

VFF NOT CHARITABLE FOR PAYROLL TAX PURPOSES

In [Victorian Farmers Federation v Commissioner of State Revenue \(Review and Regulation\) \[2017\] VCAT 19](#) it was held that the Victorian Farmers Federation (“VFF”) was not a charity and therefore not entitled to exemption from Victorian Payroll Tax.

The VFF claimed that it should be exempt from payroll tax pursuant to section 48(1) of the [Payroll Tax Act 2007 \(Vic\)](#) (“the Act”) in relation to wages paid by the VFF because it was a not-for-profit organization with a whole or dominant charitable purpose.

VCAT considered the VFF’s Constitution and activities and canvassed various cases including the Victorian Supreme Court decision on a similar claim in [Law Institute of Victoria v Commissioner of State Revenue \[2015\] VSC 604](#). [See our Article [“Charitable Lawyers?”](#)].

In considering the matter VCAT determined that:-

“.....the main purpose of the applicant [VFF] is for benefitting those engaged in the business of agriculture rather than the promotion of agriculture generally. The benefits that flowed to the promotion of agriculture generally, in my view, are ancillary to those of benefitting those engaged in the business of agriculture.”

VCAT then further stated:-

“The central focus of VFF is on profitability of the business of farming and, not on the public benefit. That does not mean of course, that there is not public benefit flowing from the profitability of farming. However that is not the primary purpose of interest of the applicant [VFF].”

As the VFF could not establish that its sole or dominant purpose was charitable, it did not satisfy section 48(1) of the Act for payroll tax exemption.

Clearly, the characterisation of an organizations constitution and activities is pivotal in determining its charitable status.

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