

Raffles (NSW)

Legal information for NSW community organisations

This fact sheet covers:

- ▶ what is a raffle?
 - ▶ what laws are relevant and who regulates raffles in NSW?
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 - ▶ what conditions apply to holding a raffle?
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 - ▶ what other legal obligations do you have if you conduct a raffle?
 - ▶ what records must be kept?
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This information is for community organisations that want to know more about the legal requirements for conducting raffles in NSW.

A special legal regime applies to raffles held or promoted in NSW. Only charities and not-for-profit organisations can hold raffles in NSW (discussed further below).



Note

This fact sheet provides information on raffles in New South Wales. This information is intended as a guide only and is not legal advice. If you or your organisation has a specific legal issue, you should seek legal advice before making a decision about what to do.

Please refer to [the full disclaimer](#) that applies to this fact sheet.

What is a raffle? What laws are relevant and who regulates raffles in NSW?



What is a raffle?

In NSW a raffle is a lottery where people buy numbered tickets for a chance to win the prizes offered in the raffle.

If the prize pool is less than \$30,000, the raffle is classified as a 'draw lottery'.

If the prize pool is \$30,000 or more, the raffle is classified as an 'art union gaming activity'.

In NSW, the rules about the conduct of raffles are found in the [Community Gaming Act 2018 \(NSW\)](#) and the [Community Gaming Regulation 2020 \(NSW\)](#) (**Gaming Laws**). The Gaming Laws are administered and regulated by NSW Fair Trading.

If your organisation wants to conduct a raffle in another state or territory (in addition to NSW), then you must also comply with the laws of that other state or territory.

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.



Note

Raffles in NSW can only be conducted to raise funds for, or on behalf of, a charity or not-for-profit organisation.



Related Not-for-profit Law resources

This fact sheet covers raffles only. Please refer to our [fundraising](#) and [trade promotions](#) webpages for further information relating to those activities and requirements in NSW.



Note

This fact sheet doesn't cover promotional raffles conducted by registered clubs that hold a licence under the [Liquor Act 2007 \(NSW\)](#). These types of raffles may only be held for the purpose of attracting or entertaining patrons.



Is a permit required?

A raffle can only be conducted in NSW in order to raise funds for, or on behalf of, a not-for-profit or charitable organisation.

Draw lotteries

A raffle will be classified as a draw lottery if the total value of all prizes is not more than \$30,000. A minimum of 40% of the gross proceeds of the raffle must be paid to the benefiting charity or non-profit organisation.



Note – draw lotteries

A permit is **not** required to conduct a draw lottery raffle in NSW.

Art union gaming activity

A raffle will be classified as an art union gaming activity if the winners of the raffle are chosen through a ticket draw and the prize pool is more than \$30,000. The raffle can only be conducted to raise funds for non-profit organisations such as:

- charities
- sporting clubs
- social clubs
- registered clubs
- political parties
- trade unions, or
- incorporated associations

The organisation conducting the raffle must have written authorisation from the not-for-profit organisation to raise funds on its behalf and a minimum of 30% of the gross proceeds of the raffle must be paid to the non-profit organisation.



Note - art union gaming activities

A permit **is** required to conduct all raffles that are classified as art union gaming activities.

How to apply

To apply for a permit, the raffle operator must first obtain an authority from NSW Fair Trading. You can apply for an authority for 1, 3 or 5 year's duration. The application form is available on the [NSW Fair Trading website](#).

Once you have obtained an authority, you must notify and provide a copy of the raffle rules to NSW Fair Trading at least 10 working days before the raffle takes place. A raffle can't start until notification is given through the notification form available on the [NSW Fair Trading website](#).

What conditions apply to holding a raffle?

Who enter a raffle?

A raffle should be conducted in a manner that is considered fair and impartial. The raffle should be open to anyone who wishes to enter (subject to the terms and conditions of the raffle), **however** individuals conducting the raffle, including those involved in determining the prize winner or individuals involved in the management of any benefiting organisation can't enter the raffle. Additionally, children can participate unless the rules of the raffle imposes an age limit.

