Minimum tax on discretionary trusts

Response to consultation

31 July 2026

The Local & Independent News Association (LINA) welcomes the opportunity to submit to consultation on a minimum tax on discretionary trusts.

LINA is Australia's industry association for local and independent digital newsrooms, and an Australian Charities and Not-for-profits Commission (ACNC) registered not-for-profit. We represent a diverse and growing movement of over 200 newsrooms across Australia that provide vital public interest journalism to the communities they serve.

The consultation paper asks for feedback on the treatment of distributions to tax-exempt entities, including charities, given that such entities can not make use of any tax offsets like individual beneficiaries.

LINA shares concerns with other community-minded organisations, such as Justice Connect and the Community Broadcasting Association of Australia (CBAA), that a minimum tax on discretionary trusts will impact charitable giving. By implementing a floor below which taxable income cannot be offset, trusts will have less incentive to make distributions to tax-exempt organisations.

To mitigate this, the government should provide for distributions to DGR-endorsed charities to be tax deductible, which must be coupled with reform of the DGR system.

Providing for no tax to be paid on distributions made as gifts to DGR endorsed charities will maintain incentives for giving and bring the taxing of the income of discretionary trusts more into line with the taxing of the income of individuals.

However, without being accompanied by broader DGR reform, as recommended by the Productivity Commission (PC) in their Future Foundations of Giving report, the unfair and convoluted DGR system will be further entrenched.

In particular, not-for-profit public interest journalism organisations do not currently have a DGR endorsement category. There is strong rationale for taxpayer and philanthropic support of community-based news services due to the social cohesion, community-building, democracy-strengthening and public safety benefits generated by accurate, timely and locally relevant news services. These services are particularly valuable in areas of potential market failure, where the population, industry-mix, and/or socioeconomic profile is insufficient to sustain a for-profit news company.

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LINA
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We believe that the difficulty that news organisations have obtaining DGR is the single biggest barrier preventing the development of a not-for-profit journalism sector in Australia, following successful international examples.

The experience of one LINA member, The Conversation, is highlighted in the PC report as an example of the difficulty that not-for-profit organisations with clear public benefit outcomes can have in obtaining DGR status. The news publisher had to emphasise its public education activities, not its news, in order to achieve a specific listing in the education category. The Conversation is one of very few news organisations in Australia that have successfully reached this outcome.

This barrier is a definitive disincentive to the many community-based newsrooms in LINA's membership that have expressed interest in establishing themselves as not-for-profit and/or charitable organisations, with some of these newsrooms already certified as social enterprises.

Unlocking the DGR system for more charitable organisations will unlock new funding streams, in particular access to philanthropic funds, helping to ensure that all Australian communities have access to independent, public interest journalism and local news services. As the PC report noted, journalism can also prompt giving to other causes by drawing attention to specific areas of need.

Access to DGR status should also be expanded to include the majority of charities registered by the ACNC, another recommendation included in the findings of the PC's philanthropy inquiry. Many registered charities, for example in the community broadcasting sector, do not have the time and resources required to apply for DGR status, despite providing important charitable services to their communities.

Combining DGR reform with allowing distributions from discretionary trusts to DGR endorsed charities will ensure an ongoing incentive exists for giving, supporting the government's objectives to double philanthropic giving in Australia by 2030. Such an approach will also make the tax system more equitable on multiple fronts, while maintaining its integrity in relation to the tax deductibility of donations.

We would be very concerned about the Government addressing this issue using an approach which does not include reform of the DGR system, as this would further entrench an unfair and convoluted system.

Thank you for your consideration of these matters.

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