

AUSTRALIAN COUNCIL FOR THE DEFENCE OF GOVERNMENT SCHOOLS

PRESS RELEASE 512#

ENTANGLEMENT OF CHURCH AND STATE:

TAX OFFICE RULING ON CHURCH USE OF STATE AID FOR CHURCH BUILDINGS

Since the introduction of State Aid to Church schools in 1964, churches have been using public subsidised school buildings for church purposes. Voluntary funds from pockets of the faithful dried up. Why give money to wealthy churches made wealthier by State Aid?

The Tax Office has finally made a ruling on church use of publicly funded school buildings for church purposes.

See Non-Profit News Service No. 0395 - School building fund taxation ruling.

<http://www.ato.gov.au/nonprofit/content.aspx?doc=/content/00346832.htm>

On 13 February 2013, the Australian Taxation Office released *Taxation Ruling TR 2013/2 Income tax: school or college building funds*

So churches have used involuntary taxpayer funds to fill the shortfall. This became obvious in the Trial of Evidence in DOGS High Court case in 1979 when it was disclosed that the Roman Catholic church was using school buildings to hold churches services in areas like Churchill and Geelong. Since that time the practice has expanded to most religious groups. Church Planting teams in developing areas like Mernda for example, use Christian and Anglican school buildings for their services. But other groups have been even more 'pro-active' in obtaining public funds for church buildings and chapels within a school complex. Scandals have surfaced in the media when schools have wanted to reclaim their buildings.

The Tax Office has shut the door on a ruling that churches have been using to fund their building projects. It will no longer be possible for a church to gain deductibility for donations by setting up a 'school building fund' unless the building has 'the character of a school building'.

Some churches have gone further and funded church buildings using tax-deductible school or college building funds, arguing that the premises were being used for education. It will be harder to do this under the new ruling from the ATO. This Ruling focuses on the extent and character of the use, and outlines the following factors as being relevant for the determination of whether a building is used as a school':

- a) The amount of time the building is put to school use relative to the amount of time it is put to non-school use;
- b) The number of people involved in the school use of the building relative to the number involved in its non-school use;
- c) The physical area of the building put to school use relative to the physical area put to non-school use; and
- d) The extent to which the building has been adapted or modified in order to accommodate its school or non-school use.

For example, an auditorium used by a school, but made large enough to hold church meetings for more people than the school has students, will not be able to use tax deductible funds.

DOGS note that the Religious lobby has already thumbed its nose at the tax office. The lobby group, Christian Schools Australia believes schools will not be significantly affected by the new ruling. After all, the Tax Office can make rulings, but who is going to police them? (Reference *Eternity*, April 2013, p. 3)

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