Under the Gaming Laws, a person who conducts a raffle on behalf of another person is also subject to the requirements as set out in this fact sheet.

Rules of the raffle

The person or body conducting a raffle must take all reasonable steps to ensure that the rules governing the raffle:

- are clearly expressed and kept up to date
- set out the date when entry is closed for participation
- set out whether participants may enter more than once
- set out the prizes to be awarded and the value of each prize
- set out whether a participant may win more than one prize and any limits on the number of prizes a participant may win
- set out any age limit for participants
- set out whether bonus prizes may be awarded
- set out the manner in which disputes concerning the conduct of the gaming activity or claiming the prize are to be resolved, and
- identify the person conducting the raffle and the benefiting organisation

A person or body who conducts the raffle must comply with the rules of the raffle.

Drawing the raffle

A person who has agreed to sell tickets in a draw lottery must, before the draw, return to the organisation conducting the raffle:

- all ticket-butts relating to the tickets sold by the person,
- all money received from the sale of the tickets, and
- all unsold tickets held by the person

In all raffles:

- all valid tickets or entries must be included in the draw, and
- the method of the draw must allow each ticket in the draw a random and equal chance of being drawn

The person or body conducting the raffle must take all reasonable steps to ensure that, if there is a change in the way in which the raffle is conducted, including when the draw for prizes takes place, information about the change is notified to participants or made publically available within a reasonable time before the activity or draw takes place.

Raffle proceeds

All proceeds to the raffle must be deposited into an account at an authorised deposit-taking institution no later than two business days after the money is received.

Advertising the raffle

Any advertising of the raffle must not:

- be misleading or deceptive
- depict children participating in a raffle activity
- suggest that winning or any improvement in financial prospects will be a definite outcome of participating in the raffle, or

- encourage a breach of the law

The Gaming Laws provide for a fine of up to \$550 for failure to comply with these requirements.



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)*, the charity must obtain an authority under, and comply with the requirements of, the *Charitable Fundraising Act 1991 (NSW)*.



Related Not-for-profit Law resource

See our [guide to fundraising for NSW organisations](#) for more information.

What are the ticket requirements?

NSW Fair Trading advises that raffle tickets should include:

- the price
- name of the person or organisation conducting the gaming activity
- name of the benefiting organisation, and
- the authority number (if applicable)

What are the requirements for raffle prizes?

The following items **may not be** offered as prizes in any raffle in NSW:

- tobacco, smoking or vaping products (as defined in the *Public Health (Tobacco) Act 2008*)
- the provision of cosmetic surgery or other substances to which Division 1A of Part 3 of the *Poisons and Therapeutic Goods Act 1996* applies
- firearms, ammunition or an imitation firearm within the meaning of the *Firearms Act 1996*
- prohibited weapons within the meaning of the *Weapon Prohibition Act 1998*, or
- any other prize that, if offered, contravenes any other NSW or Commonwealth Law (for example, the *Charitable Fundraising Act 1991* and the *Gaming Machines Act 2001*)

For any raffles where liquor is a prize, tickets can't be sold to or by any person under 18 years of age. The liquor component of all the prizes must not exceed:

- 20 litres of liquor with an alcohol content not exceeding 20% by volume, or
- more than five litres of liquor with an alcohol content exceeding 20% by volume

All prizes must be preserved carefully until the prize winners have taken possession of the prizes, and the prize winners must only receive the prize they have won.

If the prize is money exceeding \$5,000, any amount that exceeds \$5,000 must be paid by electronic funds transfer or in a manner that is agreed between the prize winner and the person paying the prize.

Unclaimed prizes

A prize is taken to be unclaimed if the person or body conducting the raffle can't, after making all reasonable inquiries, award the prize to the prize winner because the prize winner can't be located or because of other special circumstances.

