



### CPNS Mission

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

<http://cpns.bus.qut.edu.au>

## Queensland University of Technology The Australian Centre for Philanthropy and Nonprofit Studies

### CPNS Current Issues Information Sheet 2009/1

# Tax Deductible Giving in 2006 - 2007

Each year The Australian Centre for Philanthropy and Nonprofit Studies (CPNS) 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 2006 to 30 June 2007 extracted from the Australian Taxation Office's publication *Taxation Statistics 2006-2007*.<sup>1</sup>

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, "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).<sup>2</sup>

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 2006-07 was \$1.89 billion (compared to \$1.55 billion for the previous income year). This constitutes an increase of \$325 million (or 21.1%) from the previous income year.
- Deductible gifts claimed (\$1.89b) represented 5.5% of all personal taxpayer deductions (\$34.13b). In comparison, Australian taxpayers claimed 4.21% (\$1.43b) of all personal taxpayer deductions in tax agent fees and 41.5% (\$14.16b) of all personal taxpayer deductions for work related expenses.

#### 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) (see Chart 1 overleaf).

#### 3. Is the average gift deduction increasing?

- The average tax-deductible donations made and claimed by Australian taxpayers to DGRs in 2006-2007 was \$440.01 (compared to \$370.83 in the previous income year). This average amount has nearly trebled in the last decade.

#### 4. Are more individual taxpayers making deductible gifts?

- In absolute terms there was an increase in individual taxpayers making deductible gifts in 2006-07 (4.28 million compared to 4.2 million in the previous year). However, in terms of percentage of Australian taxpayers making deductible gifts there was a decrease (36.3% for the 2006-07 compared to 36.45% in the previous year).

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

- Yes. On average, those individual taxpayers who make tax-deductible donations to DGRs donate approximately 0.38% of their taxable income. This trend has been sustained over the past decade from 0.2%.

<sup>1</sup> The data represents information in tax returns for the 2006-07 year processed by the ATO as at 31 October 2008.

<sup>2</sup> Report available at <http://www.bus.qut.edu.au/research/cpns/publications/index.jsp#Reports>

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

- In 2006-07, 2.2 million males (or 35.82% of male Australian taxpayers) made and claimed tax-deductible donations to DGRs of \$1.1 billion. This represents 60% of the total tax-deductible donations made and claimed in 2006-07. A total of 2.1 million females (or 36.81% of female Australian taxpayers) made and claimed tax-deductible donations to DGRs totaling \$749.34 million in 2006-07. The combined average was 36.30% of all Australian taxpayers.
- The average tax-deductible donation made and claimed by Australian male taxpayers to DGRs in 2007 was \$520.22 (compared to \$356.70 for Australian female taxpayers).
- On average, female Australian taxpayers who donate to DGRs give approximately 0.39% of their taxable income compared to 0.37% for Australian males.

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

- A total of 1.4 million taxpayers in **New South Wales** claimed tax-deductible donations to DGRs of \$807.55 million in 2006-07. This amount represented almost 43% of the national total. The next largest donor state was **Victoria** whose taxpayers made and claimed tax-deductible donations to DGRs of \$473.45 million, representing slightly over 25% of the national total. Queensland taxpayers claimed \$237.47 million in deductible gifts, followed by Western Australia with \$154.96 million.
- **New South Wales** taxpayers made and claimed the largest average tax-deductible donation to DGRs of \$569.19 compared to the national average of \$440.01. **Australian Capital Territory** taxpayers made the next highest average tax-deductible donation to DGRs with \$460.44, followed by **Victoria** with an average tax-deductible donation of \$413.99. **Queensland** taxpayers made and claimed an average tax-deductible donation in 2006-07 of \$297.76.
- Taxpayers in **New South Wales** donated an average of almost 0.48% of their taxable income to DGRs, followed by Tasmania (0.41%), **Victoria** (0.39%) and **Australian Capital Territory** (.38%) taxpayers. This compares to the national average of 0.38%. Taxpayers in **Queensland** donated an average of 0.25%.

