



## FACT SHEET 7

# PRESCRIBED PRIVATE FUNDS

Based on recommendations from the Prime Minister's Community Business Partnership, the Australian Government has introduced a number of tax initiatives since 1999 to facilitate higher levels of giving by business and the community.

One of these tax provisions enables individuals, families and business to establish prescribed private funds (PPFs), similar to the United States family foundation model, to which 100 per cent tax deductible donations can be made in the form of money, shares or property. The number of PPFs is growing rapidly as it provides for money or assets to be invested for future distribution to deductible gift recipient (DGR) organisations.

As at September 2006, 440 PPFs had been approved by Government. These Funds have received some \$500 million in donations and distributed more than \$52 million in grants to other charitable organisations.

### MAIN CHARACTERISTICS

- Established as a trust, a PPF can only distribute to other DGRs that have been either endorsed by the Australian Tax Office, or listed by name in the income tax law;
- There is no requirement to seek and receive contributions from the public (the fund will however be required to have all other characteristics of a public fund);
- A PPF is subject to less restrictive control requirements for its establishment and ongoing administration than public charitable funds (it requires only one 'responsible

person', in accordance with Australian Taxation Office definitions, who is not associated with the founder or major donor in anything other than a professional capacity); and

- A PPF is able to accumulate funds, within specified limits, thus representing a very powerful mechanism to generate returns for other philanthropic funds well into the future.

### HOW TO APPLY

An application for PPF status is made in writing to the Australian Taxation Office (ATO). The Government's decision will be made by the Minister responsible for tax law administration matters. The date from which donations to a PPF are tax-deductible will be the date on which the Minister approves it as a PPF, and applicants will be notified in writing of the Minister's decision.

### FURTHER INFORMATION

Guidelines for Prescribed Private Funds  
<http://www.ato.gov.au/nonprofit/content.asp?doc=/content/20926.htm>

An introduction to PPF's  
[www.partnerships.gov.au/downloads/Intro\\_to\\_ppfs.pdf](http://www.partnerships.gov.au/downloads/Intro_to_ppfs.pdf)

Technical Outline  
[www.partnerships.gov.au/downloads/Technical\\_Outline.pdf](http://www.partnerships.gov.au/downloads/Technical_Outline.pdf)

Philanthropy Australia  
<http://www.philanthropy.org.au/>

### CONTACT DETAILS

The Prime Minister's Community Business Partnership Secretariat  
Department of Families, Community Services and Indigenous Affairs

PHONE: 1800 359 918 EMAIL: cbp.inbox@facsia.gov.au WEBSITE: [www.partnerships.gov.au](http://www.partnerships.gov.au)