



COMMUNITY SHEDS

Meeting the requirements for DGR endorsement

From 1 October 2020, community sheds can apply for deductible gift recipient (DGR) endorsement. To do so, they need to meet a number of criteria to be eligible.

Community sheds eligibility criteria

- Have an active ABN
- Be a registered charity with ACNC
- Be established and operate in Australia
- Meet *DGR category requirements*
- Include *DGR winding up and revocation clauses* in your governing documents

Community shed category description

- A public institution whose **dominant purposes** are advancing mental health and preventing or relieving social isolation
- Principally advances these purposes through providing a **physical location** and supports individuals to work on projects or undertake other activities in the company of others
- Has **membership** that is open, or is limited only to an individual's gender or indigenous status, or both

Have any questions?

- Visit ato.gov.au/communitysheds for more on eligibility and how to apply for DGR endorsement
- Phone the ATO on 1300 130 248, 8.00am to 6.00pm (Mon-Fri) with queries on DGR endorsement
- Visit acnc.gov.au/for-charities/start-charity to check charity eligibility requirements

Community shed DGR requirements

To apply for charity registration and DGR endorsement, you need to submit governing documents to demonstrate you meet charity registration and DGR endorsement requirements. Governing documents contain a number of clauses that set-out your charitable purpose, your not-for-profit character, the way you operate, how you make decisions and what you need to do upon wind-up.

There is no single template that will accurately reflect the purposes and operations of each individual community shed. When preparing your own governing documents ensure it accurately reflects what you do and how you meet the *DGR category requirements* and *DGR winding-up and revocation clauses*.

If your governing document already meets these requirements, no further action is required before applying. If some of these requirements are not met, the following tips and example clauses may assist you.

Specific requirements of your governing documents



- ✓ **Accurately reflect how your community shed operates when carrying out its purpose**
The ATO and ACNC carefully consider the object clause and the activities you undertake to determine if you meet the DGR category and charity requirements. Visit acnc.gov.au for more information on ACNC registration requirements.
- ✓ **Contain a *DGR winding up and revocation clause* and a *Not-for-profit dissolution clause***

EXAMPLE CLAUSES USE AS A GENERAL GUIDE ONLY

Specific clauses	What to reflect in this clause	Can you use this as a sample clause?
Objects or purposes	<p>Describe what your charity is set up to achieve (its purposes must all be charitable for the public benefit)</p> <p><i>Example which may be used as a general guide only</i></p> <p>The [organisation] is established to be a charity whose purpose is to advance [health/social or public welfare] by operating a [men's/women's/community] shed to:</p> <ul style="list-style-type: none"> Improve the health of [men/women] who are at risk of health issues arising from loneliness and isolation Facilitate programs that address mental, physical and emotional health issues in [men/women] Provide meaningful activities where [men/women] can participate in the company of others to relieve isolation and loneliness To undertake charitable activities for the benefit of the broader community. 	<p><i>Yes with review and adaptations</i></p> <ul style="list-style-type: none"> Review the example and adapt it to accurately reflect the purposes of your own shed
Membership	<p>Community sheds must be open to the community to join and generally not impose criteria restricting membership based on matters such as age, ethnicity or background.</p> <ul style="list-style-type: none"> The only exception is that sheds can restrict membership to people of a particular gender or with Indigenous status or both. The DGR open membership criteria do not over-ride the requirement for sheds to comply with council, state, territory and federal regulation and laws. Be sure that your shed complies. <p><i>Examples which may be used as a general guide only</i></p> <ul style="list-style-type: none"> Membership is open to all persons Membership is open to all [gender] persons Membership is open to all [gender] persons with Indigenous status 	<p><i>Yes with review and adaptations</i></p> <ul style="list-style-type: none"> Review the example and adapt it to accurately reflect the membership of your own shed
DGR winding up and revocation	<p>Community sheds need to have clauses that deal with surplus assets in the event the shed is wound up or its DGR is revoked</p> <ul style="list-style-type: none"> DGRs must transfer all remaining gifts, deductible contributions and money received in relation to such gifts and contributions to a gift deductible fund, authority or institution. For registered charities, the transfer must be to another DGR with similar objects, which is charitable at law. <p><i>DGR revocation clause example which may be used as a general guide</i></p> <ul style="list-style-type: none"> If the organisation is wound up or its endorsement as a deductible gift recipient is revoked (whichever occurs first), any surplus of the following assets shall be transferred to another organisation with similar objects, which is charitable at law, to which income tax deductible gifts can be made: <ul style="list-style-type: none"> gifts of money or property for the principal purpose of the organisation contributions made in relation to an eligible fundraising event held for the principal purpose of the organisation money received by the organisation because of such gifts and contributions. 	<p><i>Yes, this may be acceptable</i></p> <ul style="list-style-type: none"> Review and adapt to ensure it is the most appropriate sample clause for your shed For more information search ato.gov.au for the webpage QC 52594
Not-for-profit dissolution	<p>Sets out what happens to the organisation's assets if it winds up (closes down). To satisfy the ACNC requirements, the clause must require the assets to go to another charity.</p> <p><i>Not-for-profit dissolution example which may be used as a general guide</i></p> <ul style="list-style-type: none"> If the association is wound up, after it has paid all debts and other liabilities (including the costs of winding up), any remaining assets: <ul style="list-style-type: none"> must not be distributed to the members or former members of the association, and subject to the requirements of Australian laws and any Australian court order, must be distributed to another organisation or other organisations, with similar purposes, which is/are charitable at law, and which is/are not carried on for the profit or personal gain of members. 	<p><i>Yes, this may be acceptable</i></p> <ul style="list-style-type: none"> Review and adapt to ensure it is the most appropriate sample clause for your shed Visit acnc.gov.au for more (search for Not-for-profit)
Not-for-profit clause	<p>Sets out that your organisation does not operate for the profit, personal gain or benefit of particular people.</p> <p><i>Not-for-profit example which may be used as a general guide</i></p> <ul style="list-style-type: none"> The assets and income of the organisation shall be applied solely to further its objects and no portion shall be distributed directly or indirectly to the members of the organisation except as genuine compensation for services rendered or expense occurred on behalf of the organisation. 	<p><i>Yes, this may be acceptable</i></p> <ul style="list-style-type: none"> Review and adapt to ensure it is the most appropriate sample clause for your shed Visit acnc.gov.au for more (search for Not-for-profit)