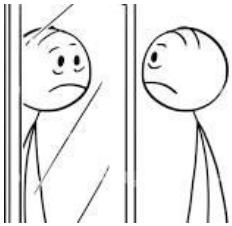


JULY 2024 NEWSLETTER

NFP ATO self-review tax return lodgement



For entities that are NOT registered charities with ACNC it's time to lodge your first Self-Review tax return. This new requirement is obligatory, and will be required on an annual basis. For most NFPs it requires only a few questions to be answered in a check-box format. This Return can only be lodged through [On-line services for business](#).

ATO advise that the due date for lodgement is 31 March 2025 and they are taking a practical approach to assist NFP entities to meet these new requirements. For most NFPs you will only need to answer –

- Your organisational details, which may include updating your contact person/s and current Address;
- The category of income tax exempt entity the NFP is self-assessing is eligible for e.g. community service, sport, culture etc.
- Several questions to test your eligibility. This includes a question estimating gross income and a check on your governing document.
- Summary and declaration.



So, it's simple, isn't it???

However –

- Does the Australian Business Registry have details of your current office-holders?
- Are your contact details current? E.g. Mailing and e-mail addresses.
- Do you have access to [Online service for business?](#)

If not, these are matters that require your attention. You may need to contact earlier committee members for their assistance, as they may still be recognised by ATO.

ATO support is available through a special Hot-Line on 1300 130 248 between 8.00 and 6.00 pm week-days to assist you in getting started, about tax concessions, getting endorsed and also about gifts and fund-raising. There is also assistance on the ATO web-site and through Webinars by going to New Reporting Requirements for Not-for-profits. Also, you can obtain assistance from your Peak Body or from a Registered Tax Agent. There is also a guide at ato.gov.au/NFPselfreviewguide.

Other matters to consider –

1. To access Online services for business you first need to set up your MyGovID and RAM. MyGovID is your government digital identity on the internet and RAM is your Relationship Authorisation Manager which helps you to connect to various Government agencies.
2. Some NFPs are taxable on some, or all, of their net income,
3. Some NFPs are taxable on their non-mutual income. This is income from investments/interest received, income from non-members etc. Sporting clubs in particular are impacted here. (See section on Mutuality Issues below).
4. NFPs that are actually charities but are not registered with Australian Charities and Not-for-profits Commission (ACNC) may have to register there. However, ATO suggests you first complete the Self-review Return to check your status.
5. If your entity has a different reporting period to 30 June it doesn't matter as no financial information is required.



There is also some information in our February Newsletter. If not already on our mailing list please contact us at addministry@hardingthornbury.com.au or see our website at www.addministry.org.au. We can also assist with advice on other issues that impact on NFPs and registered charities.

Some NFPs that have chosen not to register when actually they should have done will now be obliged to register with ACNC. If they are eligible to register as a Basic Religious Charity, they will be exempted from submitting financial information and benefit from other concessions (see below). There may be instances where their Rules or Constitution are not complying adequately with NFP requirements and are currently “under the radar”. Well, times have changed! Take advantage of this transition year – get a time extension if needed. Get professional advice to rectify an issue. Your BAS Agent or Tax Agent or



Peak Body can assist or point you in the right direction. ATO will also assist as stated above. We at Add-Ministry are also there to assist you.

Associations incorporated with WA Dep't of Mines that have not yet updated their Rules since the new Associations Incorporations Act 2015, will be obliged to do so now.

Basic Religious Charities

ACNC registration for some religious institutions is available under a special category entitled Basic Religious Charity (BRC). More information is available under that heading on the ACNC web-site.

However, it is worth noting that to be a BRC entity, you:

- Cannot be incorporated under any State or Commonwealth law.
- Must only be registered with ACNC under the sole sub-category of *advancing religion*.
- Cannot be a part of a *reporting group*.
- Cannot be a Deductible Gift Recipient (DGR) but may, in certain circumstances, control a fund that is a DGR.
- If a recipient of government grants, they are limited to \$100,000.
- Will lose its BRC status in the event it becomes subject to a Redress Scheme matter

A BRC is eligible for special concessions. This includes –

1. It does not need to report financial information in either its AIS or annual report (where applicable).
2. Is not subject to the ACNC Governance Standards, and
3. Its Responsible Persons (leadership personnel) are not subject to ACNC requirements for *Responsible Persons*.

But in all other respects are expected to maintain appropriate records, including:

- Governing Rules must comply in all other respects with ACNC not-for-profit requirements.
- Reporting annually to its members and to ACNC.
- Rules must comply with the ACNC and/or ATO not-for-profit legal requirements.
- They must be maintained in English language.

ACNC expect all registered charities to maintain appropriate records. Fuller information is available on the ACNC web-site at **Keeping Charity Records.**



Mutuality issues

Some NFPs may receive income that is subject to mutuality issues. Some sporting and social clubs in particular can be impacted by this. When an NFP receives income from its members it is called mutual income and is not subject to income tax. It is based on the legal principle that an organisation cannot make a profit out of itself. Such income needs to be segregated from other income which may include:

- Investment income such as bank interest,
- Income from letting out its premises or services to others,
- Income from non-members attending a function, including a social or sporting function.

Where mutuality applies, an income tax return will need to be lodged and non-mutual income and non-mutual expenses need to be segregated, e.g. community service, sporting etc.

This calls for careful record keeping. This area has also been subject to instances of creative accounting where a person's imagination has gone a step too far. ATO are normally helpful where there has been an honest mistake, but a deliberate manipulation can also incur their wrath. When careful recording is in place the saving in income tax is of benefit not only to the club itself but to the wider community through the benefit of the social or recreational facilities.



It's a mad, mad, mad, mad world – and we are in it! Welcome and enjoy it.

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