Scholarship Funds

Do Schools need to comply?

Yes if you operate a scholarship fund that qualifies as an endorsed deductible gift recipient fund (DGR). Gifts (donations) made to an endorsed deductible gift recipient fund are tax deductible.

Conditions of compliance:

The scholarship fund DGR category covers funds with the following characteristics:

- the fund is a public fund
- the fund is established for charitable purposes, and
- the fund is established and maintained solely for providing money for eligible scholarships, bursaries or prizes.

These terms are defined on the Australian Taxation Office's website.

If you have to comply, what do you have to do?

Organisations that want to be endorsed as DGRs must apply to the Australian Tax Office for endorsement. You will need to complete the Application for endorsement as a deductible gift recipient (NAT 2948) which can be obtained from the ATO website or by phoning the ATO on 1300 130 248. You will also need to complete the scholarship fund schedule as the application form and schedule are to be lodged together.

You must also:

- Comply with the ATO’s requirements for types of scholarships, advertising of scholarships, eligibility of recipients and selecting recipients;
- Comply with the ATO’s requirements for banking, separate accounting records and annual reviews.

What are the consequences if you don’t comply?

- The school may be in breach of Australian taxation laws and have its fund dis-endorsed.
- Donors may not be eligible for a tax deduction for their gift.

Useful links:

Australian Taxation Office – Scholarship Funds

The Australian Taxation Office on 1300 130 248

Your own professional taxation advice.