



**Australian Government**

**Australian Taxation Office**

# How to set up a workplace giving program

These instructions will help you set up your payroll system to allow regular donations to be made to eligible charities.

## WHAT IS WORKPLACE GIVING?

Workplace giving is a simple and effective way for employees to regularly donate to charities or organisations who are entitled to receive tax deductible donations. To participate in the workplace giving program the charity or organisation, such as a library or university, must have deductible gift recipient (DGR) status.

Workplace giving is optional. Both the employee and the employer must agree to participate.

You can check the DGR status of a charity or organisation via the Australian Business Register at [www.abr.gov.au](http://www.abr.gov.au) or by phoning **1300 130 248**. You will need the ABN for the charity or organisation.

## Benefits of a workplace giving program to a DGR

A workplace giving program allows DGR(s) to receive donations as a lump sum from each employer. This reduces their costs as the DGR only processes one donation from each employer.

Another benefit is that DGR(s) are not required to issue receipts to the donors (although the employer may request a receipt from the DGR).



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more information

## HOW WORKPLACE GIVING WORKS

Employers, who wish to offer workplace giving, invite their employees to enter into a workplace giving program. Employees will nominate their preferred DGR(s) from a selection provided by their employer and specify the amount they wish to donate. Generally, the donation amount will be a fixed amount which will be deducted on each pay day.

The donation is paid directly by the employer to the DGR(s).

The workplace giving arrangement does not affect an employee's gross income or other calculations, such as superannuation guarantee payments or fringe benefits (FBT).

Employers decide which DGR(s) they would like to offer for workplace giving. They then approach the DGR(s) to make appropriate arrangements. Employers may wish to consult with their staff to determine the DGR(s) they would like to offer for workplace giving.

➤ Employers are responsible for ensuring that participating charities have ongoing deductible gift recipient (DGR) status. You can easily check a charity's DGR status via the Australian Business Register at [www.abr.gov.au](http://www.abr.gov.au) or by phoning **1300 130 248**. You will need the ABN of the charity or organisation.

## STEP BY STEP GUIDE FOR EMPLOYERS

If you decide to start a workplace giving program, you should follow the steps below to ensure its success and that you meet your obligations as an employer.

- 1 Decide which charities (with DGR status) you want to approach and invite to participate in your workplace giving program. You may wish to ask your employees which DGR(s) they would like to support. You can choose one or several DGR(s). Employers should obtain account deposit details from each DGR involved in their program so they can make lump sum deposits (see 5).
- 2 Decide whether you will reduce the amount withheld from the employee's salary to account for the total amount donated by the employee to DGR(s) each pay period.
  - There is no obligation on the employer to reduce the amount to be withheld from the employee's salary.
  - Each employer has the right to determine the minimum amount of donation per pay at which they will adjust the amount to be withheld.
  - The employer should be aware (and inform employees) that in some circumstances small donations will produce no or minimal change in the amount to be withheld each pay.

Employers may set a minimum donation amount for employees to participate in the program. They may also choose to reduce their employee's normal withholding amount if they get enough donations to justify the change in processing pays each pay period.

- 3 Find out which of your employees would like to participate, how much they are willing to donate and to which DGR(s) they would like to donate, based on the DGR(s) selected in 1 above.

This information is subject to privacy laws and cannot be released to participating DGR(s) without the express, written permission of each employee.
- 4 Calculate the amount to be withheld using PAYG withholding tax tables published by the Tax Office, as per the instructions below.

Use the relevant (weekly, fortnightly or monthly) tax table and for each pay period:

  - (a) calculate gross earnings
  - (b) calculate total amount of donations
  - (c) subtract the total donation amount (b) from the gross earnings (a)
  - (d) use the amount calculated at (c) and find the 'earnings' figure in column 1 of the relevant tax table, and
  - (e) determine the amount to be withheld using the appropriate column in the tax table (2 – 4).

**!** If you use a software payroll package, you will need to check with your software provider whether your software is able to calculate these deductions each pay period automatically.

If your payroll software is unable to reduce the amount to be withheld each pay period, you can still implement the workplace giving program. Your employees would claim a deduction for the total amount of donations made in their income tax return.

