

Tax basics for non-profit organisations

In June 2007, we released our publication *Tax basics for non-profit organisations* (NAT 7966).

Due to legislative changes that have occurred since the release, the publication has the following changes.

GST REGISTRATION THRESHOLD

From 1 July 2007, the GST registration threshold has been raised to \$150,000 (previously \$100,000) for non-profit organisations and \$75,000 (previously \$50,000) for business.

In **Chapter 3**, under the following headings replace \$100,000 with \$150,000:

- Introduction (page 13)
- Registering for GST (page 13)
- Calculating your organisation's annual turnover (page 14)
- How to cancel GST registration (page 15)
- GST registration threshold (page 16)
- Fundraising events (page 18), and
- Non-profit sub-entities (page 20).

In **Chapter 3**, under the heading Registering for GST replace \$50,000 with \$75,000.

TAX INVOICE REQUIREMENT

From 1 July 2007, a valid tax invoice is not required in order to claim GST credits for purchases of \$82.50 or less including GST.

In **Chapter 6**, under the heading Invoices you receive (page 36) replace \$50 (excluding GST) with \$75 (excluding GST).

In **Definitions**, under the following headings replace \$50 (excluding GST) with \$75 (excluding GST):

- GST credit (page 45), and
- Tax invoice (page 47).

ELIGIBLE TERMINATION PAYMENTS

From 1 July 2007, eligible termination payments ceased to exist. Specific payments made by employers in consequence of the termination of an employee are now employment termination payments. For more information refer to *Employment termination payments* (NAT 70643).

The term 'eligible termination payments' is mentioned in **Chapter 4**, page 29.

TAX DEDUCTIBLE CONTRIBUTIONS

From 1 January 2007, the thresholds for tax deductible contributions have been extended.

In **Chapter 5**, under the heading Tax deductible contributions (page 34) amend the 2nd and 3rd dot points as follows:

- the contribution must be more than \$150 (and can include property contributions made for a right)
- the GST inclusive value of the right or the goods or services (the benefit) must not exceed the lesser of \$150 and 20 per cent of the value of the contribution.

NO ABN WITHHOLDING

From 1 July 2007, the threshold for withholding from a supplier that does not provide an ABN has increased from \$50 to \$75 (GST exclusive).

In **Chapter 6**, under the following headings replace \$50 (excluding GST) with \$75 (excluding GST):

- Invoices you receive (page 36), and
- Make sure the supply is excluded from the ABN rule (page 38).



GST TURNOVER

From 1 July 2007, 'GST turnover' has replaced the term 'annual turnover' for GST registration purposes.

The term 'annual turnover' is mentioned in **Chapter 3**, pages 13-18 and 20.

PUBLICATIONS WITHDRAWN & REPLACED

In **Chapter 3**, under the heading How to cancel GST registration (page 15) replace *Cancelling your GST registration* (NAT 3844) with *Leaving the GST system* (NAT 14829).

In **Chapter 3**, under the heading GST branches (page 19) replace *Application to register for the New Tax System GST Branch Registration* (NAT 3035) with *Application to register a GST or PAYG withholding branch* (NAT 14834).

➤ UPDATED VERSION

An updated version of *Tax basics for non-profit organisations* (NAT 7966) is available on our website at www.ato.gov.au/nonprofit

OUR COMMITMENT TO YOU

We are committed to providing you with advice and information you can rely on.

We make every effort to ensure that our advice and information is correct. If you follow advice in this publication and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it. However, we will not charge you a penalty or interest if you acted reasonably and in good faith.

If you make an honest mistake when you try to follow our advice and you owe us money as a result, we will not charge you a penalty. However, we will ask you to pay the money, and we may also charge you interest.

If correcting the mistake means we owe you money, we will pay it to you. We will also pay you any interest you are entitled to.

You are protected under GST law if you have acted on any GST advice in this publication. If you have relied on GST advice in this publication and that advice later changes, you will not have to pay any extra GST for the period up to the date of the change. Similarly, you will not have to pay any penalty or interest.

If you feel this publication does not fully cover your circumstances, please seek help from the Tax Office or a professional adviser.

The information in this publication is current at August 2007. We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for a more recent version on our website at www.ato.gov.au or contact us.