

ROTARY CLUBS ARE NOT CHARITIES FOR VICTORIAN STAMP DUTY PURPOSES

Written by Victor Hamit

The Supreme Court of Victoria (“the Supreme Court”) determined in [Rotary Club of Melbourne Inc v Commissioner of State Revenue \[2018\] VSC 699 \(29 November 2018\)](#) that the Rotary Club of Melbourne Inc (“Rotary Club”) was not a body established for charitable purposes within in the meaning of section 45 of the [Duties Act 2000](#). Therefore, the Rotary Club was not exempt from stamp duty on the purchase of real estate for office space.

This case was an appeal from the Victorian Civil and Administrative Tribunal (“VCAT”) which firstly required leave from the Supreme Court for the Rotary Club to appeal. The Supreme Court noted:-

“ In the interests of expedition and economy in terms of time and cost, this proceeding was heard as a combined or “rolled up” application for leave to appeal the Tribunal’s decision and, if leave were to be granted, the hearing of the appeal itself.”

The Supreme Court found that VCAT had not erred in law when it determined that the Rotary Club was not a body established for charitable purposes and therefore confirmed the decision of VCAT.

VCAT determined that a significant and independent object of the Rotary Club is the moral improvement of its **members** as they conduct themselves in their own personal, business and community lives, divorced from the activities of the Rotary Club. “The moral improvement of members, while ‘admirable and, indeed, praiseworthy’, is ‘beyond the purposes accepted by the law as charitable’.”

The Supreme Court considered that whilst the promotion of ethical standards in business and the professions may be a purpose that falls within the general law understanding of charitable purposes, the purpose must be beneficial to a sufficient section of the community. The Supreme Court held that the Rotary Club concerned itself with the conduct of its members to be of a high ethical and moral standards.

Therefore, it did not sufficiently benefit a section of the public with the improvement of ethical standards in business and the professions.

This case is a further example of not-for-profit organisations seeking traditional charitable purpose status for the purpose of state and federal revenue law.

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