

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVAAA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, the Determination applies to transactions entered into both before and after its date of issue.

Taxation Determination

Income tax: is the cost of attending a fundraising function tax deductible as a gift?

1. The cost of attending a fundraising function is not deductible under the gift provisions of section 78 of the *Income Tax Assessment Act 1936* if a material benefit is received. An amount is only deductible if the money or property donated amounts to a 'gift'.

2. For a transaction to amount to a 'gift', the money or property must be transferred voluntarily and the donor must not receive an advantage of a material character in return. A donor would not be taken to have received a material benefit if, in acknowledgement for making a donation, the donor is given something of trifling or insubstantial value such as a sticker or plastic lapel badge.

- Note:**
- 1) Donors should keep receipts for any gifts which they wish to claim as a tax deduction.
 - 2) There may be cases where a donor may be able to claim some part of the contribution as advertising or promotion expenses incurred in running his or her business.

Examples:

1. A person attends a '\$100 a plate dinner'. Whether or not the subscription exceeds the cost of the meal, the person has received a material benefit in exchange for the purchase price of the ticket. No part of the \$100 is tax deductible.

2. A person attends a fundraising dinner and pays \$20 which is for the cost of the meal. Later, the 'hat is passed around' by the organisers and the person contributes \$2 or more towards the particular charity. The \$20 cost of the meal is not deductible. However, a contribution of \$2 or more would be deductible as a gift providing the charity satisfies the requirements of section 78. Had the person got a benefit for his or her contribution, e.g. participated in an auction and purchased an item with the contribution, no deduction would be available.

Commissioner of Taxation

01/07/92

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