



## Straight from the source – August 2025

This month, AC Jennifer Moltisanti explains how self-assessing, charitable and taxable NFPs can think N.F.P and act now.

**Last updated** 18 August 2025

Weekends have always been precious to me. As a child, they were filled with big family gatherings and memorable trips. During my university years, weekends were a whirlwind of part-time work, study and socialising. Later, as family responsibilities grew, weekends became a patchwork of children's sports, birthday parties and volunteering at countless community and sporting events.

On the first Saturday of this month, I was invited to speak at the Council of ACT Motor Clubs Inc. meeting, where I was warmly welcomed by over 80 car enthusiasts eager to learn more about their reporting obligations.

I'm always struck by how many people in our community, myself included, give up their weekends to do the right thing. Whether it's supporting others or meeting obligations, it's a quiet but powerful form of service that keeps the NFP sector strong.

Thank you to all the NFPs that have engaged with the ATO – some for the very first time. My hope is that you can see the ATO stands by our commitment to simplify compliance, tailor support and address non-compliance.

In that spirit, here are some key reminders to help you stay on track.

### **ATO corporate plan**

We released our corporate plan for 2025–26. The plan outlines our refreshed purpose and vision and lays out our priorities for the year ahead and how we plan to meet our commitments to government, and the expectation of the community, in the coming year.

The corporate plan is now available to read or download at [ato.gov.au/corporateplan](https://ato.gov.au/corporateplan), and I encourage you to read the plan, especially our Commissioner's foreword which outlines all the important functions of the ATO, the Tax Practitioners Board (TPB) and the Australian Charities and Not-for-profits Commission (ACNC).

## DGR guidance updates

We're always looking for ways to improve our guidance and we welcome feedback from the sector.

1. Previously, we advised taxpayers that they 'can' check the DGR status of an organisation via ABN Lookup. Now, we're urging donors to **actively check** the DGR status of organisations before making a donation. This shift from passive advice to an active call to action is designed to prevent incorrect claims made to non-eligible organisations. It's a simple but important step that helps protect donors and ensures integrity in the system. Soon you'll see our updated guidance in the 'What is a deductible gift recipient?' section on our [Gifts and donations](#) page.
2. We've noticed a high number of applications for Community Shed DGR status from organisations that don't meet the eligibility criteria. To help avoid disappointment, please read the [Applying for DGR endorsement as a community shed](#) article in this month's NFP News before applying. It outlines the eligibility requirements and key characteristics of a community shed, along with examples of not-for-profit entities that do and don't qualify.
3. Our guide to completing ancillary fund returns has also been updated with the relevant due dates and instructions on how to complete the fund return. Find out more on our website: [Ancillary fund returns, Ancillary fund return 2025 and instructions](#) and [Ancillary fund return 2025](#) [↗](#).

## Supporting you to complete the NFP self-review return

The NFP self-review return helps to enhance transparency and integrity across the sector. It improves visibility and accountability in the self-assessing NFP population, in response to increasing public and government expectations for transparency and appropriate access to tax concessions. Since its launch last year, our focus has been on helping NFPs understand and meet this new requirement.



This measure has already led to meaningful shifts across the sector, with some organisations recognising the need to register as charities to maintain income tax exemption, while others have come to understand that they do not meet the criteria and are therefore taxable.

As we identified themes in the questions from the sector, particularly around digital onboarding and outdated ABN records, we have provided extra support through targeted education, compliance arrangements and direct engagement.

Recognising the unique challenges faced by many NFPs – particularly those with limited resources, older volunteer bases, low digital literacy and culturally and linguistically diverse communities – we designed our approach to be inclusive, accessible and responsive to diverse needs.

As we're now well into the lodgment period for the 2024–25 NFP self-review return, here's a reminder of the available resources and support to help you lodge, which you can find at [ato.gov.au/NFPtaxexempt](https://ato.gov.au/NFPtaxexempt).

## **Educational and guidance materials:**

- a streamlined NFP self-review return factsheet designed to guide taxpayers through the new lodgment obligations and digital onboarding process
- a step-by-step digital onboarding guide, [Update connect and lodge](#) , to guide you through lodging online
- tailored guidance on the [ATO website](#), in this [NFP newsletter](#), and through [ATOtv webinars](#) 
- presenting at industry-specific webinars and town halls, complemented by on-site support to assist those needing additional help to lodge
- a [NFP tax, super and registry responsibilities checklist](#) to help NFPs keep track of their obligations.