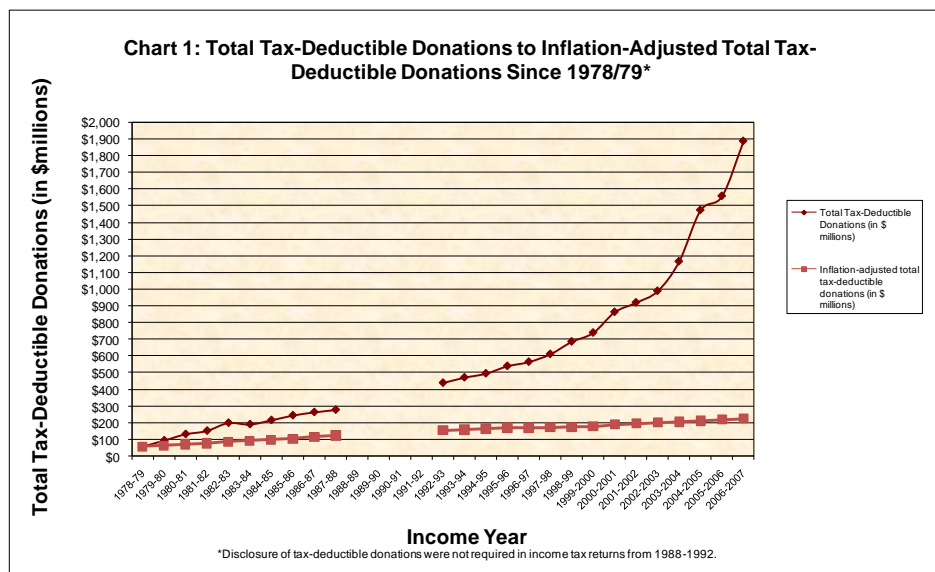
## 8. How much do the wealthy claim as deductible gifts?

- The more one earns, the more one claims as a tax-deductible donation. Whilst the average tax-deductible donation was \$440.01 in 2007, donating taxpayers with a taxable income over \$1 million per year claimed an average of \$48,548.66 (previous year was \$47,245.68) in tax-deductible donations. This represents 1.37% (previous year 1.39%) of their taxable income, compared to the national average of 0.38%.

## The Rise in Tax-Deductible Donations

Over the past five years tax deductible giving has increased by an average of nearly 16% per annum due in part to the incentives to encourage philanthropy such as Prescribed Private Funds (PPFs) and a strong economy in Australia.

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



## 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.

<b>Table 1: Highest TOTAL Gifts Claimed by Taxpayers 2006-07 by POSTCODE for each State</b>		
State & Postcode	Places within Postcode	Total gifts claimed (\$)
NSW 2027	Darling Point, Edgecliff, HMAS Rushcutters, Point Piper	57,710,280
VIC 3142	Hawksburn, Toorak	21,803,105
QLD 4217	Benowa, Bundall, Bundall BC, Bundall DC, Chevron Island, Gold Coast MC, Isle Of Capri, Main Beach, Surfers Paradise	6,435,085
SA 5006	North Adelaide, North Adelaide Melbourne St	5,773,235
WA 6010	Claremont, Claremont North, Karrakatta, Mount Claremont, Swanbourne	14,831,810
TAS 7250	Blackstone Heights, East Launceston, Launceston, Newstead, Norwood, Norwood Venue Po, Prospect, Prospect Vale, Ravenswood, Riverside, St Leonards, Summerhill, Travellers Rest, Trevallyn, Waverley, West Launceston	3,649,540
ACT 2602	Ainslie, Dickson, Downer, Hackett, Lyneham, O'Connor, Watson	3,811,113
NT 0810	Alawa, Brinkin, Casuarina, Coconut Grove, Jingili, Lee Point, Lyons, Millner, Moil, Muirhead, Nakara, Nightcliff, Rapid Creek, Tiwi, Wagaman, Wanguri	1,285,520

**Table 2** identifies the postcode in each state whose taxpayers had the largest average claimed 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.

<b>Table 2: Highest AVERAGE Gifts Claimed by Gifting Taxpayers 2006-07 by POSTCODE for each State</b>		
State & Postcode	Places within Postcode	Av. Gift per gifting taxpayer (\$)
NSW 2027	Darling Point, Edgecliff, HMAS Rushcutters, Point Piper	25,037
VIC 3944	Portsea	11,098
QLD 4364	Brookstead	12,737
SA 5354	Bakara, Bakara Well, Fisher, Greenways Landing, Langs Landing, Marks Landing, Naidia, Punyelroo, Sunnydale, Swan Reach	11,104
WA 6282	Yallingup, Yallingup Siding	25,428
TAS 7001	Hobart, Tasman Island	18,337
ACT 2603	Forrest, Griffith, Manuka, Red Hill	870
NT 0872	Aherrenge, Ali Curung, Alice Springs, Amata, Ayers Rock, Barrow Creek, Finke, Gibson, Desert Hermannsburg, and surrounding areas	421

The deductible gift data for all Australian postcodes is available through a searchable database on the centre's web site available at <http://www.bus.qut.edu.au/research/cpns/postcode.php>

## Deductible Gifts by Occupation

This year for the first 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 4** identifies the top ten occupations by average deductible gift amount.

