



## Community sheds

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- <https://www.ato.gov.au/Non-profit/Getting-started/In-detail/Types-of-DGRs/Community-sheds/>
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## Community sheds

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Community sheds (such as men's sheds and women's sheds) are not-for-profit organisations that provide a range of activities for their members with the purpose of advancing mental health and preventing or relieving social isolation.

From 1 October 2020, a new general category of deductible gift recipients (DGR) for community sheds will be available. It is listed on the [DGR table](#) as Item number 1.1.9 A community shed.

Community sheds that are DGR endorsed can mention their tax-deductible status on their website or material. Donors who donate \$2 or more to a DGR endorsed community shed will generally be able to claim an income tax deduction.

This information explains the requirements that a community shed must satisfy to be endorsed by us as a DGR.

On this page:

- [Characteristics](#)
- [Eligibility criteria](#)
- [Applying to be DGR endorsed](#)
- [Responsibilities as a DGR endorsed community shed](#)
- [Tax-deductible gifts and donations](#)

### Characteristics

A community shed is a public institution that has all the following characteristics:

- The dominant purposes are advancing mental health and preventing or relieving social isolation.
- The purposes are advanced principally by

- providing a physical location
- supporting individuals to work on projects or undertake other activities in the company of others at that location.
- It has either
  - open membership
  - membership open to persons of a particular gender or with Indigenous heritage or both.

## Eligibility criteria

A community shed will need to meet all the following criteria to be eligible for DGR endorsement. It must:

- have an active ABN
- have the [characteristics](#) of a community shed
- be located [in Australia](#)
- be registered as a charity with the Australian Charities and Not-for-profits Commission (ACNC)
- have a DGR [winding up and revocation](#) clause.

A community shed is not required to have 'community' or 'shed' in its name to be eligible for DGR endorsement.

## Governing documents

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
- what you need to do upon winding up.

We will review your community shed's governing documents as part of the DGR application to ensure they:

- clearly reflect what you do and how you meet the DGR category requirements
- have a DGR winding up or revocation clause.

Before applying for DGR endorsement, review your governing documents to ensure you meet these requirements.

## Applying to be DGR endorsed

There are two ways to apply to be registered as a DGR under Item 1.1.9 A community shed:

- If you are already a registered charity, you can apply directly to us using the [Application for endorsement as a deductible gift recipient](#).
- If you are not a registered charity or you are a newly established shed, you can apply for DGR endorsement in your [application to register as a charity](#)<sup>EQ</sup> with the ACNC – the ACNC will send your DGR application to us once your charity is

registered.

Before applying to be registered as a charity, see the [ACNC webpage](#)<sup>EQ</sup> for community sheds which covers:

- eligibility requirements for registering as a charity
- completing your registration application
- ongoing obligations to the ACNC.

As part of your application, you will need to provide copies of your governing documents in either a Word or PDF file format. Image files may cause issues and may delay your application.

### Backdating your DGR endorsement

If you apply for DGR endorsement after 1 October 2020, you may be able to backdate your endorsement. To be eligible for backdating, you need to have met the eligibility criteria for the previous period you want endorsement to apply.

You can apply for your endorsement to be backdated as part of the DGR application process, by adding the date you want the endorsement to be effective from. The earliest date you can be backdated under this category is 1 October 2020.

### After you apply

What you can expect when we process your DGR application:

- We will contact you to confirm we have received your application, and if we require further information.
- While your application is being processed, donations you receive are not tax deductible.
- It may take up to 28 days for us to process your application, after receiving all required information.
- You will receive a notification of your application outcome in the mail.

Once you are DGR endorsed:

- your DGR status will be added to the [ABN lookup](#)<sup>EQ</sup> on the Australian Business Register so donors can confirm your shed can receive tax-deductible gifts
- you can update your website or material advising of your tax-deductible status.

## Responsibilities as a DGR endorsed community shed

It is important to make sure you are meeting your responsibilities as a DGR endorsed community shed.

You must keep records that explain all transactions and activities relevant to your organisation's status as a DGR.

Your records must show that you have used all your gifts and deductible contributions for your DGR purpose.

You may need to consider whether you need to be registered for GST.

We recommend you conduct a review of your organisation's eligibility for DGR status each year or when there is a substantial change in your activities. You can use our [worksheet](#) to review your DGR status.

You must tell us in writing if your organisation is no longer entitled to DGR endorsement. You must do this before, or as soon as possible after, the entitlement ends.

See also:

- [DGRs – Record keeping](#)
- [GST](#) for not-for-profits

## Tax-deductible gifts and donations

Once you are DGR endorsed, people who donate to your community shed can seek a tax deduction. Donations can be either money or property, such as tools or supplies.

There are some requirements the donation needs to meet for it to be tax deductible.

The donation must be a gift, not a contribution.

- A gift is where a donor does not receive a material benefit in return (for example, a donor puts \$5 in a collection box).
- A contribution is where a donor receives a material benefit in return (for example, membership fees or purchasing a ticket to a fundraising dinner).

To be tax deductible, a donor's gift must be covered by what we call a 'gift type'. Examples of gift types include:

- money of \$2 or more
- property, for example tools or supplies, that is purchased during the 12 months before making the gift, or that we value at more than \$5,000
- trading stock.

If you provide the donor with a small token of appreciation for their donation – such as a sticker, or a mention in a newsletter – the donation can still be considered a gift. However, if your acknowledgment is larger and the donor can use or benefit from it, this may prevent the donation from being a gift.

It is the responsibility of the donor to determine the value of their donation, when claiming their tax deduction.

See also:

- [Gift types and conditions](#)

Next steps:

- Watch our recording of the [New DGR category for community sheds webinar](#)<sup>📺</sup>.

You can also download a copy of the webinar slides and help sheet.

- If you have any questions about your DGR endorsement application, phone us on 1300 130 248 between 8.00am and 6.00pm, Monday to Friday.

See also:

- [Community sheds](#)<sup>27</sup> on the ACNC website
- [Extending deductible gift recipient status to Men's Sheds and Women's Sheds \(community sheds\)](#)

## Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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