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## News release

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# Government Flummoxed Over GST Free Kick for Political Parties

The Government is mired in confusion over the GST status of political parties with the most senior official in charge of GST in the Tax Office directly contradicting the Prime Minister on radio today. Assistant Treasurer Senator Kemp also contradicted the Prime Minister in a statement issued yesterday.

The mess has arisen after the Australia Institute issued a report claiming that some activities of political parties, as gift deductible entities, would be GST-free, while some fund-raising activities of charities will be forced to pay the GST.

Senator Kemp issued a media release yesterday claiming that the Australia Institute has made 'factual errors' in our study of the GST and charities. At the same time, speaking on ABC radio in Tasmania, the Prime Minister confirmed that political parties, as not-for-profit organisations, could claim the same GST concessions as charities.

But in an interview this morning on Melbourne radio station 3AW, the Deputy Commissioner for GST, Mr Rick Matthews, said that he believed that all fund raising activities by political parties would be subject to GST.

Commenting on the confusion Dr Clive Hamilton, Executive Director of The Australia Institute said: "We were extremely thorough in our research. We checked and double checked our information before releasing our report. Our understanding that some activities of political parties could be GST-free followed consultation with tax specialists and was confirmed by an official of the Tax Office."

The Tax Office said that "political parties are not charities but they can use this special provision in the GST Act".

"The Government appears bewildered over the GST treatment of charities", said Dr Hamilton. "Australia's most senior GST official has contradicted his own expert staff and the Prime Minister on this issue. It is little wonder that the charities are confused and feel apprehensive about the effect of the GST."

The Australia Institute's report can be read on its web site: [www.tai.org.au](http://www.tai.org.au).

