



Busting NFP myths

The NFP self-review return is due in March. Avoid these misconceptions about being an NFP and reporting obligations.

Last updated 4 February 2025

Not-for-profit (NFP) organisations with an active Australian business number (ABN) who self-assess as income tax exempt must lodge an annual NFP self-review return, from the 2023-24 income year onwards.

To support NFPs, we're busting a few of the most common myths.

Myth 1: All NFPs are income tax exempt.

Answer: This is not true. Some NFPs are income tax exempt and some are taxable. The tax law sets out the types of NFPs, and the conditions that they must meet, in order to be exempt from income tax.

NFPs with only charitable purposes that meet the legal definition of a charity must be registered with the ACNC and be endorsed by us to be income tax exempt.

The other type of exempt entity is a non-charitable organisation that meets the **requirements to self-assess** as income tax exempt. If these NFPs have an active ABN, they must lodge the **NFP self-review return** to notify us of their eligibility to self-assess as income tax exempt.

Organisations that don't meet the requirements for income tax exemption are **taxable NFPs**, and they must lodge an income tax return or notify us of a non-lodgment advice.

Myth 2: There is only one way to lodge the NFP self-review return.

Answer: There are three ways to lodge a self-review return:

1. If you're a **principal authority** and your details are up to date, you can lodge online using **Online services for business**.
2. If you have **responses to the return questions ready**, have your NFP's ABN and a reference number listed on any letter we've posted to your organisation, such as the *Your annual self-review reporting obligation* notice, lodge by phoning our automated **self-help phone service on 13 72 26**.
3. A registered tax agent can lodge the return on your behalf through Online services for agents.

Myth 3: Anyone can lodge the NFP self-review return online.

Answer: If you are planning to lodge in Online services for business, anyone that has been given authorisation to access the NFP self-review return in Online Services can lodge. Access can be set-up by the NFP's associate who is the **principal authority**, and they can grant access to others as required.

To set up these authorisations, your NFP's associate will need to:


- Ensure the NFP's registration and contact details are current, or **notify us of changes**
- Set up their myID, if they haven't already, and **link their myID to the NFP's ABN in RAM**.

If you've engaged a registered tax agent, they can also prepare and lodge the return on your behalf in Online services for agents.

Myth 4: If you're unsure whether your NFP has charitable purposes, then you don't need to lodge.

Answer: If you're unsure if your NFP is charitable or not, you still need to complete the self-review return. You can lodge the return by selecting 'Yes' or 'Unsure' when answering the **charitable purposes question**. We may contact you to provide guidance to help determine your charitable status.

If you need more help with lodging your return, you can visit our updated guidance for more information and useful tools at ato.gov.au/NFPtaxexempt.

You can also [subscribe](#)  to our monthly Not-for-profit newsletter to stay up to date with your reporting obligations.

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