## **Direct support services:**

- a dedicated advice and guidance service on **1300 130 248**, answered by technically trained staff who provide bespoke support rather than relying on scripted responses
- a client engagement team to manage escalations and provide one-on-one assistance for taxpayers requiring additional support
- collaboration with the ACNC to facilitate smooth transitions to charity status, including allowing initial lodgment via the self-review return while waiting for their ACNC application to be processed and offering extended transitional timeframes and tailored support.

## **Administrative and digital support:**

- an automated self-help phone service on **13 72 26** that provides an alternative to lodging online
- a downloadable change of registration detail form for NFPs with outdated ABN records
- deferral of failure-to-lodge penalties for first-year non-lodgers
- extended timeframes for updating governing documents (until 30 June 2026)
- a downloadable non-lodgment advice form, to help NFPs submit a non-lodgment advice where they have income under the \$416 threshold.

## **Understanding your tax obligations as a charitable NFP**

Charitable NFPs must be registered with the ACNC and endorsed by the ATO to be exempt from income tax. They cannot self-assess their tax-exempt status. Registered charities are not required to lodge income tax returns, but they must meet annual reporting obligations with the ACNC. Additionally, if they employ staff or are registered for GST, they must comply with obligations such as PAYG withholding, superannuation, and fringe benefits tax.

If you are a registered charity, staying informed and meeting your obligations ensures you can continue focusing on your mission without unexpected tax issues.

## Answering common questions from taxable NFPs

Not all not-for-profit organisations are exempt from income tax. NFPs that are not registered charities or do not meet the criteria to self-assess as income tax exempt are considered taxable NFPs. These organisations must either lodge an income tax return or submit a non-lodgment advice, depending on their income. For example, if taxable income exceeds \$416, a company tax return is required.

Taxable NFPs may also be subject to capital gains tax, PAYG instalments and fringe benefits tax, and must comply with employer obligations if they have staff. Understanding and meeting these requirements is essential to avoid penalties.

At my most recent presentation for taxable NFPs I answered a range of questions from attendees. The topics we covered are relevant to other taxable NFPs, so I'm sharing some of the most frequently asked questions and my responses:

**Q:** Do I need to lodge a tax return to carry forward a loss?

**A:** Yes. Not-for-profits that need to carry forward losses for future years must lodge a tax return even if your taxable income is below the \$416 tax-free threshold. This helps ensure the loss is recorded and can be applied in future income years.

**Q:** Why do taxable NFPs have to use a paper company tax return and why can't an NFP's treasurer sign it?

**A:** If you're not using a registered tax agent, you must lodge a paper return. Only your organisation's Public Officer, a legally required role, can sign and lodge the return. There are no special exemptions for NFPs.

**Q:** Some NFPs have been put into the PAYG system. Can we apply for an exemption?

**A:** No, there's no exemption from PAYG instalments. Entry is automatic if your reported income and tax meet certain thresholds. PAYG instalments are prepayments towards your expected tax.

If your instalments seem too high or too low, you can vary the amount. Find out [How to vary your PAYG instalments](#). Some NFPs may also be eligible to pay annually instead of quarterly. Find out more about your eligibility at [When are PAYG instalments due?](#)


**Q:** Updating our organisation's details is confusing, especially knowing who can do it. Can this be made clearer?

**A:** We understand it can be tricky, especially for volunteer-run NFPs. These steps are in place to protect your organisation's tax information. We provide clear guidance for how to update your NFP's details at [Notifying us of changes to your not-for-profit](#).

## Think N.F.P. and act now!

You might feel uncertain about how to meet your NFP's tax obligations, especially if you're a volunteer-led not-for-profit. But staying informed and proactive makes all the difference. Just remember 'think N.F.P. and act now'.

**N – Never ignore your obligations:** avoiding tax responsibilities can lead to bigger issues later.

**F – Follow updates:** [subscribe](#)  to NFP News and [connect with me on LinkedIn](#)  to stay informed.

**P – Prepare your details:** keep your ABN, purpose and governing documents up to date.

And most importantly... **Act now:** don't wait – review your tax position, complete your NFP self-review return if you are self-assessing as income tax exempt and reach out if you need help.

Take care and stay safe

Jennifer

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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.

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