

## “CHURCH” OR COLLEGE BUILDING FUND?

Recently I had a call from a Pastor who was very excited.

He had taken an offering on the previous Sunday for a new auditorium and had received about \$30,000. He then innocently said that they had established a “Church Building Fund” to give the congregation members tax receipts. I asked him, “How long did it take to get the Australian Tax Office (ATO) approval?”, and then the conversation went strangely quiet. After the “eternal” pause he then went onto to say “What do you mean? all Churches have a Building Fund”  
Unfortunately, his assumption was not correct.

Churches **do not** have a right to issue Tax deductible receipts for building contributions unless they have a qualifying Educational or College Building Fund approved by the ATO. An overview of these requirements can be obtained by collecting a copy of the ATO’s publication “GiftPack”, or from the ATO website [www.ato.gov.au](http://www.ato.gov.au), then go to the not for profit section. Then select the area for Deductible Gift Recipients (DGR’s)

To qualify a Church must be able to prove that the facility is or will be used for more than 50% of its occupancy by providing qualifying educational training and courses. Care needs to be exercised when applying as the ATO examine each application very thoroughly. Special conditions also apply as to how building fund money can be spent or applied. A detailed submission will be required on the Church activities etc.

The final thing to watch out for is that once approved the Church is then responsible to undertake an annual self review, to ensure that you continue to qualify. The old rule of “we have always had approval” does not apply, and the ATO is looking for Australian Churches to act credibly in the self review process.

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