For raffles classified as **art unions** – the prize winner may be re-drawn in the time specified in the raffle rules or, if no time is specified, at least three months after the prize winner was previously determined.



Any unclaimed prize that is perishable may be sold or otherwise disposed of by or on behalf of the person or body conducting the raffle.

What other legal obligations do you have if you conduct a raffle?

For **draw lotteries** – not-for-profits benefiting from the raffle must receive 40% or more of the gross proceeds from the raffle. This means expenses can't exceed 60% of the total proceeds.

For **art union gaming activities** – not-for-profits benefiting from the raffle must receive 30% or more of the gross proceeds from the raffle.

Unless participation is free, the person or body conducting the raffle may incur reasonable expenses for:

- the cost of producing or obtaining the tickets or cards
- advertising and promotion
- hiring or operating a device, or premises
- the cost of prizes, and prize money
- salaries, wages and commission paid to persons assisting in the conduct of the raffle
- auditing accounts relating to the raffle, or
- other amounts that, under an authority, a person or organisation is permitted to deduct from money received in connection with 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 the required percentage of the gross proceeds from the raffle, the raffle organiser must notify NSW Fair Trading 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 records must be kept?

If the raffle is a **draw lottery**, the person or body conducting the raffle must keep appropriate records (which may include the records listed below) for a period the person or body thinks fit.

If a raffle is an **art union gaming activity**, the person or body conducting the raffle is required to keep a record of:

- all expenses incurred
- the date on or period during which the gaming activity was conducted
- the date on which prize winners were determined and announced
- prizes and total prize value offered
- gross proceeds
- proceeds paid to the benefiting organisation (if applicable) and the ratio of those proceeds to the gross proceeds received, expressed as a percentage, and
- if practicable, the names and contact details of prize winners and prizes won,

for a period of at least seven years after the raffle ends.

For **all raffles**, if the annual gross proceeds of a raffle exceed \$250,000, accounts must be audited by a qualified auditor. This includes accounts related to receipts and expenses.

Can someone run a raffle on behalf of a 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 for **art union gaming activity raffles** if:

- it's in relation to services rendered in connection with the raffle, and
- there is a written agreement in place between your organisation and the third-party organiser which specifies the terms of service



Caution

When using a third party to run your raffle, make sure that the total costs of running the raffle don't exceed:

- 60% of the total proceeds of the raffle for **draw lotteries**, or
- 70% of the total proceeds of the raffle for **art union gaming activities**

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.



Related Not-for-profit Law resources

For more information about whether your organisation is exempt from paying income tax see our webpages on [getting started](#) and [tax](#).



Related resources

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 guide to gifts and fundraising](#) 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.



Related Not-for-profit Law resources

For more information on TCC, DGR and GST see our webpage on [tax](#).

Resources

Related Not-for-profit Law resources

The [Not-for-profit Law website](#) contains many fact sheets on different topics. The following topics contain relevant further information:

- ▶ [Fundraising and events](#)

This page contains resources on the main legal issues when fundraising

- ▶ [Communications and advertising](#)

This page offers information on advertising and promotions and social media, such as Facebook and Twitter.

- ▶ [Tax](#)

The tax page has information about different tax concessions available to charities and not-for-profits.

Other related resources

NSW Fair Trading resources

- ▶ [Games of chance](#)

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

- ▶ [Community gaming check](#)

Check to see if your game activity is eligible to be conducted in 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.

- ▶ [ATO summary of laws that regulate raffles in other jurisdictions](#)

This page in the ATO's site provides a summary of the laws relating to raffles and gaming in other State and Territory jurisdictions. Use the menu on the right hand side to select the jurisdiction.

Legislation

- ▶ [Community Gaming Act 2018 \(NSW\)](#)

This is the Act that regulates raffles in NSW.

- ▶ [Community Gaming Regulation 2020 \(NSW\)](#)

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