This fact sheet covers:

- what is a raffle and if a permit is required
- conditions that apply to holding a raffle
- requirements for tickets
- requirements for raffle prizes
- obligations regarding incurring expenses and spending gross proceeds
- ongoing record-keeping obligations
- if someone else runs a raffle on behalf of your organisation, and
- tax on the proceeds of the raffle.

This information is for community organisations that want to know more about the legal requirements for conducting raffles in NSW. A raffle is a lottery where entrants pay for the chance to win a prize.

Note: this guide does not cover not-for-profit promotional raffles conducted by registered clubs.

In NSW, the rules about the conduct of raffles are found in the Lotteries and Art Unions Act 1901 (NSW) and the Lotteries and Art Unions Regulation 2014 (Lotteries Laws). The Lotteries Laws are administered and regulated by NSW Fair Trading (NSW FT).

If your organisation wants to conduct a raffle in another state or territory, you must comply with the laws that apply in that jurisdiction.

In addition, if a lottery is conducted to raise funds for a charitable purpose the Charitable Fundraising Act 1991 (NSW) (NSW Fundraising Law) will also apply. See Not-for-profit Law’s Guide to Fundraising for NSW organisations for more information at www nfplaw.org.au/fundraising.

This information is intended as a guide only, and is not legal advice. If you or your organisation has a legal problem you should talk to a lawyer before making a decision about what to do.

What is a raffle and is a permit required?

A raffle is a lottery where prize winners are determined by drawing tickets or marbles from a barrel (or similar) or through the use of a randomised electronic device.

A raffle can only be conducted in NSW in order to raise funds for a not-for-profit organisation. A permit is not required to conduct a raffle in NSW.
What other legal obligations do we have if we conduct a raffle?

In all raffles:

- the method of the draw must allow each ticket in the draw a random and equal chance of being drawn – this means that all butts are to be placed in a single container and thoroughly mixed, and
- if there is more than one prize, the first ticket drawn must win the major prize.

Any advertising of the raffle must not be misleading or deceptive, depict children participating in a raffle activity, or suggest that winning will be a definite outcome of participating in the raffle.

NOTE

If a raffle is conducted for the benefit of a not-for-profit organisation which is also a ‘charity’ as defined in the Charitable Fundraising Act 1991 (NSW), then it will be necessary for the charity to obtain an authority under, and comply with the requirements of, the Charitable Fundraising Act 1991 (NSW). See the Not-for-profit Law Guide to Fundraising for more information at www.nfplaw.org.au/fundraising.

What are the requirements for tickets?

Each series of draw lottery tickets must be distinguished (e.g. by colour or serial number) from each other series of tickets, and each ticket, unless computer-generated, must contain a purchaser’s portion and a ticket butt.

The purchaser’s portion of the ticket must include:

- the serial number, and
- if the total value of the prizes in the lottery exceeds $10,000:
  - the price of the ticket, and
  - the name of the benefiting not-for-profit organisation.

The ticket-butt portion of the ticket (or computer records for computer-generated tickets) must include:

- the serial number, and
- if the total value of the prizes in the lottery exceeds $10,000, the name and contact details of the purchaser.

When selling raffle tickets, the following information must be available:

- ticket price
- details of the benefiting not-for-profit organisation
- details of the prizes and their value (specific requirements apply to electrical products, cars and travel prizes)
- the place, date and time of the draw (noting that the draw can be postponed in which case the name, draw place, date and time should be published in a local newspaper or on the organiser’s website)
- how winners will be notified and publicised, and
any other specific rules applying to the draw.

What are the requirements for raffle prizes?

The total retail value of prizes for a raffle in NSW must be $30,000 or less. Additional restrictions on prizes include:

- money can be awarded as a prize as long as the total value of the prize is capped at $30,000;
- some items are prohibited from being awarded as prizes (including tobacco products, firearms or ammunition, prohibited weapons, and cosmetic surgery);
- for any liquor prizes, tickets cannot be sold to under 18s. The liquor component of all the prizes must not exceed:
  - 20 litres of liquor with an alcohol content not exceeding 20% by volume, or
  - 5 litres of liquor with an alcohol content exceeding 20% by volume, and
- if the prize is a travel prize for a holiday, only 20% of the total value of the prize can be awarded in cash as spending money.

All prizes must be preserved carefully until the prize winners have taken possession of them, and the prize winners must only receive the prize they have won. If the prize is money exceeding $2,000, any amount that exceeds $2,000 must be paid by electronic funds transfer or with a crossed cheque payable to the person.

