




## Straight from the source – June 2025

This month, AC Jennifer Moltisanti reflects on how the NFP self-review return helps NFPs identify their correct status.

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In between writing Straight from the source each month, I'm quite active on [LinkedIn](#) , sharing regular reminders and messages. I hope you've also been seeing my updates to the not-for-profit (NFP) sector there, especially about lodging the 2023–24 NFP self-review return.

I've met and spoken to many NFPs at various events across Brisbane, Canberra, Sydney, Melbourne, Darwin and Alice Springs over the last 6 weeks, and I'm always encouraged by the passion and commitment of people making a difference in the community.

My message remains constant: 'we're here to help you get it right!'

### NFP self-review return helping NFPs identify their correct status

The NFP self-review return was introduced to enhance transparency and integrity across the NFP population who self-assess as income tax exempt. As anticipated, with the first year of lodgment now behind us we've seen some shifts in the NFP population, with some NFP organisations identifying their correct taxable status at law.

While our data is still being assessed, our preliminary observations indicate that as of 31 May 2025:

- Over 29,000 NFPs have lodged their self-review return for the 2023–24 income year – these organisations will have their future year returns pre-populated making it easier to lodge the 2024–25

return. Around 97% of NFPs who have lodged have confirmed their eligibility to an income tax exemption.

- Around 4,000 NFPs have registered with the Australian Charities and Not-for-profits Commission (ACNC) as a charity, having realised they cannot self-assess as income tax exempt.
- Almost 1,000 NFPs have lodged a non-lodgment advice (NLA) with the ATO to indicate that they are taxable NFPs with taxable income less than \$416. Around 600 NFPs have lodged income tax returns disclosing combined total income in the millions.
- Many NFPs have also cancelled their ABN because the NFP no longer exists, which is a legislative requirement of holding an ABN.

We expect a continued shift in the NFP population as organisations continue to review their purpose, activities and identify their correct taxable status. Here is what you need to know.

## **Charitable NFPs**

NFPs with solely charitable purposes must be registered with the ACNC and endorsed by the ATO to access an income tax exemption. There's no provision in the tax law for a charitable organisation to self-assess an income tax exemption. So, unless you're registered with the ACNC, you are a taxable NFP.

Charitable NFPs should pay particular attention to the following points:

- ensure you're compliant with the ACNC governance standards, external conduct standards and that your Annual Information Statement (AIS) is lodged with the ACNC as non-lodgment can affect your income tax status and access to other tax concessions
- meet all your tax and employer obligations as this is a requirement of maintaining your taxable status
- reach out for assistance early if you're having difficulty with any of your tax, super and registry obligations.

## **Lodgment obligations for NFPs with an active ABN that self-assess as income tax exempt**

Since 1 July 2024, NFPs that have an active ABN and self-assess as income tax exempt have been required to lodge an annual NFP self-review return. The self-review return is due between 1 July and

31 October each year. It can be lodged using Online services for business, through the self-help phone service or by a registered tax agent.

To demonstrate that the entity is operating as an NFP, it needs to have and follow requisite NFP clauses in their governing documents. We've provided additional time through to 30 June 2026 for NFPs to **update their governing documents**. To be eligible for this additional time your organisation must not have made any distribution of income or assets to particular individuals or members.

NFPs that haven't lodged their first self-review return are required to lodge their 2023–24 return as soon as possible. Once the 2023–24 return is lodged, we can prepopulate future returns to make compliance even easier.

If you haven't yet lodged your 2023–24 return, when you log into online services this tax time you will see you have 2 NFP self-review returns due. You need to lodge your return for 2023–24 first, as they need to be lodged sequentially. Here are some handy tips:

- Refer to our **update, connect and lodge** flowchart on the ATO website for a step-by-step guide on how to update your ABN details and set up access to Online services for business. You can find the flowchart by visiting [ato.gov.au/NFPlodgmentsteps](https://ato.gov.au/NFPlodgmentsteps).
- If you're having trouble lodging online, you can still lodge your return using our automated self-help phone service on **13 72 26**.
- Check out our tailored guidance that supports NFPs at [ato.gov.au/NFPtaxexempt](https://ato.gov.au/NFPtaxexempt) and we encourage you to subscribe to our NFP newsletter at [subscribe.news.ato.gov.au](https://subscribe.news.ato.gov.au) [↗](#). You'll be kept up to date with how to meet your tax and super obligations.
- We also maintain a dedicated NFP Advice Service on **1300 30 248**. If you have a question, you can call our team.

## Taxable NFPs

If you don't meet the requirements of the self-assessing income tax exempt categories, or you're charitable, haven't registered with the ACNC and have been endorsed by us, you're a taxable NFP.

Taxable NFPs may have to lodge income tax returns and pay income tax, or in some instances notify us of a non-lodgment advice.

The following points are important for taxable NFPs:


- Identify all sources of income. This may include income from your members such as membership fees, income from non-members and income earned from other sources such as bank interest.
- Use our **mutuality guide** to find out if you can apply the mutuality principle when calculating taxable income. The guide will help you to identify your members and non-members, and how to correctly classify revenue and expenses.
- If you're a taxable NFP company and your taxable income is \$416 or less, you can meet your lodgment obligation by downloading and completing the **non-lodgment advice** form.
- If you do have income tax to pay but can't pay on time, reach out to us early to discuss support options you can access to meet your tax and super obligations.


## Other news

**Engage early if you have a debt to pay** – NFPs aren't exempt from our debt collection action. Our key message is for NFPs to seek early support from us when they're having difficulty meeting their reporting and/or payment obligations. Employer obligations is a significant focus area for us given the NFP sector employs 10% of Australia's workforce.

**Giving fund reforms** – Treasury has opened consultation on Giving fund reforms and invites your feedback on the following proposed changes:

- renaming ancillary funds to giving funds in the tax law
- aligning the annual distribution rate between public and private giving funds
- increasing the annual distribution rate
- allowing funds to smooth distributions across years.

Submissions to this consultation can be made up until **1 August 2025** and the paper is available on the Treasury website at [Giving fund reforms: distribution rate and smoothing](#) .

Read the government's announcement on the Treasury website for more information at [Supporting philanthropic giving](#) .

**ATO Vulnerability Framework** – Our draft ATO Vulnerability Framework to support people experiencing vulnerability has been published and is open for public consultation.

You're invited to share your feedback to help us refine our final version so that it reflects the needs and experiences of the people it's designed to support. Responses can be submitted up until **18 July 2025**.

**Super guarantee rate** – A reminder that the **super guarantee (SG) rate** will increase to 12% on **1 July 2025**. This is the final scheduled increase. The 12% rate will need to be applied for all salary and wages paid to eligible workers on and after 1 July. This is even if some or all of the pay period it relates to is before 1 July. Employers need to remember to pay SG in full, on time and to the right fund. The next quarterly due date is 28 July. Contributions must be paid quarterly but can be paid more frequently.

## In summary

We remain committed to supporting NFPs through education and guidance as part of our transitional approach. Our goal is to help organisations understand and meet their tax, super and registry obligations with confidence.

We encourage early engagement, and when organisations reach out before issues escalate we can work together to find practical solutions. We want to avoid situations where delaying action to meet lodgment and payment obligations can lead to more complex challenges.

Our focus continues to be on prevention and tailored support. Whether it's understanding income tax obligations, applying the mutuality principle, or accessing support when facing financial difficulty, we're here to help you get it right.

Let's keep the conversation going – because when we work together, we can ensure the NFP sector remains strong, sustainable and compliant.

I look forward to speaking with many of you at future events.

Take care and stay safe  
Jennifer

## **Our commitment to you**

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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