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## **Media release**

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### **End Private School Tax Abuses - Institute**

Demands for parents to pay into school building funds are often thinly disguised tax abuses and should be reined in by the Australian Taxation Office, leading public interest think tank The Australia Institute said today.

Releasing an Institute study, *Tax Deductibility of Donations to School Building Funds*, Executive Director Dr Clive Hamilton said tax deductibility for voluntary donations to school building funds was introduced to assist private schools in particular fund buildings such as libraries and other facilities.

“Tax-deductible donations for school building funds are supposed to be voluntary, should be used only for buildings and the parent must receive no benefit,” he said.

“Whilst many schools stick strictly to the letter of the law in their administration of the funds, many others appear to violate these conditions, some quite openly.”

Dr Hamilton said the Institute study found some private schools:

- fail to make clear that donations are entirely voluntary;
- appear to use the scheme for other purposes, including subsidising school fees; and
- apply pressure or shame parents into contributing.

The report also said there is anecdotal evidence suggesting that families unable to secure a place in some of the nation’s most expensive schools have bought their way in through large donations to the building fund.

“All of these practices contravene the conditions of tax-deductible donations to school building funds and thus contravene the tax laws,” Dr Hamilton said.

“It is time the Federal Government more vigorously enforced the laws governing school building funds.”

*The Institute’s report can be read under What’s New on its website - [www.tai.org.au](http://www.tai.org.au)*

**Please note the Institute’s new telephone number - 02 6125 1270.**

**[www.tai.org.au](http://www.tai.org.au)**