point, Lyons, Millner, Moil, Muirhead, Nakara, Nightcliff, Rapid Creed, Tiwi, Wagaman, Wanguri	1,885,015

Table 2 identifies the postcode in each state whose taxpayers had claimed the **largest average** deductible gift. Again, a clear link can be made in most cases to postcodes which one would expect to contain significant numbers of wealthy taxpayers. In 2009-10, the postcode claiming the highest average gift was 2027 in New South Wales (Darling Point, Edgecliff, HMAS Rushcutters, Point Piper), taking the number one position from the number one in 2008-09, 3379 in New South Wales (Bornes Hill, Chatsworth, Mafeking, Stavely, Wickliffe, Willaura, Willaura North). In Queensland, the highest average gift claimed in 2009-10 was 4075 (Corinda, Graceville, Graceville East, Oxley, Sherwood).

Table 2: Highest AVERAGE Gifts Claimed by Gifting Taxpayers 2009-10 by POSTCODE for each State			
State & Postcode		Places within Postcode	Av. Gift per gifting taxpayer (\$)
NSW	2027	Darling Point, Edgecliff, HMAS Rushcutters, Point Piper	14,300.00
VIC	3944	Portsea	9,515.32
QLD	4075	Corinda, Graceville, Graceville East, Oxley, Sherwood	2,178.28
SA	5354	Bakara, Bakara Well, Fisher, Greenways Landing, Naidia, Swan Reach	9,199.25
WA	6011	Cottesloe, Peppermint Grove	3,300.67
TAS	7258	Breadalbane, Relbia, While Hills	9,129.81
ACT	2603	Forrest, Griffith, Manuka, Red Hill	961.13
NT	0880	Gapuwiyak, Gove, Guyangara, Nhulunbuy, Yirrkala	559.25

The deductible gift data for all Australian postcodes is available through a searchable database on the Centre's web site available at <http://tinyurl.com/giving-by-postcode>

Tax Deductible Gifts by Occupation

This year for the fourth time we are able to match occupations declared by taxpayers on their income tax returns with their deductible gifts. Miscellaneous and no occupation categories have been omitted from the tables.

Table 3 identifies the top ten occupations by average deductible gift amount, with Chief Executives and Managing Directors in the number 1 position.

Table 3: Highest AVERAGE Gifts Claimed by Gifting Taxpayers 2009-10 by OCCUPATION		
Rank	Occupation description	Average gift deduction claimed (\$)
1	Chief Executives and Managing Directors	3923.11
2	Anaesthetists	2180.74
3	Internal Medicine Specialists	2132.67
4	Financial Dealers	2068.55
5	Visual Arts and Crafts Professionals	2015.31
6	Judicial and Other Legal Professionals	1974.11
7	Economists	1867.71
8	Generalist Medical Practitioners	1719.45
9	Surgeons	1706.07
10	Barristers	1678.15

Table 4 identifies the top five occupations by total gifts which is influenced by the number of taxpayers in a particular occupation.

Table 4 : Highest TOTAL Gifts Claimed by Taxpayers 2009-10 by OCCUPATION			
Rank	Occupation description	Total gifts claimed (\$)	Total number of taxpayers
1	Chief Executives and Managing Directors	162,181,380	127,675
2	General Managers	42,691,721	164,095
3	Accountants	38,638,575	145,735
4	Registered Nurses	37,578,623	250,390
5	Secondary School Teachers	27,141,572	123,500

Table 5 identifies deductible gifts as a percentage of income by occupation with Ministers of Religion in the number 1 position.

Table 5: Highest PERCENTAGE of income claimed as gifts by individual taxpayers 2009-10 by OCCUPATION		
Rank	Occupation description	% of deduction gifts of taxable income
1	Ministers of Religion	1.98%
2	Visual Arts and Crafts Professionals	1.60%
3	Machine and Stationary Plant Operators (not further defined)	1.09%
4	Economists	0.94%
5	Chief Executives and Managing Directors	0.94%

Table 6 depicts the percentage of donating taxpayers to total taxpayers within each occupation.

Table 6: Highest PERCENTAGE of donating taxpayers to total taxpayers 2009-10 by OCCUPATION		
Rank	Occupation description	% of gift taxpayers to total taxpayers
1	Health Professionals (not further defined) ⁹	100.00%
2	Police	72.65%
3	School Principals	67.71%
4	Policy and Planning Managers	66.46%
5	Finance Managers	60.31%

The deductible gift data for all occupations is available through a searchable database on the centre's web site available at <http://tinyurl.com/giving-by-postcode>

Electronic copies of the complete working paper ACPNS 57: *An Examination of Tax-Deductible Donations made by Individual Australian Taxpayers in 2009-10* is available from the ACPNS website at <http://eprints.qut.edu.au/50743/>

⁹ While 100% of taxpayers in this occupation code (2500) claimed a tax-deductible gift in 2009-10, it is important to note that this occupation group is very small consisting of just 5 taxpayers.