

## Private Foundation

A **Private Foundation** is a legal entity set up by an individual, a family or a group of individuals, for philanthropic means.

Unlike a **charitable foundation** that's sole purpose is to collect donations, a private foundation provides a philanthropic service to the wider community.

A private foundation exists to sustain the **participants** & who ever the participants choose, [people that participate].

A foundation is categorized with the ATO as a **not for profit** and has a wide diversity of structures and purposes some of which are defined here:

<https://www.ato.gov.au/Non-profit/Non-profit-News-Service/In-detail/Articles--2012-13/Non-Profit-News-Service-No--0379---New-version-of-the-Income-tax-guide-for-non-profit-organisations/>

**A foundation sustains its participants** by paying for food, clothing, lodging, petrol, phone and any other living expenses required to sustain its participants in a philanthropic manner.

Your Private Foundation will engage in **benevolent activities** to make the world a better place and help humanity.

Your Foundation can also work with other private foundations.

### Principals of a Private Foundation:

- \* Full control of the financial affairs inside your foundation.
- \* A Private foundation complies with the ATO guide as a not for profit organization with tax exempt & self assessing status, and your not required to submit returns to the ATO.
- \* It is your sole choice to contract with any government bodies regarding discretionary obligation of payments as you wish.
- \* The principals and participants donate their time and resources to the foundation and the foundation contracts out these services and invoices clients.
- \* Purchasing products & services through the foundation currently incur GST, the foundation is really exempt from paying GST although this can sometimes be a challenge in the world of business.
- \* The availability to self-regulate & keep accounting records without the involvement of the taxation office.
- \* Total freedom in your financial activities when running the private foundation.

## Guidelines for operating a Private Foundation

The **articles of association** set out the general purpose & activities of the foundation. The most normal method is for the Participants, Volunteers and Contractors to provide the service to the wider community that they would love to offer. This may be done by way providing community services or holding workshops and similar beneficial like activities.

A private foundation is a **non-government-organization** and its name is not registered or trademarked, the name is best created to express the true intent and purpose of the foundation.

A Private Foundation cannot accept GST. Not being a **registered ATO collector** you are not able to collect GST on behalf of the taxation office.  
A Private Foundation only pays GST when buying from GST registered entities.

**Tax deductible donations** can only occur for registered entities with an ABN and/or deductible Gift Recipient (DGR) Status.

**Contributions** are what your foundation will receive, the legal definitions in the tax charter define **income and profit** when running a business a particular way.

**Meeting minutes** are at the discretion of the participants of the private foundation, if & when you choose. There is no mandatory requirement's, all record keeping is conducted at the discretion of the principal participant's of the Private Foundation.

If you are in already under a **PAYG** scheme, using your private foundation may also be possible, it is necessary that the business you work for is willing to start receiving invoices from a private foundation on a contractual basis. There may be **superannuation** and **insurances** issues to consider when operating your private foundation by contractual arrangement.

Many **businesses** understand the advantages of a **contractual service** and reducing their payroll tax, superannuation, holiday and sick pay similar to that of a casual employee. You can still volunteer to pay income tax, just volunteer your income up till the point that your private foundation is created and is engaged by contract with the business.

**B A S** forms are not required for your foundation as your not registered to collect GST or maintain and submit these business records.

Your private foundation has access to full **internet banking** facilities & the principal participants receive a VISA debit pay-pass card which is attached to internet and Westpac based app connectivity for both phones and personal computers.

Most **accountants** have very little or no knowledge of Foundations and their setups as it is not common knowledge and is not commonly taught. The government is here to promote taxation under the guidelines of USUFRUCT.

No **accountant** is required for your Foundation and caution is advised as they work for the taxation office. The majority of people operating Private Foundations use basic book keeping for maintaining their own personal records.

**Inviting People to Participate and join** your Private Foundation is at the discretion of the principal participant's while they also has the authority to retire & invite people to participate. This may all be done in writing and participation may be amended at any time by the principal participants [account holders].

Generally it is not appropriate to offer **widely differing services** from the one Foundation. It is best to establish a separate foundation for differing services.

The Private Foundation can start operating as soon as it is established and **invoices** created when the private foundation trades. Any pre-existing **registered business** or entity is separate and can continue or cease operating at the discretion of its creators. You may have to complete the current financial reporting obligation before you have it **deregistered**.

**Merchant facilities** should be available soon while all Direct Bank transfers are available with Credit Card details available over the phone, some come with additional service fees.

Business **websites** like a **.com.au** website may require an ABN to register, it is strongly advised that you use a non commercial domain like **.org** or **.nfp** [of which are newly available on the market as of 2015].

Foundations are not used for **asset protection**, but some have managed to put down their foundation as the owner for a vehicle at their local transport office, this area of asset abeyance still remains a challenge for foundations. Private trusts should be explored. A Private Foundation is not a **trust** but fulfills on community projects to contribute to the greater community, there are no individual beneficiaries.

**NOTE:** The principal participants of SeaofSpace Foundation are not authorized by any agency to give legal, financial or taxation advice.