

Senate Standing Committees on Economics
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Thursday 6 June 2026

Submission: Treasury Laws Amendment (Tax Reform No. 1) Bill 2026 and Income Tax Rates Amendment (Tax Reform No. 1) Bill 2026

About APS

APS is a charity, is registered with the Australian Charities and Not for Profits Commission (ACNC) and has Item 1 Deductible Gift Recipient (DGR) Status.

APS's charitable purpose is to benefit the Australian community by increasing the level of giving to charities and other philanthropic causes and entities through structured giving.

APS core activities are:

- providing an administration, accounting and compliance service for private ancillary funds (PAFs) and a small number of public ancillary funds (PuAFs), charitable trusts and charitable companies;
- operating a public ancillary fund; and
- providing giving support services to all APS clients as they need.

In addition to our core activities, we undertake a number of other activities which are "incidental or conducive to the attainment of" our charitable purposes. This includes promoting structured giving wherever possible, providing free education to professional advisers including accountants, lawyers and financial advisers, and making meaningful contributions to the health and wellbeing of the sector wherever possible.

Since 2012 APS has grown from a team of 3, supporting 14 PAFs, to a team of 50 administering 380+ PAFs and 800+ clients with giving funds in the APS Foundation (APS's public ancillary fund). APS is at the forefront of growing structured philanthropy, consistently establishing roughly one third of all PAFs created in Australia each year. Further, APS Foundation is the largest, fastest growing and most generous public offer PuAF in the country.

Since its establishment 14 years ago, APS clients have given away over \$1.5B to charities and now have over \$2.9B (FY2025) in funds irrevocably donated into ancillary funds for the future use of DGR charities. The overwhelming majority of our clients are not the mega wealthy but are comfortably wealthy Australians who have some resources and wish to contribute to a better future locally, nationally and internationally.

Likely impact of budget Capital Gains Tax (CGT) changes on giving

APS is concerned the Budget CGT changes as currently drafted will have an adverse impact on the level of giving in Australia. We support Philanthropy Australia's (the sector peak body) submission on this issue.

A core principle of the tax regime with regard to charitable giving, is that taxpayers who give to Deductible Gift Recipient charities and Government Entities should not be taxed on that income.

The stated objective of the Budget changes is to treat income from whatever source more equally.

These do not appear to hold in the detail of how the Minimum CGT will be applied as there is currently no provision for legitimate gifts to Deductible Gift Recipient charities and Government Entities to reduce taxpayers' tax liabilities (in the same way it currently does for all income, however earned).

Modelling these changes has its challenges, but our analysis is the changes particularly impact low-income taxpayers (excluding social welfare beneficiaries who we note are carved out) and where a high proportion of a capital gain is given away. This removes a critical incentive to give to the community. Selling of capital investments is often the time for additional giving as individuals reflect on their situation relative to others not so fortunate in our community.

We anticipate that overtime the changes, if not modified, will lead to lower levels of support for charities.

From discussions we have had with Treasury post the budget announcement, we understand the Government does not intend to reduce incentives to give. This aligns with the government's stated policy to increase giving. Further, no Minister has stated reducing incentives to give is an objective of this Government. It appears therefore, the potentially significant negative impact of the CGT changes on philanthropy is unintentional and should be addressed.

Fixing the issue

Our suggested solution is an additional step in the process of calculating the Minimum Capital Gain Tax and modifying the Election to Spread Form NAT 73763 so that the Taxpayer can elect to apply part of a donation against the Minimum Capital Gains Tax calculation in a specific year. This straightforward fix will remove the disincentive to give inherent in the Minimum Capital Gain Tax regime.

We will also engage with the Treasury consultations on the implementation detail.

Should you wish to discuss or require any further information please contact.

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Kind regards



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