Prize winners must be notified within 2 days of the raffle draw, unless winners cannot be identified or located. If the total prize value for the raffle is more than $10,000 the prize winners from the raffle draw must be published in a newspaper or on the internet website of the organisation within 7 days of the raffle draw.

Any prize unclaimed for a period of 3 months after the draw must be sold under the direction of the Minister for Racing and the proceeds of the sale paid to the benefiting organisation.

What are your community organisation’s obligations regarding incurring expenses and spending gross proceeds?

Not-for-profits benefiting from the raffle must receive 40% or more of the gross proceeds from the raffle. This means expenses cannot exceed 60% of the total proceeds. Expenses can include buying the tickets to sell for the raffle, purchasing prizes, and advertising and promoting the raffle.

Remuneration or a commission can be paid to third-party raffle organisers in the limited circumstances set out below.

If the benefiting not-for-profit organisation receives less than 40% of the gross proceeds from the raffle, the raffle organiser must notify NSW FT and seek its approval to pay the reduced sum to the benefiting not-for-profit organisation. The application must explain the unusual circumstances that resulted in the outcome.
What are your community organisation's ongoing record-keeping obligations?

Raffle organisers should keep proper records including records of all expenses incurred and payments received through ticket purchases for at least 3 months from the date of the raffle draw. If the total value of the prizes in the raffle is more than $10,000, records need to be kept for at least 3 years and should also include:

- number of tickets printed, purchased or generated for sale (including serial numbers)
- number of tickets distributed for sale and sold (including serial numbers)
- name and address of each person to whom tickets were distributed for sale (including serial numbers)
- name, address and contact details of each ticket purchaser (either in the computer records or on the ticket butts)
- name and address of prize winners, and
- number of tickets unsold (including serial numbers).

Can someone else run a raffle on behalf of our community organisation?

A person or organisation can only run a raffle on behalf of your community organisation if the governing body of your organisation (for example, the committee of management or board of directors) gives them written consent to do so.

Your organisation should make sure that the person or organisation that runs a raffle on its behalf will do so properly.

Remuneration or a commission can be paid to third-party raffle organisers, but only if:

- the total value of prizes exceeds $10,000, and
- there is a written agreement in place between your organisation and the third-party organiser which specifies the terms of service.

How are raffle ticket sales treated for tax purposes?

Income Tax

If your organisation is exempt from paying income tax it will be exempt from paying income tax on proceeds it receives from a raffle. For more information about income tax generally and whether your organisation is exempt, see our information on tax for not-for-profits at www.nfplaw.org.au/tax.

If the organisation is not exempt from income tax, raffle sales will generally be included as assessable income for the purposes of income tax, although there may be some deductions available. For more information, see the ATO's Gifts and fundraising guide or seek specific legal or accounting advice.
Goods and services tax (GST)

If your community organisation has been specifically endorsed by the ATO as a tax concession charity (TCC) or a deductible gift recipient (DGR) it will be not required to pay GST on the price of raffle tickets sold. If your organisation is not endorsed as a TCC or DGR, GST requirements will depend on whether the organisation is registered, or required to be registered, for GST. We recommend your organisation talk to a specialist about GST and raffles. You can also read our information on tax for not-for-profits at www.nfplaw.org.au/tax.
Resources

Related Not-for-profit Law Resources

The Not-for-profit Law Information Hub (www.nfplaw.org.au) has further legal information resources on the following topics:

- **Tax**
- **Fundraising and Events**
- **Communications and Advertising**

Other Related Resources

**NSW Fair Trading (NSW FT) resources**

Games of chance This page contains information about promotions and competitions including lotteries and games of chance for NSW

**Australian Tax Office (ATO) resources**

ATO Gifts and fundraising guide

The ATO’s gifts and fundraising guide is to provide community organisations with information about the tax treatment of money raised through gifts and fundraising.

Legislation

- **Lotteries and Art Unions Act 1901 (NSW)**

This is the Act that regulates raffles in NSW.

- **Lotteries and Art Unions Regulation 2014 (NSW)**

These Regulations set out some of the detailed requirements for conducting raffles in NSW.

A Not-for-profit Law Information Hub resource. Access more resources at www.nfplaw.org.au. Justice Connect Not-for-profit Law acknowledges the generous support of our funders and supporters. Find out more at www.nfplaw.org.au

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