- 5 Take the agreed amount from each employee's payment and forward it to the DGR(s) as a lump sum. You may request a receipt from the DGR(s) for the lump sum payments for your records.
- 6 Keep records of the amount donated on behalf of each employee.
- 7 At the end of the financial year, you should show the normal gross salary and total amount withheld on each employee's payment summary. In addition to this, you should advise each employee, in writing, of the total amount donated to DGR(s) for the year.

There are two ways this can be done:

- in writing (letter or email), or
- by including the amount in the employee's payment summary.

**!** Workplace giving information **should not be included** in the *Payment summary annual report* you provide to the Tax Office.

## KEEPING EMPLOYEES INFORMED

If employees are involved in a workplace giving program, you will need to give them written advice detailing the amount donated each year. This advice can be provided in a letter, by email, or on their payment summary.

### Notifying by letter or email

This notification should include:

- employer's name and ABN
- employee's name
- total amount donated for the year
- that the amount was donated to a DGR, and
- the financial year in which the donation was made.

## Notifying by payment summary

### Self-printed payment summaries

If you print your own payment summaries, donations made under a workplace giving program can be shown in the same way as union fees, by using free space on the payment summary, for example, by adding another line of text. The employee's total donations to the DGR(s) should be shown. There is no need to list each organisation, just show 'workplace giving' in the deductions section and the total amount of donations for the year.

### Tax Office payment summaries

If you use Tax Office payment summaries and you do not deduct union fees on behalf of your employees, you may show your employee's total donations to the DGR(s) in the union fees box. Under **Name of organisation** write 'workplace giving' and include total donations in the corresponding **Amount** box. If you deduct union fees on behalf of your employee(s) you cannot use Tax Office payment summaries to notify the employee of the amount donated. You should provide your employee(s) with a letter or email (see **Notifying by letter or email** above).

## INFORMATION FOR YOUR EMPLOYEES

Making donations to DGR(s) via workplace giving allows employees to spread their donation over the year, rather than making a larger one-off donation.

Depending on the amount donated and your particular workplace giving program details, your employees may have the amount which would normally be withheld each pay period reduced to take account of the donation made.

Where employees make donations via a workplace giving program you will need to provide them with either:

- written confirmation outlining the total donation amount for the income year, or
- include the total amount donated in their payment summary.

### Completing income tax returns

Individual income tax returns are not affected by workplace giving.

Donations made under a workplace giving arrangement and donations made direct to DGR(s) are completed in the same way on the income tax return.

Total gross income and tax withheld, as notified on payment summaries, must be shown at Item 1, **Salary and Wages**. The total amount of donations made to DGR(s) should be shown at Item D8, **Gifts and Donations**.

## MORE INFORMATION

If you want to know more about setting up a workplace giving program, you can:

- visit [www.ato.gov.au](http://www.ato.gov.au), or
- phone **13 28 66** Monday to Friday between 8.00am to 6.00pm.

If you do not speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service on **13 14 50** for help with your call.

If you have a hearing or speech impairment and have access to appropriate TTY or modem equipment, phone **13 36 77**. If you do not have access to TTY or modem equipment, phone the Speech to Speech Relay Service on **1300 555 727**.

## OUR COMMITMENT TO YOU

The information in this publication is current at July 2004.

In the taxpayers' charter we commit to giving you information and advice you can rely on.

If you try to follow the information contained in our written general advice and publications, and in doing so you make an honest mistake, you won't be subject to a penalty. However, as well as the underpaid tax, we may ask you to pay a general interest charge.

We make every effort to ensure that this information and advice is accurate. If you follow our advice, which subsequently turns out to be incorrect, or our advice is misleading and you make a mistake as a result, you won't be subject to a penalty or a general interest charge although you'll be required to pay any underpaid tax.

You are protected under GST law if you have acted on any GST information in this publication. If you have relied on GST advice in this Tax Office publication and that advice has later changed, you will not have to pay any extra GST for the period up to the date of the change. Similarly, you will not have to pay any penalties or interest.

If you feel this publication does not fully cover your circumstances, please seek help from the Tax Office or a professional adviser. Since we regularly revise our publications to take account of any changes to the law, you should make sure this edition is the latest. The easiest way to do this is by checking for a more recent version on our website at [www.ato.gov.au](http://www.ato.gov.au)

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