

Federal Budget 2014: Good News for Clubs

Some good news in the Budget for Clubs. The Government announced on 14 December 2013 that it would not proceed with the previous Government's proposed measures in the "Better targeting of Not for Profit Tax Concessions" (announced in May 2011 which sought to impose an unrelated business income tax (UBIT) on Clubs). The Government also announced on 14 December 2013 that it may consider alternative integrity measures to the Better Targeting proposals. However, the Government has now announced in the Budget Papers that it has concluded that alternative measures are not required at this time.

SOURCE: Budget Paper No. 2 pp18-19; Acting Assistant Treasurer's Press Release "More progress in restoring integrity in the tax system", 13 May 2014.

Accordingly, the proposed UBIT will not now proceed. The UBIT had the potential to substantially affect Clubs, particularly with significant gaming, liquor, bistro and functions operations.

This decision would infer that the Government does not accept the findings of the Labour Government appointed "Not for profit sector tax concession working group" Final Report dated May 2013 (the Final Report). The Labour Government chose not to release the Final Report prior to the Federal election in 2013. The Final Report was released in late 2013 following an FOI application. Amongst other things the Final Report advocated the removal of the mutuality principle which would have impacted on many clubs.

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