



## Straight from the source – August 2024

This month, Jennifer is inspired by our Australian athletes – who succeed with discipline, support and action.

**Published** 7 August 2024

It's well-known that Australians are competitive, especially on the sports field. Our current efforts in France are no exception, with the *Australian Financial Review* reporting at the time of writing that 'Australia's Olympians are delivering one of the best performances in history, with 27 medals as the tournament moves into its second week'.

Sporting success doesn't just happen. It takes discipline, support and action.

For the last 18 months, you've listened to me talking about the new reporting requirements for non-charitable NFPs with an ABN. These NFPs are now required to lodge an NFP self-review return to notify of their eligibility to self-assess as income tax exempt. This is not optional, and the return is an annual obligation for the 2023–24 income year onwards.

A month into Tax Time 2024, I am pleased to report that the lodgment of the new NFP self-review return is working as intended. We're seeing many NFPs lodge the return using online services for business, which is very pleasing. We've also noted an uptick in NFPs updating their details and governing documents. While lodgments are steadily increasing, I'd like to appeal to NFPs that are still waiting to lodge.

Using a competitive sporting analogy: discipline and support have kicked off, but we need to spur on action.

### Discipline

I've spoken about the fact that there are only 2 pathways through which an NFP can be income tax exempt:

1. You're registered as a charity with the Australian Charities and Not-for-profits Commission (ACNC) and can access income tax exemption once endorsed by us.
2. You meet the requirements of one of the **8 categories** in tax law and you can self-assess as income tax exempt.

If an NFP doesn't meet one of these pathways, it's a taxable NFP and may be required to lodge an income tax return. Lodging an income tax return will depend on an NFP's taxable income.

While understanding the type of NFP you are takes some discipline, we always start with your purpose and activities. An NFP must operate solely for the purposes for which it is established and not for the profit or gain of any of its individual members. On this basis any purpose can be put forward as an NFP, however, only purposes outlined in the law are exempt from income tax.

Board members and directors of NFPs have a responsibility to ensure they are disciplined with respect to their NFP's obligations. This discipline extends to all members of NFPs whether paid or unpaid. While this may sound onerous, it doesn't need to be if you apply some practical hygiene checks by way of an annual review.

## Support


To help NFPs meet their tax and super obligations, we've provided a plethora of information through various channels. Sometimes this can be a little overwhelming, especially if you've never turned your mind to tax. So, let's break it down:

**Our website** is regularly updated, and you can access it 24 hours a day. Our content is carefully written to answer questions commonly asked by NFPs in an easy-to-understand way. The best starting point is [ato.gov.au/NFPtaxexempt](https://ato.gov.au/NFPtaxexempt)

**Our ATOtV channel** provides our recorded videos, which are useful if you like to listen and watch how the new reporting requirements apply to your NFP. Check out [ato.gov.au/ATOtV](https://ato.gov.au/ATOtV)

**Our NFP advice line** on **1300 130 248** provides technical advice for NFPs and their representatives Monday to Friday, 8:00 am to 6:00 pm.


**Our practical compliance approach** in this transitional year is focused on helping you get it right. So, if you've made a mistake, or need more time, you don't need to panic:

- We're providing additional time to lodge the NFP self-review return up to **31 March 2025**.
- If you think you may be charitable, you can still complete the NFP self-review return and we'll work with you. You can read about charitable purposes or use the ACNC's new [Charity registration check tool](#) .
- If you're a taxable NFP with a taxable income **greater than \$416** we'll provide you with a concessional due date to lodge your income tax return and pay any income tax liability and remit any applicable general interest charge and penalties. You can also enter into a payment plan to allow any income tax liability to be paid progressively.
- If you're a taxable NFP with a taxable income **less than \$416** we'll soon be trailing a 'non-lodgment advice' product you'll be able to use to notify us of a 'return not necessary'. In the meantime, you can notify us by phone or in writing including the non-lodgment advice information listed at [ato.gov.au/taxableNFPs](http://ato.gov.au/taxableNFPs)

**Our Online services for business** and **Online services for tax agents** are regularly monitored to ensure ease of lodgment. You can prepare your answers before lodging the NFP self-review return in Online services for business using our guide at [ato.gov.au/NFPselfreviewguide](http://ato.gov.au/NFPselfreviewguide)

**Our self-help phone service** on **13 72 26** is available. We've seen a few NFPs stop part-way through their call and phone again once they've done some more preparation. If you're planning to lodge by phone, these useful tips will help you lodge your NFP self-review return:

- review the questions in advance at [www.ato.gov.au/NFPselfreviewguide](http://www.ato.gov.au/NFPselfreviewguide)
- prepare and write down your answers before you call, including working out which category best reflects the main purpose of your organisation
- be ready to enter your NFP organisation's ABN (followed by the # key)

- if you're unsure of your organisation's ABN you can use [ABN Lookup](#)  to find it
- you cannot use your individual or personal ABN, even if you have one
- you will need to enter an 'Our reference' number (followed by the # key) to verify that you are authorised to lodge
  - you can find an 'Our reference' number at the top of any letter from us sent to your NFP organisation
  - 'Our reference' numbers are long, so don't worry if you don't enter it correctly on the first go. You can have multiple attempts to enter it.
  - if you don't have a letter from us with an 'Our reference' number listed, you can call **1300 130 248** to update your NFP's postal address and we'll re-issue you with a new letter.
- If you get stuck at any point, you can access the automated support by stating 'help'.

**Our Change of registration details form** (NAT 2943) is available as a PDF downloadable form for NFPs to update authorised contacts. Where an authorised contact is no longer known or in existence, we'll accept the completed form from a newly appointed authorised contact as long as evidence such as minutes from the meeting are also provided. You can download *Change of registration details* (NAT 2943) at [ato.gov.au/NFPnotifyofchanges](https://ato.gov.au/NFPnotifyofchanges)

**Not-for-profit News** is published monthly and contains helpful tips and advice. If you're not already subscribed you can sign up to receive our newsletter at the **Not-for-profit newsroom**.

## Action

With all the support that is available, there's really no reason why NFPs can't leap off the blocks with confidence. While there may be a few hurdles to get through, the ATO is on the sidelines like a coach, guiding and helping you to get to the finish, so that you improve each year.

The easiest way to lodge your NFP self-review return is to get started early, so you're not feeling rushed as the deadline rapidly approaches.

Follow our guidance on how to lodge at [How to access and lodge the NFP self-review return](#).

If you're still feeling uncertain, follow along with my *Straight from the source* columns over the coming months as we go through the process together. Remember, there are 3 key tasks you need to complete to cross that finish line:

- update your organisation's details and set up myGovID and Relationship Authorisation Manager
- prepare for lodgment by reviewing your activities and purpose
- lodge your NFP self-review return, either online or through the self-help phone service.

Watching our representatives on the world stage fills me with a great sense of pride. Not only because I'm patriotic to the core, but also because I know that many of our athletes started off in sporting clubs who can self-assess as income tax exempt.

Take care, stay safe and Go Aussie Go!

Jennifer

QC 102877

## **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.

## **Copyright notice**

© Australian Taxation Office for the Commonwealth of Australia

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).