<b>Table 4: Highest AVERAGE Gifts Claimed by Gifting Taxpayers 2006-07 by OCCUPATION</b>		
Rank	Occupation description	Average gift deduction claimed (\$)
1	Coroner; Councillor; Judge – law; Magistrate; Member of parliament; Parliamentarian; State governor	1,938
2	Mining engineer; Petroleum engineer	1,916
3	General manager; Managing director	1,884
4	Anaesthetist; Cardiologist; Dermatologist; Doctor – specialist; Gynaecologist; Obstetrician; Ophthalmologist; Orthopaedic specialist; Otorhinolaryngologist; Paediatrician; Pathologist; Psychiatrist; Radiologist; Registrar – medical; Specialist medical practitioner; Surgeon; Thoracic specialist; Urologist	1,681
5	Company director; Executive ; Manager (type unspecified)	1,439
6	Artist; Performing artist	1,282
7	Doctor – general practice; General medical practitioner; Medical practitioner – general practice; Resident – medical	1,261
8	Actors and related professionals; Choreographer; Circus performer; Comedian; Dancer; Entertainer nec; Stripper; Variety artist	1,135

<b>Table 4: Highest AVERAGE Gifts Claimed by Gifting Taxpayers 2006-07 by OCCUPATION</b>		
9	Actuary; Mathematician; Statistician	1,007
10	Chaplain; Clergy – member of; Deacon; Minister of religion; Missionary; Nun; Pastor; Preacher; Priest; Rabbi; Rector; Vicar	910

**Table 5** identifies the top five occupations by total gifts

<b>Table5 : Highest TOTAL Gifts Claimed by Taxpayers 2006-07 by OCCUPATION</b>		
Rank	Occupation description	Total gifts claimed (\$)
1	Company director; Executive; Manager (type unspecified)	290,552,869
2	General manager; Managing director	48,727,167
3	Administrator; Call centre operator; Casino worker; Civil servant; Consultant; Contractor; Customer service officer; Foreman; Planner; Public servant; Supervisor; Team leader (type unspecified in all)	47,481,305
4	Administration assistant; Administrative officer; Clerical assistant; Clerical officer; Clerical worker; Clerk; Office worker (type unspecified)	44,290,479
5	Analyst programmer; Applications programmer; Computer consultant; Computer programmer; Computer scientist; Computer systems administrator; Computer systems analyst; Computer systems officer; Database administrator; Information technology officer; IT consultant; IT officer – non help desk; Methods analyst; Programmer; Software engineer; Systems analyst; Systems programmer	34,567,291

**Table 6** identifies deductible gifts as a percentage of income by occupation.

<b>Table 6: Highest PERCENTAGE gift of Taxpayers Income claiming a Gift 2006-07 by OCCUPATION</b>		
Rank	Occupation description	% of deduction gifts of taxable income
1	Chaplain; Clergy – member of; Deacon; Minister of religion; Missionary; Nun; Pastor; Preacher; Priest; Rabbi; Rector; Vicar	1.90%
2	Artist; Performing artist	1.14%
3	Actors and related professionals; Choreographer; Circus performer; Comedian; Dancer; Entertainer nec; Stripper; Variety artist	0.92%
4	Coroner; Councillor; Judge – law; Magistrate; Member of parliament; Parliamentarian; State governor	0.89%
5	Biochemist; Biologist; Biophysicist; Botanist; Chemist – biochemist; Ecologist – animal; Life scientist; Microbiologist; Physiologist; Zoologist	0.83%

**Table 7** depicts the percentage of donating taxpayers to total taxpayers within each occupation.

<b>Table 7: Highest PERCENTAGE of donating taxpayers to total taxpayers 2006-07 by OCCUPATION</b>		
Rank	Occupation description	% of gift taxpayers to total taxpayers
1	Commissioned fire officer; Commissioned police officer; Police inspector	72.77%
2	Investigator – police; Detective – police; Police officer	68.10%
3	Public policy manager	67.91%
4	Education manager; Head of school – TAFE; School principal	66.09%
5	Power generation plant operator	65.83%

The deductible gift data for all occupations is available through a searchable database on the centre's web site available at <http://www.bus.qut.edu.au/research/cpns/postcode.php>

The Information Sheet was issued on 22 May 2009. Events, policies and laws alter rapidly – you should take independent advice before acting on any matter raised in this publication.

Electronic copies of the complete working paper CPNS 45: An Examination of Tax-Deductible Donations made by Individual Australian Taxpayers in 2006-07 are available from the Publications page at [www.cpns.bus.qut.edu.au](http://www.cpns.bus.qut.edu.au) or via EPrints <http://eprints.qut.edu.au/20579/>

The Australian Centre for Philanthropy  
and Nonprofit Studies  
Queensland University of Technology  
GPO Box 2434  
BRISBANE QLD 4001 Australia  
Phone: +61 7 3138 1020  
Fax: +61 7 3138 9131  
Email: [cpns@qut.edu.au](mailto:cpns@qut.edu.au)  
<http://cpns.bus.qut.edu.au>  
CRICOS code: 00213